Annual Report 2015

Your Aquaculture Technology and Service Partner

AKVA GROUP

AKVA group in brief

AKVA group is the leading technology and service partner to the aquaculture industry worldwide. The company has 670 employees, offices in 8 countries and a total turnover of NOK 1.4 billions in 2015.

We are a public listed company operating in one of the world's fastest growing industries and supply everything from single components to complete installations, both for cage farming and land based aquaculture. AKVA group is recognized as a pioneer and technology leader through more than 40 years. Our corporate headquarter is in Bryne, Norway.

AKVA GROUP

• Complete Aquaculture Projects • Recirculation Systems • Plastic Cages • Steel Cages • Moorings • Nets
• Net Cleaning • Cage Cleaning • Workboats • Feed Barges • Feed Systems • Camera & Sensor Systems
• Underwater Lights • Production Software • Processing Software • Services • Rental

Content

AKVA group Chile office with well known brands.

Highlights 2015

- 2015 was the best financial year ever for AKVA group for the second year in a row
- Revenue in 2015 of MNOK 1.425 – a 14% increase compared to revenue in 2014
- EBITDA in 2015 of MNOK 135 – an increase of 31% compared to EBITDA in 2014
- Return on Capital Employed (ROCE) of 15%
- A dividend of NOK 1 per share (total MNOK 25.8) from the dynamic dividend policy was paid in November 2015
- Good order inflow during the year resulted in the highest order backlog ever
- A broader mix of product and services contributing to revenues in 2015 compared to earlier years – becoming a stronger and more diversified AKVA group
- Acquisition of Aquatec Solutions A/S end of September 2015 – strengthening our position in the Land Based segment and gives us a good position for future expected growth in this segment
- Financially stronger than ever – well positioned for further growth

Future growth in the service segment will strengthen AKVA group´s market position.

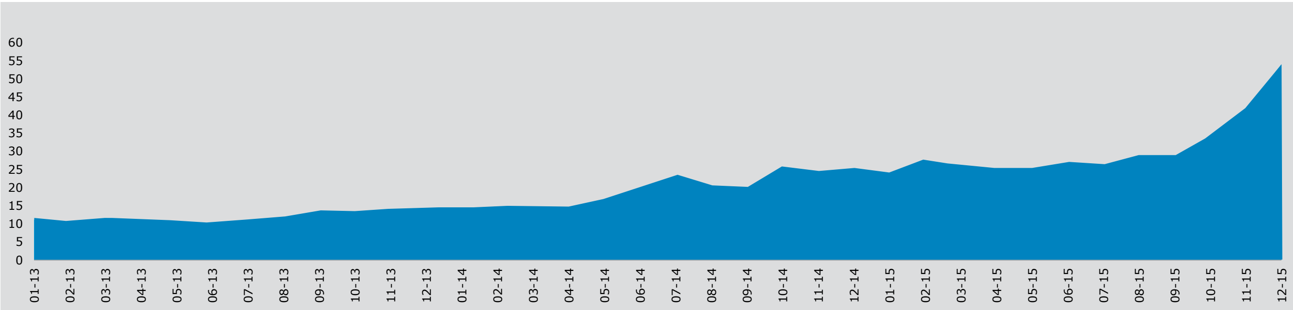
Financial key figures

(in NOK 1 000)	2015	2014	2013	2012	2011
Profitability					
Revenues	1 425 338	1 246 059	918 670	831 530	893 552
EBITDA	135 159	103 365	46 905	57 816	61 953
EBIT	87 709	67 635	13 816	26 704	29 253
Profit before tax	78 090	62 894	4 567	17 379	14 256
Net profit	58 400	54 500	2 373	10 274	11 485
Net Profit (Loss) Attributable to:					
Non-Controlling interests	1 572	-580	-501	-	-
Equity holders of AKVA group ASA	56 828	55 080	2 874	10 274	11 485
Cash flow from operations	95 622	82 485	92 969	41 642	-35 886
EBITDA margin	9,5 %	8,3 %	5,1 %	7,0 %	6,9 %
EBIT margin	6,2 %	5,4 %	1,5 %	3,2 %	3,3 %
Return on capital employed	14,7 %	14,1 %	3,3 %	6,2 %	6,2 %
Return on equity	13,7 %	14,2 %	0,8 %	3,2 %	3,5 %
Financial position					
Non-current assets	467 031	353 988	307 801	278 503	289 474
Current assets	616 096	549 833	414 180	394 073	432 189
Total assets	1 083 127	903 821	721 981	672 576	721 663
Equity attributable to equity holders of AKVA group ASA	424 988	387 577	336 601	325 274	323 771
Non-controlling interests	3 444	1 676	2 255	-	-
Total equity	428 432	389 252	338 856	325 274	323 771
Long-term debt	221 978	131 344	55 934	69 765	112 208
Short-term debt	432 717	383 225	327 191	277 537	285 684
Total equity and liabilities	1 083 127	903 821	721 981	672 576	721 663
Gross interest-bearing debt	245 634	142 446	132 888	143 361	182 917
Cash and cash equivalents	160 458	143 935	95 855	69 783	57 281
Net interest-bearing debt	136 117	88 511	74 558	106 564	145 685
Working capital	131 120	126 452	106 499	155 665	181 981
Equity ratio	39,6 %	43,1 %	46,9 %	48,4 %	44,9 %
Debt to equity ratio	57,3 %	36,6 %	39,2 %	44,1 %	56,5 %

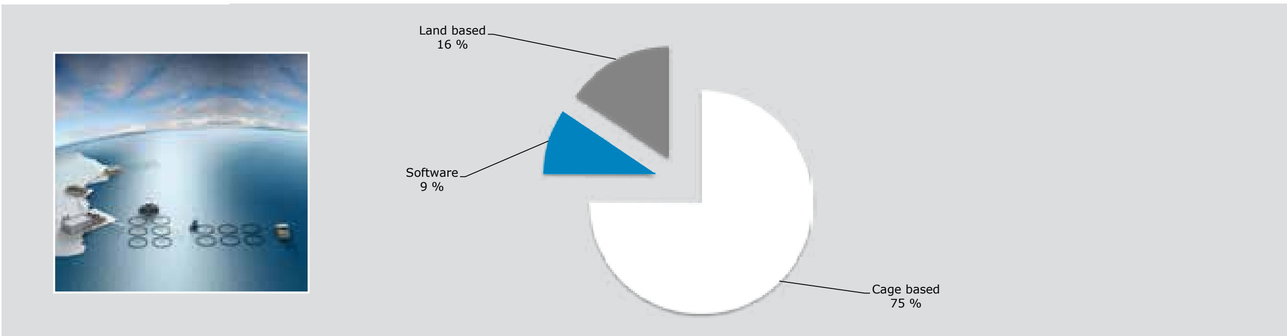
(in NOK)	2015	2014	2013	2012	2011
Share data					
Earnings per share	2,20	2,13	0,11	0,40	0,53
Diluted earnings per share	2,21	2,13	0,11	0,40	0,53
Cash flow per share	2,15	-0,17	0,83	-0,02	-0,28
Dividend per share	1,00	1,00	-	-	-
Shareholders´equity per share at year-end	16,45	15,00	13,03	12,59	12,53
Share price at year-end	54,00	25,00	13,95	12,50	8,25
Market capitalization at year-end	1 395 052	645 858	360 389	322 929	213 133
Number of shares outstanding at year-end	25 834 303	25 834 303	25 834 303	25 834 303	25 834 303
Average number of shares outstanding	25 834 303	25 834 303	25 834 303	25 834 303	21 528 586

Financial key figures

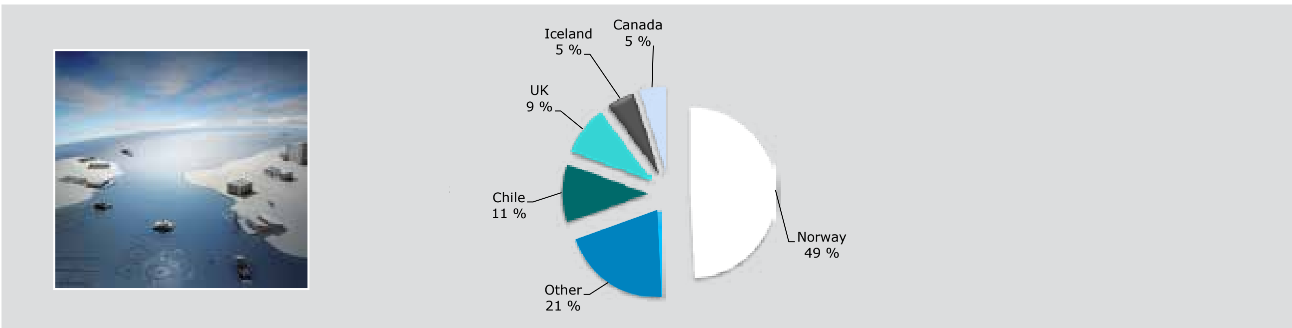
Share price development



Revenue

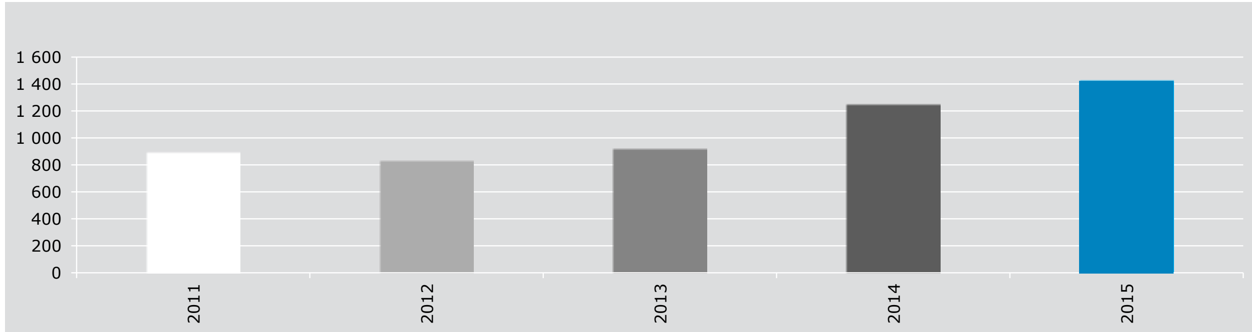


Geographic segments

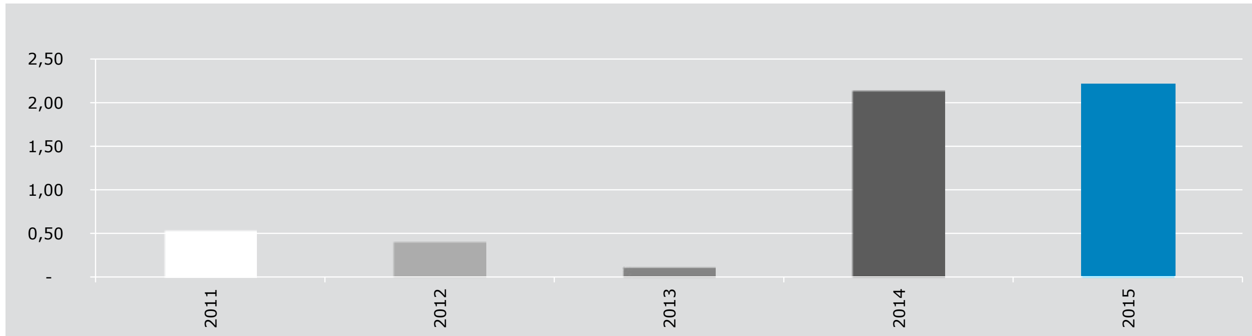


Financial key figures

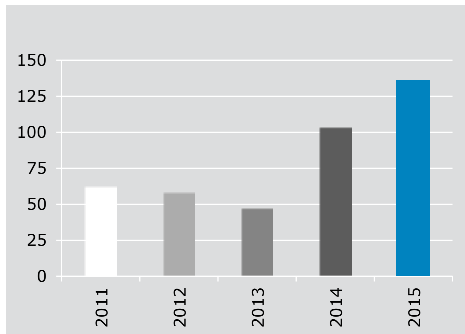
Revenue



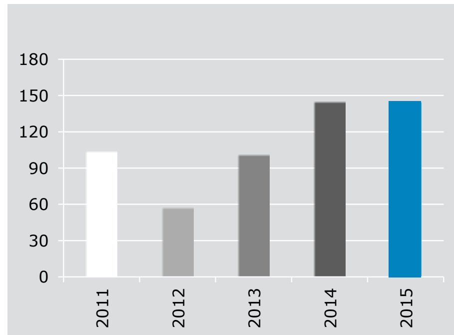
Earnings per share



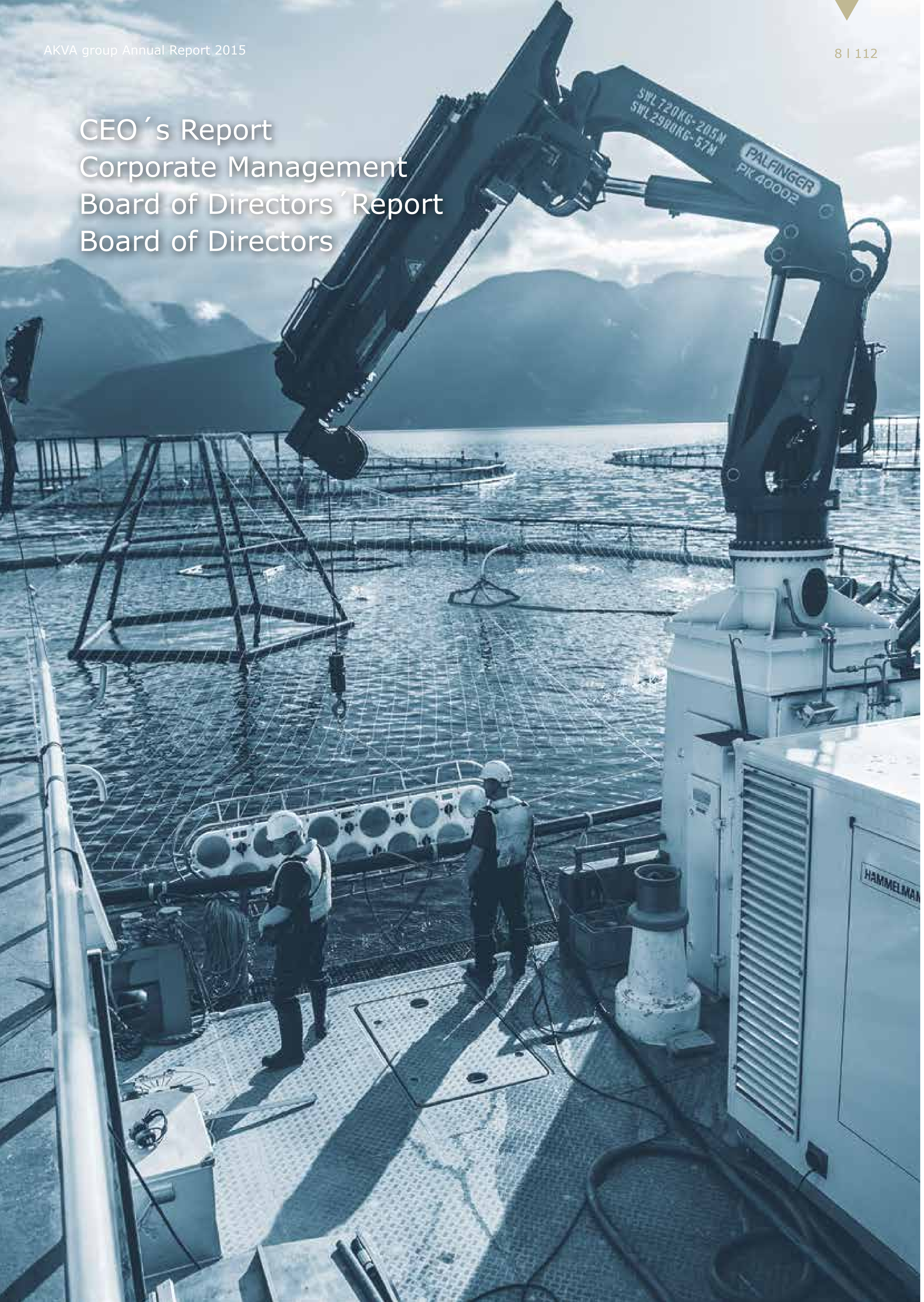
EBITDA



Revenues other species*



** Other than salmonides*



CEO´s Report
Corporate Management
Board of Directors´ Report
Board of Directors

Dear shareholders and stakeholders of AKVA group

2015 has been another good year for AKVA group, actually the best year in the Group's history. However, at least as important as the financial performance, is how this has been achieved. Years of effort from many employees to make the Group more streamlined and efficient is shining through in our results. Our work to make the Group more diversified and solid is paying off. We entered the year optimistic believing that we could outperform the good performance of 2014. We ended the year having done that, and therefore look to the future with more confidence knowing AKVA group is stronger and able to take the next steps.

Yes, it is true that the market has been with us for the last few years, so also in 2015. High salmon price, particularly in the Nordic market, has helped the salmon producers as well as us. The investment climate in this market has been good for the whole year, fueling a good performance in our Nordic market segment. However even more positive, is that the performance in our other salmon producing regions, UK, Chile, Australasia and Canada has also been very good in 2015. These are regions where the salmon farmers have not had the same high salmon prices as in the Nordic region, but despite this, we have seen growth in our sales, revenues and results. This indicates that our performance is due to more than just a booming salmon market. We have become more efficient, more relevant in our product portfolio, as well as better at steering and allocating resources to what generates business, which in turn, means better financial results.

A prime example of this is the development we have seen in Chile during 2015. The year started out quite optimistic but it soon became clear that the industry again was heading for another downturn.

Our local management recognized the situation, initiated the necessary adjustments in our operations; avoiding "management by hope". Our cost base and exposure were significantly reduced during the year, while at the same time the sales of services increased. The outcome is one of the best financial performances in Chile ever, despite a very difficult market. We are left with an organization ready to take on new opportunities when the market improves, and are able to serve the industry as the partner we want to be.

Also market areas outside the salmon industry have shown positive movement during 2015. In particular, our operation in Turkey where we are serving the sea bass and sea bream industry in the Mediterranean, has had a very positive development. Coming from years when the market has been down, a very capable local management, mentored and helped by our Scottish organization has turned a business area from being lossmaking going nowhere, to become one of the best in AKVA group. This is one of the markets where we expect further development in the years to come, a development the Group will be happy to support.

A main development seen clearly in 2015 has been how the diversification of AKVA group has helped our overall performance. One side of this is that 2015 is the first year where nearly all entities of AKVA group are contributing in a positive way to the financial performance. The Group has become less dependent on one or a few business units. We are developing a broader and more solid base for our performance.

The market has also changed over the last two years. The demand in the salmon sector has shifted from infrastructure products towards more efficiency products, which is typical for an industry that has limited possibilities for growth. If we had remained what we were; this shift would have hurt our performance in 2015.

What we in fact have seen is that new product groups and business areas have taken over, lifting us to new levels. Our effort over the last few years to develop recurring business lines, such as developing our technology services and rentals, as well as continuing to develop our Software business, is clearly paying off. These lines of business have made crucial contributions to our performance in 2015. The exciting thing is that we still are in an early stage of taking out the potential of these new areas and therefore we can continue to build on them in the years to come.

Another area that is starting to become a significant part of AKVA group is our activities in the Land Based segment, which historically was a lossmaking part of our business. Over the last two years and in 2015 in particular, this has changed. The demand for Land Based solutions for efficient post smolt production in the salmon industry, as well as for Land Based production of other species has been growing rapidly. Our strategic positioning towards this segment has also started to pay off. 2015 was the first year when the financial performance in this technology segment started to become a significant positive contributor to the Group. In 2015 we further strengthened our position within the segment through the acquisition of Aquatec Solutions A/S, which used to be one of the main competitors to AKVA group. Aquatec has a very solid track record both in terms of technical solutions as well as financial performance. We strongly believe that the investment in this company, together with Plastsveis AS and AKVA group Denmark A/S will become a significant contributor to our performance in the years to come. It also adds to AKVA group's strategic ability to support any production paradigm in any geographic region of the aquaculture industry.

Expanding our presence in emerging markets continues to be a priority. Taking on the development of these markets is however a challenge, this was again seen in 2015.

Our approach is to seek very capable customers as partners in the development of these markets, rather than investing in costly infrastructure in new countries. Through this strategy we have in 2015 managed to secure ground-breaking projects in new markets. At the same time we have seen how vulnerable our activities in these markets are to changes in politics and conditions for trade, for instance, in Russia. In AKVA group we believe that the significant steps we have taken in emerging markets represents just a beginning. Over the years to come, we expect to be able to expand our position in these markets significantly.

We started out in 2015 optimistic and determined to outperform the good performance of 2014. We ended the year having done this, as well as having an improved and more robust AKVA group. We are a better and more experienced organization, and we are more trained and professional in the way we handle our processes; from sales and production through to project execution. We have expanded our recurring business and we have further strengthened our financial position.

The focus in 2016 will be to take AKVA group forward to even better performances. We still believe we have many areas with potential that could be explored to make us an even better organization. We continue to think of ourselves as being on our way – always seeking to become better at what we do. We are ambitious, but determined to stay humble. We want to be the preferred Aquaculture Technology and Service Partner, recognized for our values; **Customer focus, Aquaculture knowledge, Reliability and Enthusiasm**, and we are in for the long run.

Bryne, Norway
April 11th 2016
Trond Williksen
Chief Executive Officer

Corporate Management



Trond Williksen
Chief Executive Officer

Trond Williksen (b. 1963) assumed the position as CEO in March 2011. Prior to joining AKVA group, he was the Executive Vice President for Harvesting in Aker Seafoods ASA, where he also served as the Managing Director of Aker Ocean Harvest AS. During his 20 year long career in fishery and aquaculture, he has led the KPMG Center for Aquaculture and Fisheries, and has also served as the Managing Director of the Norwegian Fish Farmers Association. Trond holds an MBA in Strategy from University of Washington. He is a Norwegian citizen and resides in Bærum, Norway.

Eirik Børve Monsen
Chief Financial Officer

Eirik B. Monsen (b. 1974) assumed the position as CFO in December 2011. Prior to joining AKVA group he was the CFO in Telenor Eiendom Holding AS. He has served in several senior positions in the Telenor Group both in Norway and Asia from 2005-2011. He worked in KPMG Financial Services in Oslo from 1998-2005, the last years as a Manager. Eirik has an MBA from the Norwegian School of Economics and Business Administration (NHH). He is also a State Authorized Public Accountant and a Certified EFFAS Financial Analyst (AFA). He is a Norwegian citizen and resides in Stavanger, Norway.

Per Andreas Hjetland
Chief Operations Officer Nordic

Per Andreas Hjetland (b. 1961), joined AKVA group in 2008 where he assumed the position as COO in September 2010. Prior to joining AKVA group, he held several senior positions with international companies. His professional background cover industrial technologies, and he also brings with him extensive experience in business operations, sales & marketing. Per Andreas´academic background was gained at the Technical School of Stavanger. He is a Norwegian citizen and resides in Høle, Norway.

Corporate Management



Andrew Campbell
Chief Operations Officer Americas

Andrew Campbell (b. 1966), joined AKVA group in 2000, and has been General Manager in Chile since 2009. From 1989-2000, he worked as a Production Manager in the salmon industry in New Zealand for the New Zealand Salmon Company Ltd. Andrew holds a bachelor of science degree from New Zealand´s Victoria University, and is a New Zealand citizen with permanent residency in Chile.

Trond Severinsen
Chief Operations Officer Export & Chief Marketing Officer

Trond Severinsen (b. 1964), joined AKVA group in 1993 as General Manager for the company´s operations in Canada; a role he had until 2003 when he became CMO. He has worked within sales, marketing and R&D related to techology for the fish farming industry since early 1984. Trond had previously worked for Sea Farm trading (1984-90), setting up their Canadian office in 1987. He later ran his own business until 1993. He is a Norwegian citizen and resides in Klepp, Norway.

Inge Forseth
Chief Operations Officer Technology & Software

Inge Forseth (b. 1971) joined AKVA group in the second half of 2014. His professional career includes national and international managerial positions in companies like Eltek, Autronica and Glen Dimplex. He holds extensive experience from a range of technological fields, covering both the hardware as well as the software area. Inge holds a Master of Science in electrical engineering from the Norwegian University for Science and Technology (NTNU) in Trondheim. He is a Norwegian citizen and resides in Trondheim, Norway.

The Board’s Annual Report 2015

2015 has been the best financial year ever for AKVA group for the second year in a row. The Group has experienced growth in revenues and improved margins. All three product segments, with a wide range of products and services, contributed to the improved perfor-mance. A strong financial position combined with the highest order backlog ever gives AKVA group a good momentum going into the new year.

Total revenue for the Group in 2015 was MNOK 1,425.3 - an increase of 14.4% from 2014. Earnings before interest, tax, depreciation and amortization (EBITDA) was MNOK 135.2 - an increase of 30.8% compared to EBITDA in 2014.

The financial result for 2015 reflects high activity in all product segments during the year. The Cage Based Technology segment had a strong momentum in the Northern Hemisphere throughout the year, and we experienced improved financial performance in our Chilean operation despite a downturn in this market in the second half of the year. The Software segment continued with solid revenue and margins. The Land Based Tech-nology segment improved its performance throughout the year and is becoming a more significant part of the Group, in line with our strategy.

Our main priorities in 2015 have been to develop our service and after sales business according to our strategy, to improve the performance in the Land Based Technology segment and at the same time manage the increased level of activity in the Cage Based Technology segment. We have continued our work to streamline all operations, to tune the fixed cost base, further improve our balance sheet and to maintain high customer satis-faction by delivering premium technology and services.

AKVA group – the business segments

AKVA group is the leading supplier of tech-nology and services to the global aquaculture industry. Our activities include design, sale, purchase, assembly and installation of technology as well as rental, service and consulting services. The Group’s main customer base is the global salmon-farming industry. It is a strategic objective to expand AKVA group’s activities to aquaculture species other than salmonids.

The Group divides its operations into three business segments: Cage Based Technology (CBT), Software and Land Based Technology (LBT).

Main products in the CBT segment are; feed barges, fish farming cages, centralised feed systems, sensors, cameras, biomass estimation systems, light systems and net cleaning systems. The Polarcirkel™ polyethylene cages are produced at our facility in Mo i Rana, Norway and are one of the world’s leading fish cage brands. The Polarcirkel™ brand also includes Polarcirkel™ PE-boats designed for extreme conditions for the fish-farming industry, diving, oil and gas service industry as well as PE pipes up to 900 mm diameter for various purposes. Steel cages sold under the Wavemaster™ brand are market lead-ers in Chile and Canada. Wavemaster™’s production facility for steel cages is located in Puerto Montt, Chile. Feed barges are also produced under the brand Wavemaster™. The feed barges have a strong position in the salmon market in the Nordic and Export regions and are supplied with Akvasmart™ centralised feed systems as well as other technologies from AKVA group. The feed barges designed by AKVA group are produced in Tallinn (Estonia) and Ustka (Poland).

The Software segment provides market leading best of breed software solutions for fish farming as well as for the seafood industry. Our market leading software brands are Fishtalk™ and Wisefish™.

Main products in the LBT segment are land based systems for production of freshwater as well as marine fish species using recirculation technology. The systems are designed in Vejle, Fredericia and Copenhagen in Denmark. Plastsveis AS located at Sømna, Norway and Sistemas de recirculacion Limitada in Puerto Varas, Chile are our provider of operational installations of land based facilities. Our LBT setup gives AKVA group a strong position in the market place when it comes to delivering a range of solutions for land based aquaculture.

AKVA group's headquarters is located in Bryne, Norway. The company has offices and service stations along the Norwegian coast and in Chile, Scotland, Canada, Turkey, Iceland, Denmark and Australia. In addition, the Group has representation in numerous other countries across the globe.

Market situation through 2015

In the comments below on the financial accounts, the 2014 figures are presented in brackets following the 2015 stated values, when included.

AKVA group started 2015 with a high order backlog. This, combined with a continued good market activity especially in the CBT segment in the Northern Hemisphere and Chile, gave a very good start financially for the Group in 2015. The Chilean salmon industry faced another downturn in the end of the first half of 2015, however our Chilean operation ended the year well due to a high level of service sales also in the second half of the year.

The CBT segment in the Northern Hemisphere experienced good activity throughout the year, though with a slightly different product mix compared to 2014, i.e. a broader range of products and services contributed to the revenue and margins in 2015. The market activity in the LBT segment continued to improve during 2015. Software maintained its strong market position in 2015.

Revenues from rental, services and maintenance provided by AKVA group continued the positive development in 2015, reflecting a positive trend in an area with strategic priority for the Group.

In 2015 AKVA group had revenues from technology sales and service to aquaculture producers of other species than salmon, of MNOK 144.3 (136.3) equal to 10.1% (10.9%) of total revenues. The Mediterranean and Middle East were the main markets for sales to customers farming other species. Revenue from technology and service to non-seafood markets was MNOK 146.8 (85.8) equal to 10.3% (6.9%) of total revenue.

Continued Operations

In accordance with the Accounting Act § 3-3a we confirm that the Financial Statements have been prepared under the assumption of going concern.

Profit and loss (consolidated)

Total revenue for AKVA group in 2015 was MNOK 1,425.3 (1,246.1) – an increase of 14.4% compared to 2014. EBITDA for 2015 was MNOK 135.2 (103.4) - an increase of 30.8% compared to 2014.

All segments contributed to revenue growth in 2015. The improved margins were mainly explained by improved performance in the LBT and also improved margins in the Software segment.

Group margins in 2015 and 2014 increased compared to previous years. We were able to get scale effects out of our existing production capacity. This was due to a controlled cost base combined with increased volumes. Improved profitability in the LBT segment also contributed to improved Group margins.

Depreciation and amortization in 2015 was MNOK 47.5 (35.7). EBIT for 2015 was MNOK 87.7 (67.6). Net financial expenses was MNOK 9.6 (4.7) and Profit before tax was MNOK 78.1 (62.9). The calculated tax for 2015 is MNOK 19.7 (8.4). Net profit for the year was MNOK 58.4 (54.5).

CBT had operating revenues in 2015 of MNOK 1,070.9 (972.6), an increase of 10.1% compared to 2014. EBITDA was MNOK 94.8 (87.8), an increase of 8.0% compared to 2014. 2015 was another year with good activity in all CBT markets. We experienced slowdown in Chile in the second half of 2015, but due to the good first half and high level of services, also AKVA group Chile ended one of the best years ever margin wise.

Software had operating revenues in 2015 of MNOK 132.1 (106.7) with an EBITDA of MNOK 26.0 (15.3). AKVA group Software AS in Norway continued to deliver steady revenues and healthy earnings in 2015. Wise lausnir ehf on Iceland continued the good performance from previous three years with another best year ever in 2015. WiseDynamics Ltd, a Canadian subsidiary of Wise lausnir, was divested in November 2015. The sale had insignificant impact on Group financials.

LBT had operating revenues in 2015 of MNOK 222.3 (166.7), an increase of 33.3% compared to 2014. EBITDA was MNOK 14.3 (0.3). LBT experienced increased activity and improved performance in 2015 compared to previous years. Plastsveis AS is now delivering stable good revenue and margins.

AKVA group Denmark A/S is profitable, but still has room for improvement financially. The acquisition of Aquatec Solutions A/S was finalized at the end of September 2015. Aquatec Solutions is a profitable company and is expected to contribute positively to the further development of this business area. Market development indicates that LBT will be a larger part of AKVA group going forward. The recent development in the order backlog supports this assumption.

Earnings per share were NOK 2.20 in 2015 versus NOK 2.13 in 2014. The total number of outstanding shares has been 25,834,303 in 2015 and 2014.

Profit and loss AKVA group ASA

Operating revenues for AKVA group ASA in 2015 was MNOK 671.8 (705.0). EBITDA for 2015 was MNOK 38.6 (45.0). Depreciation and amortization in 2015 was MNOK 9.9 (9.2). EBIT for 2015 was MNOK 28.7 (35.8). Net financial income was MNOK 15.3 (26.9) and profit before tax was MNOK 44.0 (62.7). The calculated tax for 2015 was MNOK 7.8 (17.4). Net profit for the year was MNOK 36.3 (45.3).

Statement of Financial Position and cash flow (consolidated)

Total assets at the end of 2015 was MNOK 1,083.1 (903.8). Total liabilities amounted to MNOK 654.7 (514.6) and equity totalled MNOK 428.4 (389.3) giving an equity ratio of 39.6% (43.1%).

Working capital in the consolidated balance sheet, defined as non-interest bearing current assets less non-interest bearing short-term debt, was MNOK 131.1 at the end of 2015 compared to MNOK 126.5 at the end of 2014.

Working capital in percentage of 12 months rolling revenue was 9% at the end of 2015 compared to 10% at the end of 2014. The improved working capital level in percentage is explained by continued focus on balance sheet and capital management during the year.

Equity was positively affected during 2015 by this year's result of MNOK 58.4 (54.5) and by the translation differences and cash flow hedges of MNOK 10.7 (23.1), out of which MNOK 8.9 (7.4) is related to revaluation of goodwill and other intangible assets, according to IFRS. Equity was negatively affected during 2015 by the dividend payment of MNOK 25.7 and the share buyback of MNOK 4.2 in connection with the share incentive scheme to the employees.

Gross interest bearing debt amounted to MNOK 245.6 (142.4) at the end of 2015. Cash and unused credit facilities amounted to NOK 160.5 (143.9) at the end of 2015.

The company was in compliance with all financial covenants during 2015.

Capital expenditure (CAPEX) in 2015 amounted to MNOK 75.8 (49.8), including MNOK 29.7 in rental equipment and MNOK 19.1 (17.9) in capitalised R&D expenses, in accordance with IFRS.

Balance sheet AKVA group ASA

Total assets at the end of 2015 was MNOK 864.2 (734.3). Total liabilities amounted to MNOK 448.1 (324.6) and equity totalled MNOK 416.1 (409.7) giving an equity ratio of 48.1% (55.8%).

In September AKVA group ASA acquired 100 % of the shares in Aquatec Solutions A/S recognizing the purchase as a long term financial asset with a book value of MNOK 102.

Risk factors

The aquaculture industry is associated with biological and market risk, and has historically been subject to cyclicality. AKVA group aims to reduce the risks related to these factors through diversification of its products and technologies to various fish species and geographical regions, as well as by increasing revenues from recurring service and after sales.

For AKVA group the financial risks are mainly related to currency risks, interest rate risks, credit risks and liquidity risks. A reduction in currency risks is sought through matching revenues and costs in the same currency, in combination with forward contracts. The Group is also exposed to fluctuations in foreign exchange rates when calculating the equity of foreign subsidiaries into NOK.

Interest bearing debt is based on floating interest rate and net interest costs will consequently increase and decrease according to the variations in the interest level. AKVA group endeavours to maintain sufficient level of free cash at all times to be able to meet its obligations.

Historically the Group has shown low losses on receivables from customers. For larger projects the Group generally receives partial pre-payment from the customers and payments according to the progress of the projects. The credit risk related to customer deliveries is thereby reduced.

AKVA group is exposed to fluctuations in the prices of certain raw materials used in some of the main products. Reduction of this risk is sought through continuous general awareness and specific attention during major contract negotiation periods, as well as by securing the pricing of raw materials immediately after signing contracts.

Product development

In 2015 the Group invested MNOK 49.0 (37.4) in product development, of which MNOK 19.1 (17.9) was capitalised and MNOK 29.9 (19.5) expensed. The investments were used to further improve existing products and to develop new products.

Organisation and work environment

AKVA group had 670 (722) employees at the end of 2015. Women accounted for 18.4% (16.8%) of the employees. The Group aims at having a gender balance across the different levels of the organisation.

The Norwegian Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. The Group is working actively, determined and systematically to encourage the act's purpose within our business. Included in the activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment.

The Group's aim is to be a workplace with no discrimination due to reduced functional ability and is working actively to design and implement the physical conditions in such a manner that as many as possible can utilise the various functions.

For employees or new applicants with reduced functional ability, individual arrangements of workplace and responsibility are made.

The Group aims to strengthen the competence of its employees to maintain a position as a leading supplier of technology and service to the global aquaculture industry.

Through recruitment, the company seeks to employ people with high competence within all areas of its business.

Total sick leave in the Group during 2015 amounted to 3.1% (3.1%). Nine (twenty) incidents were registered in the Group during 2015. Efforts have been done in order to prevent similar incidents to happen in the future.

The board considers the working environment in the company to be satisfactory and has not initiated any particular measures in this area during 2015.

The board sincerely thanks the management and staff for their effort and dedication, and their contribution to the good results in 2015.

Future outlook

The total order backlog at the end of 2015 was MNOK 649 (504).

There is positive outlook in all product segments for 2016.

The strong demand in the Nordic market continues into 2016, with shift towards sale of technology for more efficient production.

The Land Based segment has experienced increased activity in 2015 and the higher level of activity is expected to continue. The Land Based segment is becoming a larger part of AKVA group.

UK and Canada experience slightly less project sales so far in the new year compared to last year. Despite this, both entities are expected to perform well.

We have continued low expectations in Chile due to the challenging situation for our Chilean customers. Our exposure in Chile is reduced over the last years.

Our Turkey and Australian operations are expected to continue to perform well in the next quarters with good order backlog.

Export to emerging markets has a more optimistic start of the year than last year. The activity is still expected to fluctuate due to the nature of the business.

We continue our effort to build service and after sales as a key business element in all markets and segments.

AKVA group continue to stay hands on in 2016, adjusting operations according to market development, focusing on long term performance, margins and customer relations. We have improved operational performance and our balance sheet significantly over the last four years, but the effort to achieve further improvements continues.

AKVA group is supplying recirculation system for the largest land based fish farm in Finland.

Allocation of profit

The board propose the following allocation of the 2015 profit for AKVA group ASA:

Transferred to other equity	NOK 36.293.020
Total allocation	**NOK 36.293.020**

At the end of 2015, AKVA group ASA had equity of MNOK 416.1 (409.7), comprised of MNOK 25.7 (25.8) in share capital, MNOK 336.0 (336.0) in share premium, MNOK 1.1 (1.1) in other paid-in capital and MNOK 53.2 (46.7) in other equity.

A dividend of 1.00 NOK per share was paid out on 20 November 2015 totalling a distributed amount of 25,736,303 NOK in accordance with the new dividend policy introduced in 2014.

A report on Corporate Social Responsibility in AKVA group ASA is included in the second last section of the annual report.

Corporate governance in AKVA group ASA is described in the last section of the annual report.

Confirmation from the Board of Directors and the CEO

We confirm, to the best of our knowledge, that the financial statements for the period from January 1st to December 31st, 2015 has been prepared in accordance with EU-approved IFRS and gives a true and fair view of the Group and the Company's consolidated assets, liabilities, financial position and results of operations, and that the Report of the Board of directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company together with a description of the key risks and uncertainty factors that the company is facing.

Hans Kristian Mong
Chairperson of the Board

Frode Teigen

Evy Vikene

Aino Olaisen

Anne Breiby
Deputy Chairperson

Nils Viga

Anthony James

Trond Williksen
Chief Executive Officer

Henrik A. Schultz

Tore Obrestad

Carina Jensen

Board of Directors



Hans Kristian Mong
Chairperson of the Board

Hans Kristian Mong lives in Egersund, Norway. He is Chairman of the board in Egersund Group. In addition he holds Chairman positions in several companies, including Egersund Net and Egersund Trål. Mr Mong was elected to the Board of Directors at the Annual General Meeting May 9th 2012.

Anne Breiby
Deputy Chairperson

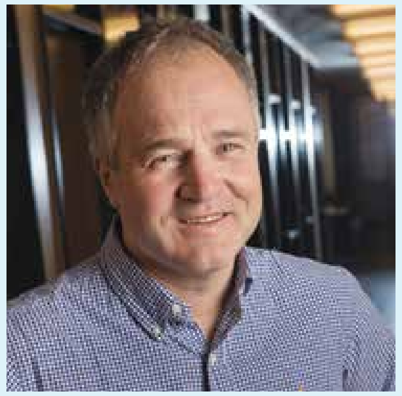
Anne Breiby lives in Ålesund, Norway. She holds a Cand. Scient degree in Fishery biology from Tromsø University. She held positions in the Norwegian Fishfarmer´s Association and Regional Fishery Administration before serving as a Political advisor for fishery and industry matters in Parliament and Deputy Minister in the Ministry of Industry and Energy. She has broad experience from serving as a Board member for several companies and institutions. Amongst these are Ulstein group ASA, Folketrygdfondet, Sparebanken Møre, Innovation Norway, Nowegian Research Council, REM ASA, Kongsberg Satellite Service AS, Scandinavian Business Seating AS and Fiskeribladet Fiskaren AS. Mrs. Breiby was elected to the Board of Directors at the Annual General Meeting September 25th 2006.

Frode Teigen
Board member

Frode Teigen lives in Egersund, Norway. He is a private investor and is on the Board of several Norwegian companies. Mr. Teigen was elected Board Member at the Annual General Meeting June 10th 2009.

Board of Directors





Anthony James
Board member

Anthony James lives in Chester, England. He is Chief Investment Officer in Wheatsheaf. He joined Wheatsheaf from Grosvenor, where he spent five years as Group Corporate Finance Director. Prior to Grosvenor, Anthony was Head of Energy & Natural Resources M&A at KPMG Corporate Finance where he led a wide range of acquisition, disposal and other strategic advisory assignments across the sector. His previous roles have included senior finance and corporate development positions at Philips Electronics, both in the Netherlands and China. Mr. James was elected to the Board of Directors at the Annual General Meeting May 8th 2015.

Evy Vikene
Board member

Evy Vikene lives in Stavanger, Norway. She holds a Bachelor´s degree in Aquaculture and Environmental Engineering from the University of Stavanger and an Executive Master of Management from the Norwegian Business School. She worked 10 years in various positions in Nutreco ARC before she joined Skretting AS where she held various management positions with domestic and global responsibility. From early 2013 to mid 2015 she held the position as Head of Development in Fretex Norge AS. She has since mid 2015 held a position in Skretting AS. She is a Director of the Board in Fretex Midt-Norge AS. Mrs Vikene was elected to the Board of Directors at the Annual General Meeting May 7th 2014.

Nils Viga
Board member

Nils Viga lives in Hjelmeland, Norway. He has 3 years education in Aquaculture from Sogn og Fjordane University College and holds a Bachelor´s degree from the University of Bergen. He has held various management positions in Marine Harvest and Hydro Seafoods. He is currently working with development projects in his family business, related to the aquaculture industry. He holds the position as Chairman of the Board in Fister Smolt and he is a Director of the Board in Blue Planet. Mr Viga was elected to the Board of Directors at the Annual General Meeting May 7th 2014.

Board of Directors



Aino Olaisen

Board member

Aino Olaisen lives in Lovund, Norway. She studied at the Norwegian College of Fishery Science, and she has also studied history and Spanish. Mrs. Olaisen is a Director of the Board in several sea based companies, amongst others Nova Sea. She is also head of the general assembly at Sparebankstiftelsen Helgeland. Mrs. Olaisen was elected to the Board of Directors at the Annual General Meeting May 8th 2015 and has earlier served as board member from 2012 to 2014.

Henrik A. Schultz

Employee´s representative

Henrik A. Schultz lives in Trondheim. He earned a cand. mag. degree in biology/aquaculture at NTNU in 2003, and was first employed in AKVA group in 2007. He is currently employed as biological consultant working with the Fishtalk software. Henrik has previous experience from SATS, Eniro and private startup projects.

Tore Obrestad

Employee´s representative

Tore Obrestad lives in Vigrestad, Norway. He qualified as an electro automation systems engineer at education science program at UIS. He has been employed in AKVA group ASA since 1988, incorporating a 4-year sabbatical as a lecturer at a college of further education. He is currently Technical Manager in AKVA group ASA.

Carina Jensen

Employee´s representative

Carina Jensen lives in Brønnøysund, Norway. She holds a Bachelor's degree in Micro technology from Buskerud and Vestfold University College. She has been employed in Plastsveis AS since 2012 as a quality manager, where she also is a board member. Carina has previous experience from REC Wafer Norway AS.

Financial Statement **Group**
(AKVA group)

Consolidated Income Statement 01.01 - 31.12. (in NOK 1 000)

Group	Note	2015	2014	2013
OPERATING REVENUES				
Sales revenues	19	1 420 712	1 246 059	918 670
Other income	22	4 626	-	-
Total revenues	2	**1 425 338**	**1 246 059**	**918 670**
OPERATING EXPENSES				
Cost of goods sold	11	837 754	759 890	556 603
Payroll expenses	3,15,21	341 094	279 945	229 329
Other operating expenses	4,8,12,17,20	111 332	102 859	85 832
Total operating expenses		**1 290 179**	**1 142 694**	**871 765**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)		**135 159**	**103 365**	**46 905**
Depreciation and amortization	7,9	47 450	35 729	33 088
OPERATING PROFIT (EBIT)		**87 709**	**67 635**	**13 817**
FINANCIAL INCOME AND EXPENSES				
Financial income	17,18	2 984	4 015	1 841
Financial expenses	17,18	(12 603)	(8 757)	(11 091)
Net financial income (expense)		**(9 619)**	**(4 741)**	**(9 250)**
PROFIT BEFORE TAX		**78 090**	**62 894**	**4 568**
Taxes	5	19 690	8 394	2 193
NET PROFIT FOR THE YEAR		**58 400**	**54 500**	**2 374**
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Non-controlling interests		1 572	-580	-501
Equity holders of AKVA group ASA		**56 828**	**55 080**	**2 875**
Earnings per share (NOK)	6	**2,20**	**2,13**	**0,11**
Diluted earnings per share (NOK)	6	**2,21**	**2,13**	**0,11**

Consolidated Statement of Comprehensive Income 01.01 - 31.12. (in NOK 1 000)

Group	Note	2015	2014	2013
NET PROFIT FOR THE YEAR		58 400	54 500	2 374
Other comprehensive income				
Items that may be reclassified subsequently to income statement:				
Translation differences on foreign operations		21 555	24 554	13 367
Income tax effect		-5 820	-6 630	-3 743
Total		**15 735**	**17 925**	**9 624**
Gains and losses arised during the year on cash flow hedges		-6 912	7 055	1 738
Income tax effect		1 866	-1 905	-487
Total		**-5 046**	**5 150**	**1 251**
Items that will not be reclassified to income statement:				
Actuarial deviations on net pension obligations		-	-	376
Income tax effect		-	-	-105
Total		**-**	**-**	**271**
Total other comprehensive income, net of tax		**10 689**	**23 075**	**11 146**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**69 089**	**77 575**	**13 520**
Attributable to:				
Non-controlling interests		1 572	-580	-501
Equity holders of AKVA group ASA		**67 517**	**78 154**	**14 021**

We experience an increase in demand of larger feed barges.

Consolidated Statement of Financial Position 31.12. (in NOK 1 000)

Group	Note	2015	2014	2013
NON-CURRENT ASSETS				
Intangible assets				
Deferred tax asset	5	12 659	20 874	25 117
Goodwill	7	269 453	202 688	178 018
Other intangible assets	7	78 677	54 521	47 696
Total intangible assets		360 789	278 083	250 831
Tangible fixed assets				
Land and building	9	13 335	10 665	2 804
Machinery and equipment	9	90 160	63 344	52 199
Total tangible fixed assets		103 495	74 009	55 003
Long-term financial assets				
Other long-term financial assets	10,12	2 747	1 896	1 967
Total long-term financial assets		2 747	1 896	1 967
Total non-current assets		**467 031**	**353 988**	**307 801**
CURRENT ASSETS				
Stock	11	180 677	167 238	144 188
Receivables				
Accounts receivables	12,18,19	289 216	262 894	155 539
Prepayments to suppliers		8 925	7 943	4 879
Other receivables	18,19	27 760	57 824	51 244
Total receivables		325 902	328 660	211 662
Cash and cash equivalents	13	109 517	53 935	58 330
Total current assets		**616 096**	**549 833**	**414 180**
TOTAL ASSETS		**1 083 127**	**903 821**	**721 981**

Land based operating revenues increased 33.3% compared to 2014.

Consolidated Statement of Financial Position 31.12. (in NOK 1 000)

Group	Note	2015	2014	2013
EQUITY				
Equity attributable to equity holders of AKVA group ASA	14,21,24,25	424 988	387 577	336 601
Non-controlling interests		3 444	1 676	2 255
Total equity		**428 432**	**389 252**	**338 856**
LIABILITIES				
Provisions				
Deferred tax liabilities	5	18 107	-	-
Pension obligations	15	-	-	181
Total provisions		18 107	-	181
Other long term liabilities				
Liabilities to financial institutions	16,20	188 375	128 667	55 048
Other long term liabilities	22	15 495	2 677	704
Total other long term liabilities		203 870	131 344	55 752
Current liabilities				
Liabilities to financial institutions	13,16,18,20	57 258	13 779	77 840
Trade payables		128 189	135 413	88 957
Current tax payables	5	4 223	2 340	818
Public duties payable		19 341	12 410	13 981
Prepayments from customers	19	115 898	112 955	59 982
Other current liabilities	17,18,22	107 808	106 329	85 613
Total current liabilities		432 717	383 225	327 191
Total Liabilities		**654 695**	**514 569**	**383 125**
TOTAL EQUITY AND LIABILITIES		**1 083 127**	**903 821**	**721 981**

Bryne, Norway, 11 April 2016.

Hans Kristian Mong
Chairperson of the Board

Frode Teigen

Evy Vikene

Aino Olaisen

Anne Breiby
Deputy Chairperson

Nils Viga

Anthony James

Trond Williksen
Chief Executive Officer

Henrik A. Schultz

Tore Obrestad

Carina Jensen

Consolidated Statement of Cash flow 01.01 - 31.12 (in NOK 1 000)

Group	Note	2015	2014	2013
Cash flow from operating activities				
Profit before taxes		78 090	62 894	4 568
Taxes		-5 300	373	-42
Gain on disposal of fixed assets		-290	-406	175
Depreciation and amortization	7,9	47 450	35 729	33 088
Change in pension obligation	15	-	-	-305
Changes in stock, accounts receivable and trade paybles		-53 789	-26 990	40 903
Changes in other receivables and payables		34 032	3 858	17 096
Net foreign exchange difference		-4 571	7 028	-2 512
Net cash flow from operating activities		**95 622**	**82 485**	**92 969**
Cash flow from investment activities				
Investments in fixed assets	7,9	-75 755	-49 765	-39 847
Change in goodwill		-	-	-538
Proceeds from sale of fixed assets	7,9	2 342	815	416
Net repayment of long-term receivables		-422	71	-190
Acquisition and sale of subsidiary net of cash acquired	22	-42 605	-17 311	-18 478
Net cash flow from investment activities		**-116 439**	**-66 190**	**-58 638**
Cash flow from financing activities				
Repayment of borrowings		-13 368	-66 146	-23 419
Proceed from borrowings		117 696	69 031	10 000
Dividend payment	24	-25 736	-25 834	-
Change related to other financial activities	25	-4 173	-1 344	-641
Net cash flow from financing activities		**74 419**	**-24 294**	**-14 060**
Net change in cash and cash equivalents		53 602	-7 998	20 272
Net foreign exchange differences		1 980	3 603	1 261
Cash and cash equivalents at 01.01		53 935	58 330	36 797
Cash and cash equivalents at 31.12	13	**109 517**	**53 935**	**58 330**

Overdraft on cash pool is included in financing activities, but is not included in cash and cash equivalents as of 31.12.

Consolidated Statement of changes in equity (in NOK 1 000)

Group	Note	Share capital	Share premium	Other paid-in capital	Total paid in capital	Translation differences	Other equity	Total other equity	Retained earnings	Total equity	Non-controlling interest	Equity shareholders AKVA group
Equity as at 01.01.2013		25 834	329 715	1 951	**357 500**	-47 587	1 825	**-45 762**	**13 536**	**325 274**	-	**325 274**
Net movement in cash flow hedges		-	-	-	-	-	1 251	**1 251**	-	**1 251**	-	1 251
Translation difference		-	-	-	-	9 624	-	**9 624**	-	**9 624**	-	9 624
Actuarial deviations on net pension obligations		-	-	-	-	-	271	**271**	-	**271**	-	271
Total other comprehensive income		-	-	-	-	9 624	1 522	**11 146**	-	**11 146**	-	**11 146**
Profit (loss) for the period		-	-	-	-	-	-	-	**2 374**	**2 374**	-501	2 875
Total comprehensive income		-	-	-	-	9 624	1 522	**11 146**	**2 374**	**13 520**	-501	**14 021**
Non-controlling interests arising on a business combination	22	-	-	-	-	-	-	-	-	-	2 756	-2 756
Recording of option agreement	21	-	-	62	**62**	-	-	-	-	**62**	-	62
Equity as at 31.12.2013	14	25 834	329 715	2 013	**357 562**	-37 963	3 346	**-34 616**	**15 910**	**338 856**	2 255	**336 601**
Equity as at 01.01.2014		25 834	329 715	2 013	**357 562**	-37 963	3 346	**-34 616**	**15 910**	**338 856**	2 255	**336 601**
Net movement in cash flow hedges		-	-	-	-	-	5 150	**5 150**	-	**5 150**	-	5 150
Translation difference		-	-	-	-	17 925	-	**17 925**	-	**17 925**	-	17 925
Total other comprehensive income		-	-	-	-	17 925	5 150	**23 075**	-	**23 075**	-	23 075
Profit (loss) for the period		-	-	-	-	-	-	-	**54 500**	**54 500**	-580	55 080
Total comprehensive income		-	-	-	-	17 925	5 150	**23 075**	**54 500**	**77 575**	-580	**78 154**
Dividend	24	-	-	-1 427	-1 427	-	-8 496	**-8 496**	**-15 910**	**-25 834**	-	-25 834
Non-controlling interests arising on a business combination	22	-	-	-	-	-	-	-	-	-	-	-
Recording of option agreement	21	-	-	-1 344	**-1 344**	-	-	-	-	**-1 344**	-	-1 344
Equity as at 31.12.2014	14	25 834	329 715	-759	**354 790**	-20 038	-	**-20 038**	**54 500**	**389 252**	1 676	**387 577**
Equity as at 01.01.2015		25 834	329 715	-759	**354 790**	-20 038	-	**-20 038**	**54 500**	**389 252**	1 676	**387 577**
Net movement in cash flow hedges		-	-	-	-	-	-5 046	**-5 046**	-	**-5 046**	-	-5 046
Translation difference		-	-	-	-	15 735	-	**15 735**	-	**15 735**	-	15 735
Total other comprehensive income		-	-	-	-	15 735	-5 046	**10 689**	-	**10 689**	-	10 689
Profit (loss) for the period		-	-	-	-	-	-	-	**58 400**	**58 400**	1 572	56 828
Total comprehensive income		-	-	-	-	15 735	-5 046	**10 689**	**58 400**	**69 089**	1 572	**67 517**
Dividend	24	-	-	-	-	-	-	-	-25 736	**-25 736**	-	-25 736
Non-controlling interests arising on a business combination		-	-	-	-	-	-	-	-	-	196	-196
Share buyback	25	-123	-		**-123**	-	-4 050	**-4 050**	-	**-4 173**	-	-4 173
Equity as at 31.12.2015	14	25 711	329 715	-759	**354 667**	-4 303	-9 096	**-13 399**	**87 164**	**428 432**	3 444	**424 988**

Cash flow hedge reserves is presented under other equity with an after-tax amount of MNOK 5.0.

Notes to the Consolidated Financial Statement

Content notes

Note 1
Summary of significant accounting policies

AKVA group ASA is a public limited liability company registered in Norway. The company is subject to the provisions of the Norwegian Act relating to Public Limited Liability Companies. The company's head office is located in Nordlysveien 4, N-4340 Bryne, Norway.

These consolidated Financial Statements have been approved for issuance by the Board of Directors on 11.04 2016 and is subject for approval by the Annual General Meeting on 10.05 2016.

Basis for preparation

The consolidated financial statements of the AKVA group have been prepared in accordance with the international accounting standards published by the International Accounting Standards Board and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as per 31 December 2015.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives and contingent considerations measured at fair value.

Functional currency and Presentation currency

The Group presents its financial statements in NOK. This is also the parent company's functional currency. For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency, translated at the rate applicable at the balance sheet date, and the income statement have been translated at monthly average rates. Exchange differences are recognized in other comprehensive income. When foreign subsidiaries are sold, the accumulated exchange differences relating to the subsidiary are taken to profit or loss.

Basis of consolidation

The Group's consolidated financial statements comprise AKVA group ASA and companies in which AKVA group ASA has a controlling interest. A controlling interest is normally attained when the Group owns, either directly or indirectly, more than 50% of the shares in the company and is capable of exercising control over the company. Non-controlling interest are included in the Group's equity.

The acquisition method is applied when accounting for business combinations. Companies which have been bought or sold during the year are consolidated from/until the date when the purchase/sale is carried out.

Investments in associates (normally investments of between 20% and 50% of the companies' equity) in which AKVA group ASA exercises a considerable influence are accounted for by applying the equity method. The carrying value of the investments is reviewed when there are indications of a decline in value or when there is no longer any need for previously recognized impairment losses. When the Group's share of the loss exceeds the investment, the investment is carried at zero value. If the Group's share of the loss exceeds the investment, this will be recognized to the extent that the Group has obligations to cover this loss.

All other investments are accounted for in accordance with IAS 39, Financial Instruments.

Inter-company transactions and balances, including internal profits and unrealized gains and losses are eliminated in full. Unrealized gains that have arisen due to transactions with associates are eliminated against the Group's share in the associate. Unrealized losses are correspondingly eliminated, but only to the extent that there are no indications of a fall in the value of the asset that has been sold internally.

The consolidated financial statements are prepared on the assumption of uniform accounting policies for identical transactions and other events under equal circumstances.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and which contain insignificant risk elements.

The cash and cash equivalent amount in the cash flow statement do not include overdraft facilities. See note 13 for information about unused overdraft facilities.

Revenue recognition

Revenue is recognized when it is probable that transactions will generate future economic benefits that will flow to the company and the size of the amount can be reliably estimated, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, and net of value added tax and discounts (if any).

Revenues from the sale of goods are recognized when the significant risks and reward of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Revenues relating to construction contracts are recognized in the income statement in line with the project's progress and when the project's results can be reliably estimated. In general the progress of these projects are decided by the cost incurred compared to total budgeted cost for the project. For barges and cages the progress is based on documentation of milestones.

The milestones for barges are:
- All the parts of the hull are cut and the process is ready for paneling
- Paneling is done and the barge is ready to assembly
- Assembly is done and the barge is ready for the painting process
- Painting process is done and the barge is ready to be outfitted
- Barge is approved in factory acceptance test at the yard (FAT)
- The barge is accepted by AKVA group and ready for towing.

The milestones for cages are:
- Pipes and brackets are produced and designated for a specific customer. Project number needs to correspond with the labeling on the designated pipes and brackets
- When delivered and installed at customers site.

When the project's results can not be reliably estimated, only revenues equal to the accrued project costs will be taken to revenue.

Any estimated loss on a contract will be recognized in the income statement for the period when it is identified that the project will lead to a loss.

Revenues from sale of professional services are recognized in the income statement when the services are performed.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Interest is recognized in the income statement as financial income. Royalties will be recognized in the income statement in relation to the terms and conditions of the various royalty agreements. Dividends are recognized in the income statement when the shareholders' rights to receive dividend have been determined.

Segments

For management purposes, the Group is organized into three business areas according to their range of products/services. These business areas comprise the basis for primary segment reporting. Financial information relating to segments and geographical divisions is presented in note 2.

In the segment reporting, the internal gain on sales between the various segments is eliminated.

Currency

Transactions in foreign currencies

The consolidated financial statements are presented in NOK, which is AKVA group ASA's functional currency. Transactions in foreign currencies are initially recognized in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date.

All exchange differences are recognized in the income statement with the exception of exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These exchange differences are recognized as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognized in other comprehensive income. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions.

Foreign operations

Assets and liabilities in foreign subsidiaries, including goodwill and adjustments for fair value included in the consolidation are translated into NOK using the exchange rate at the balance sheet date.

Revenues and costs from foreign operations are translated into NOK using the monthly average exchange rate. The exchange differences arising from the translation are recorded against other comprehensive income.

When translating foreign currencies into NOK the Group is using the mid-rate on the balance date listed by Norges Bank, the Central Bank of Norway. Norges Bank has however not quoted the exchange rate between NOK and ISK since mid-December 2008. The rate used for NOK vs ISK at the balance date in the consolidation is the rate quoted by the Central Bank of Iceland. Neither does Norges Bank quote the exchange rate between NOK and CLP. This exchange rate is calculated based on the quoted rates of NOK per USD and CLP per USD by Norges Bank and the Central Bank of Chile respectively.

Hedging

As part of the international activity the Group's assets and liabilities as well as expected cash inflow and cash outflow are exposed to changes in the currency rates.

Such risk is sought reduced by using currency forward contracts. The currency risk is managed by the parent company in cooperation with the subsidiaries.

Before a hedging transaction is carried out, the Group's finance department assesses whether a derivative is to be used to a) hedge the fair value of an asset or liability, b) hedge a future cash flow from an investment, debt payment or future identified transaction or c) hedge a net investment in a foreign operation.

The Group's criteria for classifying a derivative as a hedging instrument are as follows: (1) the hedge is expected to be effective in that it counteracts changes in the fair value of or cash flows from an identified asset - a hedging efficiency within the range of 80-125% is expected, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation when the hedge is entered into that the hedge is effective, (4) for cash-flow hedges, the forthcoming transaction must be probable, and (5) the hedge is evaluated regularly and has proven to be effective.

(a) Fair value hedges:

Derivatives designated as hedging instruments are measured at their fair value and changes in the fair value are recognized in the income statement as they arise. Correspondingly, a change in the fair value of the hedged object which is due to the risk that the object is hedged against is recognized in the income statement.

The hedge accounting is discontinued if:

i) the hedging instrument expires or is terminated, exercised or sold, or
ii) the hedge does not meet the above-mentioned hedge requirements, or
iii) the Group chooses to discontinue hedge accounting for other reasons

If the hedge assessment is terminated, the changes which have been made in the carrying amount of the hedged object are amortized over the remaining economic life using the effective interest rate method if the hedging instrument is a financial instrument that has been recognized according to the effective interest rate method.

(b) Cash-flow hedges

Changes in the fair value of a hedging instrument that meet the criteria for cash flow hedge accounting are taken directly to other comprehensive income.

The ineffective part of the hedging instrument is recognized directly in the income statement.

If the hedge of a cash flow results in an asset or liability being recognized, all former gains and losses recognized directly in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the asset or liability. For other cash-flow hedges, gains and losses recognized directly in other comprehensive income are taken to the income statement in the same period as the cash flow which comprises the hedged object is recognized in the income statement.

If the hedge no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. The cumulative gain or loss on the hedging instrument recognized directly in other comprehensive income remains separately recognized in other comprehensive income until the forecast transaction occurs.

If the hedged transaction is no longer expected to occur, any previously accumulated gain or loss on the hedging instrument that has been recognized directly in other comprehensive income will be recognized in profit or loss.

Loans

Loans are recognized at the amount received, net of transaction costs. The loans are thereafter recognized at amortized costs using the effective interest rate method, with the difference between the net amount received and the redemption value being recognized in the income statement over the term of the loan.

Borrowing costs are capitalized when the interest costs are incurred during the non-current asset's construction period.

The borrowing costs are capitalized until the date when the non-current asset is ready for use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognized. Borrowing costs are recognized in the income statement when they arise. Borrowing costs are capitalized to the extent that they are directly related to the purchase, construction or production of a non-current asset.

Financial instruments

According to IAS 39, Financial Instruments: Recognition and measurement, financial instruments are classified in the following categories: held-to-maturity, at fair value through profit or loss, loans and receivables, and available-for-sale. Financial instruments with fixed or determinable cash flows and a fixed maturity that the Group has the positive intention and ability to hold to maturity are classified as held-to-maturity investments.

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices are classified as financial assets at fair value through profit or loss.

Financial instruments that are held to maturity are included in the non-current asset unless the maturity date is less than 12 months after the balance sheet date. Financial instruments at fair value through profit or loss are classified as current assets, and financial instruments that are available for sale are presented as current assets if the management has decided to sell the instrument within 12 months of the balance sheet date.

Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables, with the exception of instruments that the Group has designated as being at fair value with changes in value through profit or loss or available for sale.

All purchases and sales of financial instruments are recognized on the transaction date. The transaction costs are included in the cost price.

For financial assets that are classified as available for sale, the accumulated gain or loss that has been previously recognized directly in other comprehensive income is recognized in the income statement for the period when objective information on the fall in value is available. The part of the debt instrument that can be recovered is valued at the fair value of the future cash flow discounted at a rate equal to the yield on an identical financial asset. A reversal of a previous impairment loss is recognized when there is new objective information on an event relating to a previous impairment loss. A reversal of a previous impairment loss is recognized directly in other comprehensive income for equity instruments, but is recognized in the income statement for other financial assets.

Changes in the fair value of financial instruments classified as financial instruments at fair value through profit or loss are recognized in the income statement and included in the net financial income (expenses).

Investments held to maturity are carried at amortized cost.

Trade receivables

Trade receivables are carried at amortized cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flows is recognized as a loss, discounted by the receivable amount's effective interest rate.

Inventories

Inventories, including work in progress, are valued at the lower of cost and fair value less costs to sell. The fair value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale. Inventories are measured using the FIFO principle. Finished goods and work in progress include variable costs and fixed costs that can be allocated to goods based on normal capacity. Obsolete inventories have been fully recognized as impairment losses.

Non-current assets

Non-current assets are carried at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognized, and any gain or loss on the sale or disposal is recognized in the income statement.

The gross carrying amount of non-current assets is the purchase price, including duties/taxes and direct acquisition costs relating to making the non-current asset ready for use. Subsequent costs, such as repair and main-tenance costs, are normally recognized in profit or loss as incurred. When increased future economic benefits as a result of repair/maintenance work can be proven, such costs will be recognized in the balance sheet as additions to non-current assets.

Depreciation is calculated using the straight-line method over the following periods:

Machinery and equipment .... 3 - 5 years
Buildings .... 10 years
Land .... No depreciation

The depreciation period and method are assessed each year to ensure that the method and period used harmonize with the financial realities of the non-current asset. The same applies to the scrap value.

Operating leases

Leases for which most of the risk and return associated with ownership of the asset have not been transferred to the Group are classified as operating leases. Operating lease payments are classified as operating costs and recognized in the income statement during the contract period.

Finance leases

Finance leases are leases under which the Group assumes most of the risk and return associated with the ownership of the asset. At the inception of the lease, finance leases are recognized at the lower of their fair value and the present value of the minimum lease payments, minus accumulated depreciation and impairment losses. When calculating the lease's present value, the implicit interest cost in the lease is used if it is possible to calculate this. If this can not be calculated, the company's marginal borrowing rate is used. Direct costs linked to establishing the lease are included in the asset's cost price.

The same depreciation period as for the company's other depreciable assets is used. If it is not reasonably certain that the company will assume ownership when the term of the lease expires, the asset is depreciated over the term of the lease or the asset's economic life, whichever is the shorter.

Intangible assets

Intangible assets are recognized in the Statement of financial position if it can be proven that there are probable future economic benefits that can be attributed to the asset which is owned by the company, and the asset's cost price can be reliably estimated. Intangible assets are recognized at their cost price. Intangible assets with indefinite useful lives are not amortized, but impairment losses are recognized if the recoverable amount is less than the cost price. The recoverable amount is calculated each year or if there are any indications of a fall in value. Intangible assets with a finite useful life are amortized and any need for impairment losses to be recognized is considered. Amortization is carried out using the straight-line method over the estimated useful life. The amortization estimate and method will be subject to an annual assessment based on the pattern of consumption of future economic benefits.

Patents and licenses

Amounts paid for patents and licenses are recognized in the Statement of financial position and depreciated using the straight-line method over the expected useful life. The expected useful life of patents and licenses varies from 5 to 20 years.

Software

Expenses related to the purchase of new computer programs are recognized in the Statement of financial position as an intangible non-current asset provided these expenses do not form part of the hardware acquisition costs. Software is amortized using the straight-line method over 3 years. Expenses incurred as a result of maintaining or upholding the future usefulness of software are expenses as incurred unless the changes in the software increase the future economic benefit from the software.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

Goodwill

Goodwill

Excess value on the purchase of operations that cannot be allocated to assets or liabilities on the acquisition date is classified in the Statement of financial position as goodwill. In the case of investments in associates, goodwill is included in the cost price of the investment.

The identifiable assets and liabilities on the transaction date are to be recognized at fair value on the transaction date.

The allocation of costs in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed.
The allocation may be altered until the annual accounts are presented or prior to the expiry of a 12-month period.

Goodwill is tested annually for impairment. In connection with this, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the business combination.

Negative goodwill

Negative goodwill upon the acquisition of operations is recognized in profit or loss after the acquired assets and liabilities have been re-identified and reassessed in order to ensure that the negative goodwill is not due to an error in the valuation of assets or liabilities.

Research and development

Expenses relating to research are recognized in the income statement when they are accrued. Expenses relating to development are recognized in the income statement when they are incurred unless the following criteria are met in full:

- The product or process is clearly defined and the cost elements can be identified and measured reliably;
- The technical solution for the product has been demonstrated;
- The product or process will be sold or used in the company's operations;
- The asset will generate future economic benefits; and
- Sufficient technical, financial and other resources for completing the project are present.

When all the above criteria's are met, the costs relating to development start to be recognized in the balance sheet. Costs that have been charged as expenses in previous accounting periods are not recognized in the balance sheet.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

The amortization period will normally not exceed five years.

Impairment of assets

Financial instruments

Financial instruments are reviewed at each balance sheet date in order to discover any decrease in value.

Financial assets which are valued at amortized cost are written down when it is probable that the company will not recover all the amounts relating to contractual issues for loans, receivables or hold-to-maturity investments. The amount of the impairment loss is recognized in the income statement. Any reversal of previous impairment losses is recognized when a reduction in the need to write down the asset can be related to an event after the impairment loss has been recognized. Such a reversal is presented as income. However, an increase in the carrying amount is only recognized to the extent that it does not exceed what the amortized cost would have been if the impairment loss had not been recognized.

Other assets

An assessment of impairment losses on other assets is made when there is an indication of a fall in value. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognized in the income statement. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the amount that can be obtained from a sale to an independent third party minus the sales costs. The recoverable amount is determined separately for all assets but, if this is impossible, it is determined together with the entity to which the assets belong.

With the exception of goodwill, impairment losses recognized in the income statements for previous periods are reversed when there is information that the need for the impairment loss no longer exists or is not as great as it was. The reversal is recognized as revenue or an increase in other reserves. However, no reversal takes place if the reversal leads to the carrying amount exceeding what the carrying amount would have been if normal depreciation periods had been used.

Equity

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying financial reality.

Interest, dividends, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or revenue. Amounts distributed to holders of financial instruments which are classified as equity will be recognized directly in equity.

Other equity
(a) Translation differences

Translation differences arise in connection with currency differences when foreign entities are consolidated.

Currency differences relating to monetary items (liabilities or receivables), which are in reality part of a company's net investment in foreign entities are treated as exchange differences.

When a foreign operation is sold, the accumulated exchange differences linked to the entity are reversed and recognized in the income statement in the same period as the gain or loss on the sale is recognized.

(b) Hedge reserve

The hedge reserve includes the total net change in the fair value of the cash-flow hedge until the hedged cash flow arises or is no longer expected to arise.

Provisions

Provisions are recognized when, and only when, the company has a valid liability (legal or constructive) as a result of events that have taken place and it can be proven probable (more probable than not) that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability.

When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability. Any increase in the provisions due to time is presented as interest costs.

Contingent liabilities acquired upon the purchase of operations are recognized at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognized in the income statement.

Employee benefits

Defined contribution plan

All Group companies have pension schemes based on contributions from the company to the employees. The companies' payments are recognized in the income statements for the year to which the contribution applies. The companies have no further commitments towards pensions when the agreed contributions are paid.

Severance pay

In some countries, the companies are obliged by law to provide severance pay for redundancies due to reductions in the workforce. The costs relating to severance pay are set aside once the management has decided on a plan that will lead to reductions in the workforce and the work of restructuring has started or the reduction in the workforce has been communicated to the employees.

Share options

The fair value of the share options is measured at the grant date and the cost is recognized in the income statement, together with a corresponding increase in other paid-in capital, over the period in which the performance and/or service conditions are fulfilled. The fair value is calculated using a Black & Scholes model.

Government grants

Grants from the authorities are not recognized until it is reasonable assurance that the company will meet the conditions stipulated in connection with the receipt of the grants and that the grants will be granted. The recognition of grants is postponed and amortized over the same period the costs which the grants are intended for are incurred. Grants are recognized as deductions from the cost that the grant is meant to cover. Grants received to buy non-current assets are capitalized.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all taxable temporary differences, with the exception of:

- Goodwill for which amortization is not deductible for tax purposes
- Temporary differences relating to investments in subsidiaries, associates or joint ventures when the Group decides when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognized in the Statement of financial position when it is probable that the company will have a sufficient profit for tax purposes to utilize the tax asset. At each balance sheet date, the Group carries out a review of its unrecognized deferred tax assets and the value it has recognized. The companies recognize formerly unrecognized deferred tax assets to the extent that it has become probable that the company can utilize the deferred tax asset. Similarly, the company will reduce its deferred tax assets to the extent that it can no longer utilize these.

Deferred tax and deferred tax assets are measured on the basis of the decided future tax rates applicable to the companies in the Group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognized irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current asset investments (long-term liabilities) in the Statement of financial position.

The tax payable and deferred tax is recognized directly in equity to the extent that they relate to factors that are recognized directly in equity.

Contingent liabilities and assets

Contingent liabilities are defined as
i) possible obligations resulting from past events whose existence depends on future events
ii) obligations that are not recognized because it is not probable that they will lead to an outflow of resources
iii) obligations that cannot be measured with sufficient reliability

Contingent liabilities are not recognized in the annual financial statements. Significant contingent liabilities are stated, with the exception of contingent liabilities where the probability of the liability occurring is remote.

A contingent asset is not recognized in the annual financial statements, but is stated if there is a certain level of probability that a benefit will accrue to the Group.

Business Combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions as at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the acquiree over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognized in the income statement immediately. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in the income statement as financial income or expense. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Allocation of added value arising from a business combination is finalized within twelve months of completed acquisition.

If the business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the income statement.

Events after the balance sheet date

New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date but which will affect the company's position in the future are stated if significant.

Use of estimates when preparing the annual financial statements

Estimates and their underlying assumptions that affect the application of accounting principles and reported amounts of assets and liabilities, income and expenses are based on historic experience and other factors considered reasonable under the circumstances.

The estimates constitute the basis for the assessment of the net book value of assets and liabilities when these values cannot be derived from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statement, is given in the following notes:

- Impairment test for intangible assets (note 7)
- Amortization periods for intangible assets (note 7)
- Capitalized development cost/R&D cost (note 7 and 8)
- Taxes (note 5)
- Revenue recognition under long term construction contracts (note 19)

The preparation of the Group's consolidated financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment of the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment of the carrying amounts of assets and liabilities within the next financial year are discussed below.

Intangible assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

Goodwill and capitalized development cost are tested for impairment annually and at other times when such indicators exist. The Group's impairment test for goodwill and capitalized development cost is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the cash generating unit, including a sensitivity analysis, are further explained in note 7. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. This is especially relevant to capitalized development costs.

Capitalized development costs

Development expenditures are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The Groups intention to complete and the Groups ability to use or sell the asset
- How the asset will generate future economic benefits
- The ability to measure reliable expenditure during development
- The availability of resources to complete the asset

When all the above criteria's are met, the costs relating to development start to be recognized in the balance sheet. Project manager performs a continuous assessment to identify whether the cost relates to the development project or to normal operations. Internal hours used in the development project are capitalized at cost (no mark-up), see note 7.

Costs that have been expensed in previous accounting periods are not recognized in the balance sheet.

Recognized development costs are amortized on a straight-line basis over the estimated useful life for the asset, usually not exceeding 5 years. Amortization starts when the asset is ready for use. No amortization has yet been performed for the development projects. The fair value of the development costs will be calculated when there is an indicator of change in value.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Long term construction contracts

The percentage-of-completion method is used to account for construction contracts. This method requires estimates of the final revenue and costs of the contract, as well as measurement of progress achieved to date as a proportion of the total work performed.

The Group reviews the estimates of contract revenue and contract costs for ongoing projects on a monthly basis though its internal financial reporting processes. See note 19 for disclosures relating to construction contracts.

New IFRS standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to IFRS which have been implemented by the Group during the current financial year. None of the amendements to IFRS for 2015 has had significant effect to the group financials. The interpretations not yet effective will not have any significant impact for the Group.

Annual Improvements 2011 – 2013 Cycle

These amendments apply to annual accounts that started on 1 January 2015 or later. The Group has applied the amendments for the first time in the financial statements for 2015. The amendments cover:

IFRS 13 Fair Value Measurement

The amendment is implemented prospectively and clarifies that the portfolio exception in IFRS 13 can not only be applied to financial assets and financial liabilities, but also to other contract which fall under the scope of IAS 39.

The implementation has not had any effect on the Group's financial statement for 2015.

New standards not yet effective

IFRS 9 Financial Instruments

In July 2014 the IASB published the final element in IFRS 9 and the standard is now complete. IFRS 9 results in amendments to classification and measurement, hedge accounting and impairment. IFRS 9 will replace IAS 39 Financial Instrument: Recognition and Measurement. The parts of IAS 39 that have not been amended as part of this project has been transferred and included in IFRS 9. The standard shall be implemented retrospectively, with the exception of hedge accounting, but it is not a requirement to prepare comparative figures. The rules for hedge accounting shall mainly be implemented prospectively, with certain few exceptions. The Group has no plans regarding early implementation of the standard.

The standard will apply from January 1st 2018 and will not have material impacts for the Group.

IFRS 15 Revenue from Contracts with Customers

The IASB and FASB has published a new converged standard for revenue recognition; IFRS 15 Revenue from Contracts with Customers. The standard replaces all existing standards and interpretations relating to revenue recognition.

The core principle of IFRS 15 is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the con-sideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. With some few exceptions, the standard is applicable for all remunerative contracts and includes a model for recognition and measurement of sale of individual non-financial assets (e.g. sale of property, plant and equipment). IFRS 15 shall be implemented using either the fully retro-spective or modified method.

The standard will apply from January 1st 2018. The Group is in progress of assessing the effect of the implementation, but does not expect it to have significant impact on ordinary sales of goods. The new standard will impact the disclosures of the financial statement.

IFRS 16 Leases

IFRS 16 Leases replaces existing IFRS leases requirements, IAS 17 Leases. IFRS 16 sets out the principles for the recognition, mea-surement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognise assets and liabilities for most leas-es, which is a significant change from current requirements. For lessor, IFRS 16 substantially carries forward the accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The effective date for IASB is from January 1st 2019, but yet to be determined by EU. The Group is in progress of assessing the effect of the implementation.

Annual Improvements 2010-2012

IASBs annual improvements project 2010-2012 includes amendments to a number of standards:

IFRS 2 Share-based Payment

The amendment is implemented prospectively and clarifies the definition of performance conditions and service conditions, including the following:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 3 Business Combinations

The amendment is implemented prospectively and clarifies that contingent consideration in a business acquisition that is not classified as equity in subsequent periods shall be measured at fair value through profit or loss regardless of whether or not it falls within the scope of IAS 39.

IFRS 8 Operating Segments

The amendments are implemented retro-spectively and clarify that if the operating segments are combined, the entity must disclose the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is implemented retrospec-tively and clarifies that the revaluation meth-od may be used by reference to observable data, either by adjusting the gross carrying amount to the market value or by determining the market value at the carrying amount and adjusting the gross carrying amount propor-tionately so that the carrying amount is equal to the market value. The accumulated depre-ciation/amortization is the difference between the gross and carrying amount of the asset.

IAS 24 Related Party Disclosures

The amendment is implemented retrospectively and clarifies that an entity providing manage-ment personnel services ("a management entity") and key management personnel to management is a related party and has to apply the disclosure requirements for related parties.

The above listed amendments has none or minor effect for the Group.

Annual Improvements 2012-2014

IASBs annual improvements project 2012–2014 includes amendments to a number of standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment is implemented prospectively and clarifies that an entity reclassifying an asset or disposal group directly from held for sale to held for distribution (or vice versa), this is regarded as a continuation of the original disposal plan. There is therefore no interruption in the application of the requirements of IFRS 5.

IFRS 7 Financial Instruments - Disclosures

The amendment relates to disclosure regarding an entity's continuing involvement in the trans-ferred assets. It clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. The assess-ment of which management contracts involve continuing involvement in a financial asset must be undertaken retrospectively, but the note disclosures must not be provided before the enterprise implements the amendment to IFRS 7.

IAS 19 Employee Benefits

The amendment clarifies that the assessment of the liquid market for high quality corporate bonds shall be made based on the currency in which the pension liability is denominated, rather than the country where the pension liability is based. This means that high quality corporate bonds issued by entities domiciled in other countries shall be taken into consideration in the assessment, provided that the bonds are issued in the same currency as that in which the pension benefits will be paid. This amendment must be applied prospectively.

The Group does not expect that implementation of the amendments listed above will have a material effect on the financial statement of the Group on the date of implementation.

"Hurtigruten", the famous coastal steamers, choose Polarcirkel boats.

AKVA group´s feed barges have load capacity from 96 to 850 metric tons.

Note 2
Segment information

Business segments

For more detailed description and information about products and services included in the business areas, please go to “Products” at www.akvagroup.com and download the short version of the product catalogues.

Cage Based Technology

Main products include Polarcirkel™, Wavemaster™ and Akvasmarts™ hardware brands such as: Plastic cages, steel cages, feed barges, feed systems, sensor- and camera systems, underwater lights and net cleaning systems. Various degrees of cage farming projects are also delivered in main export markets. These also include nets and mooring systems from other recognized sub-suppliers. Through Helgeland Plast AS in Norway, AKVA group also supplies polyethylene work boats and pipes to aquaculture and other industries.

Software

Main products include all Fishtalk™ software brands such as: Production control, planning, traceability and ERP software for both the aquaculture and the fishing industry. Main markets include Norway, Iceland, Canada, Chile and UK. AKVA group is the market leader in software both to the aquaculture and fishing industries in these markets. Main offices for the software activities are in Norway (Trondheim) and Iceland (Reykjavik and Akureyri).

Land Based Technology

Recirculation technology forms the main part of our Land Based Aquaculture Technology, which is developing into a major trend in global aquaculture. This technology allow the re-use (recirculation) of close to 100% of the water by cleaning the water and restoring important water quality parameters, using advanced water treatment technology. Main components used include mechanical filters, UV treatment, biofilters, degasser units, oxygenation, cooling/heating systems and lifting pumps. The main reason for reporting this separately is due to the very different nature of this business compared to the other more traditional part of AKVA group’s business and products. Recirculation projects tend to be 10-20 times larger (in average project value) compared to other delivery projects (other AKVA group products). The sales process is substantially more complex and time consuming as it often requires extensive pre-project engineering, site evaluations and harder to get financing. Main subsidiaries in the Group for Land Based Technology are AKVA group Denmark A/S (Denmark), Plastsveis AS (Norway) and Aquatec Solutions A/S (Denmark).

Intra segment revenue is immaterial.

Cage Based Technology (in NOK 1 000)	**2015**	**2014**	**2013**
Operating revenue	1 070 927	972 585	723 987
Operating expenses	976 102	884 812	693 508
Operating profit before depreciation and amortization (EBITDA)	**94 825**	**87 773**	**30 479**
Depreciation and amortization	33 254	26 717	26 047
Operating profit (EBIT)	**61 571**	**61 056**	**4 432**
Investments in the period	**59 551**	**37 168**	**26 599**

Software (in NOK 1 000)	**2015**	**2014**	**2013**
Operating revenue	132 092	106 737	97 699
Operating expenses	106 092	91 444	78 248
Operating profit before depreciation and amortization (EBITDA)	**26 000**	**15 293**	**19 451**
Depreciation and amortization	10 331	7 072	5 362
Operating profit (EBIT)	**15 669**	**8 222**	**14 089**
Investments in the period	**8 611**	**9 060**	**11 865**

The sales of other items than professional services in this segment are immaterial.

Land Based Technology (in NOK 1 000)	**2015**	**2014**	**2013**
Operating revenue	222 319	166 737	96 984
Operating expenses	207 984	166 438	100 009
Operating profit before depreciation and amortization (EBITDA)	**14 335**	**298**	**-3 025**
Depreciation and amortization	3 865	1 941	1 679
Operating profit (EBIT)	**10 469**	**-1 642**	**-4 704**
Investments in the period	**7 592**	**3 537**	**1 383**

The sales of services in this segment are immaterial.

Note 2 continues

TOTAL (in NOK 1 000)	2015	2014	2013
Operating revenue	1 425 338	1 246 059	918 670
Operating expenses	1 290 179	1 142 694	871 765
Operating profit before depreciation and amortization (EBITDA)	**135 159**	**103 365**	**46 905**
Depreciation and amortization	47 450	35 729	33 088
Operating profit (EBIT)	**87 709**	**67 635**	**13 817**
Assets	**1 083 127**	**903 821**	**721 981**
Liabilites	**654 695**	**514 569**	**383 125**
Investments in the period	**75 755**	**49 765**	**39 847**

The figures listed below are based on where the legal entities are located.

2015

Geographical information (in NOK 1 000)	Norway	Chile	Canada	Scotland	Iceland	Other	Group
Operating revenue - external customers	783 853	148 177	95 903	140 226	80 257	176 923	**1 425 338**
Assets	606 568	140 221	40 037	81 350	35 111	179 840	**1 083 127**
Investments in the period	44 899	3 543	317	16 379	3 454	7 163	**75 755**

2014

Geographical information (in NOK 1 000)	Norway	Chile	Canada	Scotland	Iceland	Other	Group
Operating revenue - external customers	799 337	146 374	51 953	76 405	62 721	109 268	**1 246 059**
Assets	470 120	202 069	45 068	78 076	29 988	78 500	**903 821**
Investments in the period	28 365	2 193	2 322	9 225	4 133	3 527	**49 765**

2013

Geographical information (in NOK 1 000)	Norway	Chile	Canada	Scotland	Iceland	Other	Group
Operating revenue - external customers	456 187	154 056	22 841	51 917	51 732	181 936	**918 670**
Assets	407 280	150 356	21 085	55 098	25 731	62 432	**721 981**
Investments in the period	23 353	3 933	169	6 950	4 231	1 211	**39 847**

Revenues by customer

The revenue from the 5 largest customers within all segments and geographic areas are as follows:

Revenues by customer (in NOK 1 000)	2015	2014	2013
Customer A	185 705	127 945	85 964
Customer B	81 213	79 582	44 375
Customer C	73 998	57 227	38 525
Customer D	46 503	51 530	31 971
Customer E	44 070	49 890	27 582

Revenue from customer A is mainly in the cage based technology segment, with a small portion in the land based technology segment.

Note 3
Wages and remunerations

Payroll expenses (in NOK 1 000)	2015	2014	2013
Salaries	293 524	248 058	201 764
Payroll tax	18 920	16 708	12 164
Pension costs	11 129	8 054	7 165
Other benefits	17 521	7 126	8 236
Total payroll expenses	**341 094**	**279 945**	**229 329**
Number of employees at year end:	670	722	571
The average number of employees in full time equivalent in the group during the year is:	690	662	612

Remuneration to group management 2015 (in NOK 1 000)	Salary	Pension	Other	Accrued - not paid Bonus	Options
Trond Williksen (CEO)	2 213	61	136	*	-
Eirik Børve Monsen (CFO)	1 406	61	13	*	-
Per Andreas Hjetland (COO Nordic)	1 272	61	10	360*	-
Trond Severinsen (COO Export & CMO)	1 091	61	167	183*	-
Andrew Campbell (COO Americas)	1 336	-	48	290*	-
Inge Forseth (COO Technology & Software)	1 181	61	11	347*	-

The agreed remuneration for Trond Williksen is an annual fixed salary of MNOK 2.213. He is also entitled to full payment during sick leaves up to 52 weeks and a monthly car allowance of KNOK 10. Trond Williksen has a 3 years bonus arrangement limited up to 100% of the annual salary in the three year period ending on December 31st 2016. Williksen can claim 12 months of salary if his contract is terminated.

The current incentive scheme for the Group holds two elements: (1) Strategic Value Incentive Scheme; providing incentives to the CEO and CFO relative to the actual development in the Company's market capitalization in the 3 year period ending on December 31st 2016 limited to an amount equal to the CEO and CFO's respective fixed salary in the same period. (2) Operational Incentive Scheme; providing incentives to managers of business areas and key subsidiaries relative to actual annual financial and operational performance. In addition, a share incentive scheme for all employees was introduced in 2015. The share incentive scheme gave all employees an opportunity to invest in AKVA group ASA shares with a given amount and rebate. The terms and conditions for the share incentive scheme was equal for all employees.

The general bonus plan does not exclude special bonus payments for particularly demanding projects.

*Total accrued provision for bonuses to group management at year end was MNOK 5.9 for the agreements mentioned above.

Loan and pledge

The Group has not given any loans or pledges to members of the Board or Group management as of December 31st.

Remuneration to group management 2014 (in NOK 1 000)	Salary	Pension	Other	Accrued - not paid Bonus**	Options
Trond Williksen (CEO)	2 136	72	132	100	1 344
Eirik Børve Monsen (CFO)	1 380	68	17	200	-
Per Andreas Hjetland (COO Nordic)	1 255	73	30	335	-
Trond Severinsen (COO Export & CMO)	1 081	74	127	185	-
Andrew Campbell (COO Americas)	1 103	-	64	369	-
Inge Forseth (COO Technology & Software)*	404	66	11	-	-
Odd Martin Solem (former COO Technology & Software)	474	29	3	-	-

* Inge Forseth assumed his position at September 1st 2014.

** Change of principle compared to previous years. Comparable figures for 2013 are included in the tables below.

Remuneration to group management 2013 (in NOK 1 000)	Salary	Pension	Other	Accrued - not paid Bonus**	Options
Trond Williksen (CEO)	2 102	67	130	-	-
Eirik Børve Monsen (CFO)	1 324	64	14	157	-
Per Andreas Hjetland (COO Nordic)	1 216	69	23	95	-
Trond Severinsen (COO Export & CMO)	1 044	68	128	71	-
Odd Martin Solem (COO Technology & Software)	1 031	65	8	-	-
Andrew Campbell (COO Americas)	1 160	-	64	41	-

Note 3 continues

Fees to the Board of Directors	Position	2015	2014	2013
Hans Kristian Mong	Chairperson of the Board	280	280	233
Anne Breiby	Deputy Chairperson of the Board	200	200	183
Frode Teigen	Member of the Board	165	155	131
Evy Vikene	Member of the Board	125	63	-
Nils Viga	Member of the Board	150	78	-
Aino Kristin Lindal Olaisen	Member of the Board	88	-	-
Anthony James	Member of the Board	63	-	-
Tore Obrestad	Member of the Board	30	30	30
Carina Jensen	Member of the Board	30	8	-
Henrik A. Schultz	Member of the Board	30	8	-
Aino Kristin Lindal Olaisen	Former member of the Board	-	83	135
Ingvald Løyning	Former member of the Board	-	73	63
Kjell A. Corneliussen	Former member of the Board	-	23	30
Eivind Brendryen	Former member of the Board	-	28	25
Amund Skarholt	Former Chairperson of the Board	-	-	160

Henrik A. Schultz, Carina Jensen and Tore Obrestad are elected amongst the employees and are the employee representatives in the Board of Directors. In addition to the board fee they have all received salary, pension contribution and other remunerations. Henrik A. Schultz has in 2015 received KNOK 520 in salary, KNOK 17 in contribution to the pension scheme and KNOK 5 in other remuneration. Carina Jensen has in 2015 received KNOK 550 in salary, KNOK 17 in contribution to the pension scheme and KNOK 36 in other remuneration. Tore Obrestad has in 2015 received KNOK 782 in salary, KNOK 35 in contribution to the pension scheme and KNOK 163 in other remuneration.

Establishment of salaries and other remuneration to executive management

The remuneration of the executive management is based on the principle that the base salary shall promote value creation in the company and contribute to coincident interests between owners and the executive management.

As the leading aquaculture technology supplier, AKVA group is dependent to offer salaries and remunerations that secure that the most compentent management is recruited. It is the policy of the Board of Directors that in order to recruit the most competent management, the company has to offer salaries and remunerations which are satisfactory to the management and are able to compete in an international market.

The Board of Directors has established a remuneration comittee which shall act as a preliminary organ in relation to the Boards role in the establishment of remuneration to the Chief executive officer and other members in the group management.

It is the company's policy that the remuneration of the executive management principally is based on a fixed monthly salary which reflects the tasks and responsibility of the employment. This remuneration is established on an individual basis. The fixed monthly salary is determined amongst other of the following factors:

- Experience and competence of the executive manager
- Responsibility
- Competion from the market

Total variable remuneration shall not in normal cases exceed the value of the fixed remuneration. AKVA group introduced in 2006 a stock option plan. Stock options are granted to the executive management and other senior employees.

The agreed pension plan is the same for the executive management as for the rest of the Norwegian employees.

Salary payments after termination of employment is normally related to confidentiality and restrictive competitor agreements in which these payments shall only compensate for the constraints to the resigned employees permission to enter into a new employment agreement. Agreements of payment after termination of employment shall as a basis be reduced with salaries from other employers. AKVA group ASA does not use agreements of salary payments after termination of employment without a distinct reason.

Fees to auditor (in NOK 1 000)	2015	2014	2013
Audit	1 967	1 571	1 305
Tax services	663	916	708
Attestation services	10	-	39
Other services	733	448	63
Total	**3 373**	**2 935**	**2 115**

All fees to the auditor is excluded of VAT.

Note 4
Government grants and subsidies (in NOK 1 000)

Government grants received	2015	2014	2013
"Skattefunn"	1 216	1 698	767
Other	849	1 500	101
Total	**2 250**	**3 198**	**868**

Note 5
Taxes

Tax expense (in NOK 1 000)	2015	2014	2013
Current taxes payable	6 217	3 036	1 317
Adjustment related to previous year	-608	-2 395	-194
Change in deferred taxes	14 299	7 754	325
Effect of change in tax rate in Norway	-218	-	746
Total tax expense	**19 690**	**8 394**	**2 193**

The change in deferred taxes in the statement of financial positions is larger than what is reflected in the income tax expense. The main reason for this is deferred tax acquired in business combination.

Calculation of the basis for taxation	2015	2014	2013
Profit before tax	78 090	62 893	4 567
Permanent differences	29 304	6 153	388
Change in temporary differences related to acquisitions and revaluations	55 301	-11 095	-608
Change in temporary differences	-115 344	-48 676	-1 938
Permanent differences related to acquisitions	-20 605	3 835	2 544
Tax base	**26 746**	**13 111**	**4 953**

Specification of temporary differences	2015	2014	2013
Current assets	25 050	-29 237	-2 438
Fixed assets	85 109	60 168	57 392
Provisions	-12 606	-15 302	-16 085
Pension obligations	-246	-1 114	-69
Losses carried forward	-82 417	-101 561	-174 401
Other	1 367	-12 042	-12 163
Total	**16 256**	**-99 088**	**-147 764**
Calculated deferred tax assets	12 659	22 627	36 448
Calculated deferred tax	-16 419	-	-
Effect of change in tax rate in Norway	-218	-	746
Deferred tax asset not recognised in balance sheet	-1 470	-1 753	-12 077
Deferred tax asset	**12 659**	**20 874**	**25 117**
Deferred tax liability	**18 107**	**-**	**-**

The Group has a tax loss carry forward of MNOK 82.4 whereof MNOK 82.3 is available indefinitely for offset against future taxable profits of the companies in which the losses arose. The deferred tax asset recognized in the Statement of Financial Position is made probable due to future earnings in the subsidiaries and tax planning.

Effective tax rate (in NOK 1 000)	2015	2014	2013
Expected income taxes, statutory tax rate of 27%	24 190	16 975	1 279
Permanent differences (27%)	2 786	1 660	109
Effect of change in tax rate and revaluation	-18	-1 032	-2 332
Deviation between Norwegian and foreign tax rate	-3 245	-658	384
Excess(-)/insufficient(+) provisions in former years	452	-1 272	34
Change in non-recognized deferred tax asset	-4 476	-7 280	2 720
Income tax expense	**19 690**	**8 394**	**2 193**
Effective tax rate in percent of profit before tax	25,2 %	13,3 %	48,0 %

Note 5 continues

Expiry dates of Tax Loss Carry Forwards (in NOK 1000)

2016	-
2017	-
2018	-81
2019	-
2020	-
2021	-
Tax loss carryforwards without time restrictions	-82 337
Total	**-82 417**

About 34% of the tax loss carry forwards is related to Norwegian tax jurisdiction, while 54% is related to AKVA group Denmark A/S.
Both the Danish and the Norwegian companies included in the Group are expected to have positive earnings in the coming years and the tax loss carry forwards can be offset against these profits.
The current market conditions look promising for the salmon industry worldwide.

Note 6
Net earnings per share

	2015	2014	2013
Ordinary profit / net income (in NOK 1 000)	56 828	55 080	2 875
Number of ordinary shares outstanding as of 31.12.	25 834 303	25 834 303	25 834 303
Weighted average number of ordinary shares	25 834 303	25 834 303	25 834 303
Earnings per share (NOK)	2,20	2,13	0,11
Diluted number of shares	25 711 303	25 834 303	25 834 303
Diluted earnings per share (NOK)	2,21	2,13	0,11

At 31.12.2015 diluted number of shares was lower than number of ordinary shares. See note 25 Share buyback.

Note 7
Intangible assets (in NOK 1 000)

2015	Goodwill	Development costs	Product rights, patents & trademarks	2015 Total
Acquisition cost at 01.01.	203 083	130 227	117 155	**450 466**
Additions related to investments in subsidaries	59 274	-	20 900	**80 175**
Acquisition cost during the year	-	18 619	495	**19 113**
Revaluations	7 490	3 652	2 111	**13 254**
Disposals during the year	-	-	-31	**-31**
Acquisition cost 31.12.	269 848	152 498	140 631	**562 977**
Accumulated amortization at 01.01.	395	86 766	106 095	**193 256**
Amortization during the year	-	11 290	7 219	**18 510**
Revaluations	-	2 699	289	**2 988**
Accumulated amortization disposals during the year	-	-	92	**92**
Accumulated amortization 31.12.	395	100 756	113 695	**214 846**
Net book value at 31.12.	**269 453**	**51 742**	**26 935**	**348 130**

Note 7 continues

2014	Goodwill	Development costs	Product rights, patents & trademarks	2014 Total
Acquisition cost at 01.01.	178 413	112 050	113 192	**403 655**
Additions related to investments in subsidaries	17 699	-	1 009	**18 708**
Acquisition cost during the year	-	16 022	1 900	**17 921**
Revaluations	6 971	2 155	1 058	**10 184**
Disposals during the year	-	-	-3	**-3**
Acquisition cost 31.12.	203 083	130 227	117 155	**450 466**
Accumulated amortization at 01.01.	395	76 281	101 265	**177 941**
Amortization during the year	-	8 986	4 605	**13 591**
Revaluations	-	1 499	228	**1 727**
Accumulated amortization disposals during the year	-	-	-3	**-3**
Accumulated amortization 31.12.	395	86 766	106 095	**193 256**
Net book value at 31.12.	**202 688**	**43 461**	**11 060**	**257 209**

2013	Goodwill	Development costs	Product rights, patents & trademarks	2013 Total
Acquisition cost at 01.01.	159 531	93 097	110 469	**363 097**
Additions related to investments in subsidaries	11 573	-	1 365	**12 938**
Acquisition cost during the year	538	16 487	-	**17 025**
Revaluations	6 770	2 467	1 358	**10 595**
Disposals during the year	-	-	-	**-**
Acquisition cost 31.12.	178 413	112 050	113 192	**403 655**
Accumulated amortization at 01.01.	395	64 576	96 879	**161 850**
Amortization during the year	-	10 287	4 235	**14 522**
Revaluations	-	1 419	152	**1 570**
Accumulated amortization disposals during the year	-	-	-	**-**
Accumulated amortization 31.12.	395	76 281	101 265	**177 941**
Net book value at 31.12.	**178 018**	**35 769**	**11 926**	**225 714**

Both the parent company and the subsidiaries use linear amorization of all intangible assets. The useful economic life for the intangible assets are estimated as: Development 3-5 years, patents 20 years, trademarks 5 years and product rights 5-10 years.

Goodwill:
After the acquisitions of Wavemaster, Polarcirkel, Maritech, UNI Aqua, Idema, Plastsveis, YesMaritime and Aquatec Solutions, AKVA group is a leading provider with a strong market position in an industry which is based on renewable resources. See impairment test of goodwill below.

Development Costs:
The company has capitalised all direct costs related to development of software and tangible products that are expected to create economic benefits and meet the requirements for capitalisation in IAS 38. See also note 8.

Product rights, patents & trademarks:
The acquisition cost is related to the acquisition of Superior Systems AS (2001), Vicass (2002), Cameratech (2004), Ocean Service Log (2004), Polarcirkel/Wavemaster (2006), Maritech/UNI Aqua (2007), Idema Aqua (2008), Plastsveis (2013), YesMaritime (2014) and Aquatec Solutions (2015).

Impairment test of goodwill:
Intangible assets with indefinite useful life and goodwill are not amortized. However, these assets are tested annually for impairment.
Goodwill acquired through business combinations has been allocated to the following cash-generating units:

Note 7 continues

Book value of goodwill:	2015	2014	2013
CAGE BASED TECHNOLOGY			
Plastic cages	49 355	49 324	49 203
Steel cages	46 252	44 628	41 197
Idema	26 621	26 621	26 621
Farming services	17 699	17 699	-
SOFTWARE			
Software and IT-services	38 530	34 797	32 440
LAND BASED TECHNOLOGY			
Recirculation technology	90 996	29 619	28 558
Total	**269 453**	**202 688**	**178 018**

Discounted cash flow models are used to determine the recoverable amount for the cash-generating units. The Group has projected cash flows based on financial budgets and forecasts approved by the Board of Directors. Beyond the explicit budget and forecast period of five years, the cash flows are extrapolated using a constant nominal growth rate.

Key assumptions used for calculations:

Growth rates
The expected growth rates from the cash-generating units converges from its current level experienced over the last few years to the long term growth level expected for the aquaculture industry. Cash flow beyond a five year period are extrapolated using a 3.0% growth rate.

Gross margin
The gross margins are only with immaterial changes based on achieved gross margins during the last three years, and is aligned with achivements the last year. It is assumed the gross margin will be stable in the years to come. It is expected that any change in the raw material prices during a reasonable time period will be reflected in product market prices and thus not have any material effect on achieved gross margins.

Market share
The calculations are based on the assumption that market share will not change significantly from the date of the calculation.

Discount rates
Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost of a company's equity and debt, weighted to reflect its capital structure of 72|28 respectively, derive its weighted average cost of capital. The discount rates take into account the debt premium, market risk premium, gearing, corporate tax rate and asset beta.

In the recoverable amount assessment, the Group has applied estimated cash flows after tax and a corresponding discount rate after tax of 6,96% for all three cash- generating units. A variation of +/- 1% does not materially affect the conclusion.
The recoverable amounts would not change significantly if pre-tax cash flows and a pre-tax discount rate of 7,20% had been applied instead.

Sensitivity to changes in assumptions IAS 36.134(f)
With regards to the assessment of value-in-use of the different cash-generating units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount short term.

Note 8
Research and development

During the year the Group expensed MNOK 29.9 (MNOK 19.5 in 2014 and MNOK 19.5 in 2013) on research and development on new products and technology as well as upgrades on existing products. The amount does not include capitalised development costs according to IAS 38 (see details in note 7).

Note 9
Tangible fixed assets (in NOK 1 000)

2015	Land and building	Machinery and equipment	Total
Acquisition cost at 01.01.	15 664	191 754	207 419
Additions from investment in subsidaries	-	1 629	1 629
Additions during the year	2 847	53 794	56 641
Revaluations	-	7 639	7 639
Disposals during the year	-	-3 961	-3 961
Acquisition cost 31.12.	18 511	250 855	269 367
Accumulated depreciation 01.01.	4 999	128 410	133 410
Accumulated depreciations from acquisition	-	1 129	1 129
Depreciation during the year	177	28 764	28 941
Revaluations	-	4 275	4 275
Accumulated depreciation disposals during the year	-	-1 882	-1 882
Accumulated depreciation 31.12.	5 176	160 696	165 872
Net book value 31.12.	**13 335**	**90 160**	**103 495**
Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:	> 10	3-5	

2014	Land and building	Machinery and equipment	Total
Acquisition cost at 01.01.	7 642	146 939	154 580
Additions from investment in subsidaries	-	13 931	13 931
Additions during the year	8 023	23 531	31 554
Revaluations	-	8 572	8 572
Disposals during the year	-	-1 218	-1 218
Acquisition cost 31.12.	15 664	191 754	207 419
Accumulated depreciation 01.01.	4 838	94 739	99 577
Accumulated depreciations from acquisition	-	7 396	7 396
Depreciation during the year	161	21 976	22 137
Revaluations	-	5 009	5 009
Accumulated depreciation disposals during the year	-	-710	-710
Accumulated depreciation 31.12.	4 999	128 410	133 410
Net book value 31.12.	**10 665**	**63 344**	**74 009**
Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:	> 10	3-5	

Note 9 continues

2013	Land and building	Machinery and equipment	Total
Acquisition cost at 01.01.	7 615	112 928	120 543
Additions related to investments in subsidiary during the year	-	8 128	8 128
Additions during the year	56	23 304	23 360
Revaluations	-	3 856	3 856
Disposals during the year	-29	-1 278	-1 307
Acquisition cost 31.12.	7 642	146 939	154 580
Accumulated depreciation 01.01.	4 670	70 110	74 780
Accumulated depreciation acquired companies	-	4 969	4 969
Depreciation during the year	168	18 398	18 566
Revaluations	-	2 014	2 014
Accumulated depreciation disposals during the year	-	-753	-753
Accumulated depreciation 31.12.	4 838	94 739	99 577
Net book value 31.12.	**2 804**	**52 200**	**55 003**
Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:	> 10	3-5	

Note 10
Subsidiaries and other long-term investments (in NOK 1 000 unless stated otherwise)

Subsidiaries consolidated in the group accounts Company	Acquisition year	Location	Share ownership	Voting rights
AKVA group North America Inc.	1995	Canada	100 %	100 %
AKVA group Scotland Ltd.	1997	Scotland	100 %	100 %
AKVA group Software AS	1997	Norway	100 %	100 %
AKVA group Chile S.A.	1998	Chile	100 %	100 %
AKVA Ltd [1)]	1998	Scotland	100 %	100 %
AKVA group Services AS	2001	Norway	100 %	100 %
AKVAsmart Ltd. (Turkey)	2005	Turkey	100 %	100 %
Helgeland Plast AS	2006	Norway	100 %	100 %
Wise lausnir ehf	2007	Iceland	100 %	100 %
AKVA group Denmark A/S	2007	Denmark	100 %	100 %
Polarcirkel AS	2010	Norway	100 %	100 %
Plastsveis AS	2013	Norway	70 %	70 %
YesMaritime AS	2014	Norway	100 %	100 %
Rogaland Sjøtjenester AS [2)]	2014	Norway	100 %	100 %
Wise Blue AS [3)]	2015	Norway	100 %	100 %
Aquatec Solutions A/S	2015	Denmark	100 %	100 %
Sistemas de Recirculacion Ltda[4)]	2015	Chile	100 %	100 %

[1)] Subsidiary of AKVA group Scotland Ltd.
[2)] Subsidiary of YesMaritime AS
[3)] Subsidiary of Wise lausnir ehf
[4)] Subsidiary of Aquatec Solutions A/S

Share ownership and voting rights has been unchanged since acquistions date.

Other long-term investments	Currency	Share capital	Number of shares	Par value (NOK)	Book value	Ownership
Centre for Aquaculture Competence AS	NOK	450	150	1 000	153	33 %
Blue Planet AS	NOK	1 350	2	50 000	100	7 %
Other investments	NOK				431	<5 %
Total					684	

Note 11
Stock (in NOK 1 000)

Stock	2015	2014	2013
Raw materials (at cost)	60 002	53 461	38 611
Work in progress (at cost)	8 627	7 615	3 949
Finished goods (at net realisable value)	112 047	106 162	101 628
Total	180 676	167 238	144 188
Write-down of obsolete stock 1.1	5 013	3 578	1 894
Write-down of obsolete stock during the year	719	1 435	1 684
Write-down of obsolete stock 31.12	5 732	5 013	3 578

The write down of obsolete stock at year end is related to finished goods.

Note 12
Receivables (in NOK 1000)

Receivables due in more than one year	2015	2014	2013
Other long-term receivables	2 063	1 368	4 505
Total	2 063	1 368	4 505

Accounts receivables

The recorded accounts receivables are shown net of estimated bad debt loss. The estimated bad debt loss is:

Bad debt provisions	2015	2014	2013
Bad debt provision 1.1	12 531	9 456	11 755
Increase in bad debt provision related to acquisitions	1 218	1 698	187
Change for the year	-	2 303	-1 603
Used from the provision	-3 583	-671	276
Unused amounts reversed	-2 327	-254	-1 158
Bad debt provision 31.12.	7 838	12 531	9 456
Recorded bad debt cost during the year	-4 605	2 231	1 494
Change in bad debt provision	4 525	2 500	-2 952
Total bad debt cost during the year	-80	4 731	-1 458

Of the recorded bad debt cost during the year all was covered by bad debt provision.

Reference is made to note 18 for more details of credit and currency risk related to accounts receivables.

As of 31.12. the Group had the following ageing profile of accounts receivables:

	Total	Not due	Due <30 days	Due 31-60 days	Due 61-90 days	Due > 91 days
2015	289 217	168 938	45 148	14 978	18 336	41 816
2014	262 894	163 545	36 622	30 260	10 772	21 694
2013	155 539	74 433	36 867	9 396	7 394	27 449

Note 13
Bank deposits (in NOK 1000)

	2015	2014	2013
Restricted bank deposits	10 114	9 250	6 509
Overdraft limit	90 000	90 000	94 000
Utilised end of year	39 058	-	56 475

Note 14
Shareholders

AKVA group ASA
The company's share capital is MNOK 25.8 divided into 25.8 million shares, each with a par value of NOK 1.
The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

The 20 largest shareholders at 31.12.15	Number of shares	Ownership in % of total shares
EGERSUND GROUP AS	13 203 105	51,11 %
WHEATSHEAF INVESTMENT	3 900 000	15,10 %
VERDIPAPIRFONDET ALFRED	814 886	3,15 %
MP PENSJON PK	539 300	2,09 %
SKANDINAVISKA ENSKILDA	518 000	2,01 %
EIKA NORGE	489 417	1,89 %
STATOIL PENSJON	397 904	1,54 %
VERDIPAPIRFONDET DNB	390 000	1,51 %
VPF NORDEA KAPITAL	301 700	1,17 %
MERTOUN CAPITAL AS	300 000	1,16 %
OLE MOLAUG EIENDOM AS	238 692	0,92 %
VERDIPAPIRFONDET EIKA	208 100	0,81 %
DAHLE BJØRN	196 300	0,76 %
VPF NORDEA AVKASTNING	180 000	0,70 %
ROGALAND SJØ AS	173 550	0,67 %
HAVBRUKSCONSULT AS	166 000	0,64 %
UBS (LUXEMBOURG) S.A	146 537	0,57 %
SIX SIS AG	130 000	0,50 %
Treasury shares held by AKVA GROUP ASA	123 000	0,48 %
MOLAUG OLE	114 752	0,44 %
Other shareholders	3 303 060	12,79 %
Total	**25 834 303**	**100,00 %**

Shares owned by members of the Board of Directors	Number of shares	Options
Frode Teigen and Hans Kristian Mong as owners of Egersund Group AS*	13 203 105	-
Anne Breiby (Kjerby AS)	63 800	-
Nils Viga (Askvig AS)	100 000	-
Tore Obrestad	2 368	-

* Frode Teigen, through Kontrazi AS, and Hans Kristian Mong, through Mongbakken AS, owns 50 % each in Egersund Group AS

Shares owned by group management	Number of shares	Options
Trond Williksen (CEO)	40 000	-
Eirik Børve Monsen (CFO)	20 000	-
Per Andreas Hjetland (COO Nordic)	2 500	-
Trond Severinsen (COO Export & CMO)	22 425	-

Note 15
Pensions (in NOK 1000)

The pension schemes in all the Norwegian legal entities are defined contribution plans where agreed contributions are expensed as paid.
The companies have no further commitments towards pensions when the agreed contributions are paid.
All pension costs are included in payroll expenses in the profit and loss statement.

Contribution plans	2015	2014	2013
Contributions expensed during the year	11 129	7 774	5 776

As of December 31st the Group has no pension liablity.

According to Norwegian legislation the entities need to have a pension scheme for the employees. The existing pension schemes meet the requirements in the legislation.

Note 16
Liabilities to financial institutions (in NOK 1 000)

Long-term liabilities due in more than 5 years	2015	2014	2013
Liabilities to financial institutions	3 960	2 560	77 000
Total	3 960	2 560	77 000

	2015	2014	2013
Liabilities secured with assets	245 634	142 446	132 888

Secured assets:	2015	2014	2013
Accounts receivable	114 358	90 285	27 152
Stock	92 129	82 788	82 889
Other assets	58 114	40 624	250 000
Total	264 601	213 697	360 041

AKVA group ASA's shares in Aquatec Solutions A/S, in total 500 at value DKK 1.000, are also pledged as security for the liabilities.

As of December 31st 2015 bank guarantees of MNOK 36.5 is issued on behalf of the Group.

Repayment of debt
AKVA group ASA has in 2015 increased the debt for financing the acquisition of Aquatec Solutions A/S with a new bank loan of MNOK 64.47 at Danske Bank.

The Groups's long-term debt matures as follows:	2015	2014	2013
Less than 1 Year	18 760	13 779	10 625
2-3 Years	35 574	32 383	24 633
4-5 Years	148 281	93 725	20 105
More than 5 Years	3 960	2 560	77 000
Total long-term debt	206 575	142 446	132 363
Average interest rate	3,11 %	3,35 %	3,71 %

*As of December 31st 2015 an amount of MNOK 18.76 of the long-term debt due within one year is, in accordance with IFRS, reclassified to short-term interest bearing debt in the balance sheet.

Note 16 continues

Loan covenants to Danske Bank
In the loan documents from Danske Bank the following financial loan covenants are set:
- The ratio net interest-bearing debt over twelve months rolling EBITDA < 3,50 for 2015 and onwards
- Equity share for AKVA group ASA > 30%
- Equity in NOK for AKVA group ASA > 250 million

Net interest-bearing debt over twelve months rolling EBITDA was 1.0 as of December 31st 2015.
The equity ratio in AKVA group ASA was 48.2 % as of December 31st 2015.

The Group was compliant with all covenants in 2015.

The terms for the interest bearing debt are based on market conditions. The interest rate is a floating rate and it is based on NIBOR + a margin.

Note 17
Specifications of items that are grouped in the financial statement (in NOK 1 000)

Financial Income	2015	2014	2013
Other interest income	2 393	2 239	609
Agio gain	-	1 208	852
Other financial income	591	568	381
Total financial income	**2 984**	**4 015**	**1 841**

Financial Expenses	2015	2014	2013
Interest expenses	7 747	7 023	8 224
Agio loss	666	-	-
Other financial expenses	4 191	1 734	2 867
Total financial expenses	**12 603**	**8 757**	**11 091**

Other operating expenses	2015	2014	2013
Accomodation, materials, equipment and maintenance	51 159	46 477	38 906
Marketing, travelling and communication	36 565	30 549	29 762
Other operating expenses	23 607	25 832	17 164
Total other operating expenses	**111 332**	**102 859**	**85 832**

Other current liabilities	2015	2014	2013
Accrued costs	52 188	74 218	38 409
Warranty provisions	16 512	11 370	6 608
Other current liabilities	39 108	20 741	40 597
Total other current liabilities	**107 808**	**106 329**	**85 613**

Note 18
Financial instruments and risk management (in NOK 1 000)

Determination of fair value

The fair value of financial assets classified as "available for sale" and "financial assets at fair value through profit or loss" is determined by reference to published price quotations in an active market.

The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The fair value of currency swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the above mentioned derivatives, the fair value is confirmed by the financial institution with which the Group has entered into the contracts.

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities, long-term debts, financial leasing obligations and "hold-to-maturity" investments.

The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions.

The loan notes is at floating interest rates which implies a book value in accordance to fair value.

The fair value of financial assets and liabilities recognized at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the balance sheet date. This applies to:
- Deposits to lessors under operating leases, refer to Note 20.

The fair value of "hold-to-maturity" investments (with the exception of deposits mentioned above) is determined using available market prices.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

	2015		2014		2013	
	Book value	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets						
Cash	109 517	109 517	53 935	53 935	58 330	58 330
Trade receivables	289 216	289 216	262 894	262 894	155 539	155 539
Other current assets	36 686	36 686	65 766	65 766	56 123	56 123
Other long-term financial assets	2 063	2 063	1 369	1 369	1 464	1 464
Forward currency contracts[1)]	1 507	1 507	-	-	-	-
Financial liabilities						
Bank overdraft	39 058	39 058	-	-	56 475	56 475
Trade payables	128 189	128 189	135 413	135 413	88 957	88 957
Forward currency contracts[2)]	-	-	-4 543	-4 543	334	334
Interest-bearing loans and borrowings						
Loans	206 575	206 575	142 446	142 446	76 414	76 414

1) The amount is included in Other receivables in the Consolidated Statement of Financial Positions
2) The amount is included in Other currrent liabilities in the Consolidated Statement of Financial Positions

Fair value hierarchy
As December 31st 2015, the Group held financial instruments measured at fair value as mentioned below:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:
Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Note 18 continues

Assets measured at fair value	31.12.2015	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	-	-	-	-
Foreign exchange forward contracts	1 507	-	1 507	-

There have been no transfers between levels during the period.

Currency risk
As part of the international activity the Group's assets and liabilities as well as expected cash inflow and cash outflow are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts.
The currency risk is managed by the parent company in cooperation with the subsidiaries.

In order to hedge the value of the items in the balance sheet denominated in a foreign currency the Group had the following positions through forward contracts, all contracts with maturity in 2016:

Currency (in 1 000)		Bought/sold	Net currency amount
Danish Kroner	DKK	Sold	11 000
British Pound	GBP	Sold	2 700
Norwegian Kroner	NOK	Bought	49 165

Profit and loss from the above currency contracts are recorded directly via the income statement under financial items.
At the end of the year a loss of MNOK 0.310 was recorded as an unrealised gain. The forward contracts are valued at estimated fair value.

As the Group has revenues and costs denominated in different currencies the net value of the expected future cash inflow and cash outflow is exposed to changes in the currency rates. One way to reduce such risk is by using currency forward contracts. At the end of the year the Group had the following positions in forward contracts in order to hedge expected future cash flow. The expected cash flows subject to hedging are expected to take place during the first half of 2016 and hence be recognized in the income statement during the same period. All currency contracts expire in 2016.

Currency (in 1 000)		Bought/sold	Net currency amount
Euro	EUR	Bought	4 737
Norwegian Kroner	NOK	Sold	44 093

At the end of the year it was recorded a loss of MNOK 4.584 directly against the other comprehensive income related to hedging of expected future cash flow.

The forward contracts are valued at estimated fair value. When the expected cash flow is translated into an item in the balance sheet or actually takes place, the recorded profit loss booked directly against the equity is reversed and included in the income statement together with the actual cash item in question. Any non-effective part of the hedge is booked as currency loss or gain under financial items in the income statement.

In the long run it is not possible to hedge the effects of changing currency rates. In 2015 the Group had export sales of MNOK 133 of products which predominantly had its cost base in NOK. A 10% strenghtening of the NOK would then decrease the earnings with about MNOK 13.3 before possible price increases in the market. About 47% of this exposure was related to sales in GBP (sales in UK), 27% related to sales in EUR (sales in Europe and the Middle East), and 14% related to sales in CAD (sales in Canada).

To decrease this exposure the Group is working towards a more flexible cost structure and have more diversified costs in terms of currencies.

Foreign currency sensitivity
In the management of foreign currency risk the company seeks to reduce the effect from currency rate changes on monetary assets and liabilities as well as the value of the future cash flows denominated in a foreign currency. Through the internal financing structure within the Group, most of the monetary asset and liability risk is allocated to the parent company, which also has most of the cash flow risk with regards to currency fluctuation. The major currencies are EUR and DKK. Below it is made a partial analysis in order to do an estimate of the impact from a change in EUR and DKK on the pre-tax profit and on the book equity at year end.

Note 18 continues

31.12.2015	KNOK effect on profit before tax by +10%/-10% change in		KNOK effect on book equity by +10%/-10% change in	
	EUR	DKK	EUR	DKK
10 %	757	-2 392	4 557	0
-10 %	-757	2 392	-4 557	0

31.12.2014	KNOK effect on profit before tax by +10%/-10% change in		KNOK effect on book equity by +10%/-10% change in	
	EUR	USD	EUR	USD
10 %	-2 894	533	9 116	0
-10 %	2 894	-533	-9 116	0

31.12.2013	KNOK effect on profit before tax by +10%/-10% change in		KNOK effect on book equity by +10%/-10% change in	
	EUR	USD	EUR	USD
10 %	-1 065	-134	3 243	-241
-10 %	1 065	134	-3 243	241

The effect on the profit before tax is the result of change in monetary assets and the financial instruments denominated in EUR and DKK respectively. The effect on book equity is the effect from the change in fair value of currency contracts assigned to future cash flow hedge.

Interest rate risk
The Group's interest bearing debt is based on a floating interest rate which implies that interest payments over time will fluctuate according to the changes in the interest rate level. The major part of the interest bearing debt is in NOK. To reduce the interest rate risk it is the strategy of the Group to have a balanced mix between equity and debt financing vs the market risk in its industry. With the net interest bearing debt at year end,interest cost would have been MNOK 2.5 higher with a 1% higher average interest rate during the year and MNOK 2.5 lower with a 1 % lower average interest rate during the year.

Credit risk
Part of the sale is credit sales where the Group is exposed to credit risk towards the customer. The Group has generally had low losses on outstanding receivables. For larger projects there are normally pre-payments from the customers and milestone payments along the progress of the project which reduce the credit risk towards the customers. To some extent the Group uses trade finance instruments to reduce credit risk. For details of ageing of accounts receivables, see note 12.

Market risk
In 2015 about 78% of the revenues of the Group came from customers producing salmon. In 2014 the share was 82%. To decrease the Group's dependency of the salmon industry the Group works to increase the share of revenues related to the aquaculture of other species than salmon. Due to the market variation in the different salmon markets the revenues can vary between years. Still, the aquaculture industry in general is expected to be a high growth industry in the foreseeable future although the financial turmoil in the short run increases the uncertainty.

Based on the assumption that a change in sales will not affect the product gross margin and that other operating costs short term only will change 50% of the change in sales - a change in the revenues of the Group would have had the following impact on net income (25% tax rate used):

Change in sales	Change in net income/ equity (in NOK 1 000)
10 %	27 103
5 %	13 551
2 %	5 421
-2 %	-5 421
-5 %	-13 551
-10 %	-27 103

To further evaluate the Group's sensitivity to changes in the different markets see more details in note 2 about market size.

Note 18 continues

Capital structure and equity

The primary focus of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholders value. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. In 2011 new shares were issued. In 2014 and in 2015 a dividend of NOK 1 per share was done, but no changes were made in number of shares. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes convertible preference shares, equity attributable to equity holders of the parent less the net unrealized gains reserve.

(in NOK 1 000)	2015	2014	2013
Interest bearing debt	245 634	142 446	132 888
Less cash	109 517	53 935	58 330
Net debt	136 117	88 511	74 558
Equity	424 988	387 577	336 601
Total equity and net debt	561 105	476 088	411 159
Debt ratio	24 %	19 %	18 %

The equity share attributable to AKVA group ASA's shareholders was 39.2 % as of December 31st 2015.

Liquidity risk

The Group monitors its risk to a shortage of liquid funds using cash flow prognosis. The objective is to maintain a balance in the funding through the use of bank overdrafts, bank loans with different pay back periods, debentures and finance lease. The management follows the development of the working capital closely, because the development in the working capital has the most important impact on the liquidity situation on short term.

Financial risk management

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	43 748	14 070	183 855	3 960	245 634
Trade and other payables	18 563	133 238	13 788	15 495	-	181 085
Financial derivatives	-	59 936	27 464	-	-	87 399
Total	**18 563**	**236 922**	**55 322**	**199 350**	**3 960**	**514 117**

2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	3 445	10 334	126 107	2 560	142 446
Trade and other payables	16 718	134 868	1 784	2 449	-	155 818
Financial derivatives	-	47 627	88 129	-	-	135 756
Total	**16 718**	**185 940**	**100 247**	**128 556**	**2 560**	**434 020**

2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	57 807	9 478	44 934	77 000	189 220
Trade and other payables	14 107	89 682	-	183	-	103 972
Financial derivatives	-	69 721	20 195	-	-	89 917
Total	**14 107**	**217 210**	**29 674**	**45 117**	**77 000**	**383 108**

Interest-bearing loans and borrowings in 2013 is presented with actual short term amounts at year end and new maturity profile in accordance with refinancing in Danske Bank for downpayments due in 3 months or more. The figures deviates from the balance sheet.

Note 19
Long-term contracts (in NOK 1000)

Revenue and profits on long-term contracts are recognized using the percentage of completion method. This method implies that profit is recognized according to the progress of the work, whereas any losses are fully recorded when incurred.
Included in figures are primarily contracts on barges and cages, and only contracts valued over MNOK 3.0 are included.

	2015	2014	2013
Total revenues from long-term contracts	714 906	629 698	182 894
Total value of ongoing contracts 31.12.	735 278	698 268	477 471
Total revenues included from ongoing contracts 31.12.	408 054	431 749	102 077
Not invoiced work-in-progress included as accounts receivables	57 557	48 150	184
Prepayments from customers	75 397	40 262	41 058
Remaining production on loss contracts 31.12.	-	-	-

Note 20
Leasing (in NOK 1000)

The Group has entered into several operating leases for offices, machinery and other equipment. The cost is as follows:

Operating leasing cost	2015	2014	2013
Operational leasing costs	15 919	15 626	7 288
Rent costs on buildings	20 697	16 496	16 762
Total	36 616	32 122	24 050

The future minimum rents related to non-cancellable operationable leases fall due as follows for the Group:

	Within 1 year	1 - 5 years	After 5 years
Machinery and equipment	1 712	1 886	-
Vehicles and boats	13 255	9 662	-
Offices and buildings	20 982	52 870	12 980
Total	35 948	64 419	12 980

In 2012 the main office lease agreement (headquarter) was renewed for 5 years included an option to extend the lease for 2 more years.
In 2015 the rent for main office was MNOK 2.6.

Financial leasing cost

The Group's main share of financial lease costs are related to YesMaritime AS and AKVA group Services AS. The Group's total financial lease cost in 2015 is MNOK 3.8.

The future minimum costs related to non-cancellable financial leases fall due as follows for the Group:

	Within 1 year	1 - 5 years	After 5 years	Book value 2015
Machinery and equipment	4 519	11 143	-	15 994
Vehicles and boats	375	-	-	404
Total	4 894	11 143	-	16 398

The difference between total minimum lease payments at the end of the reporting period and their present value is considered insignificant.

Note 21
Options to employees (in NOK 1000)

The company had an option programme covering employees in selected senior positions. The option programme was established in connection with listing of the company at Oslo Stock Exchange in November 2006.

	2015	2014	2013
Total available options that can be issued	892 109	1 012 109	1 012 109
Available options not issued at year end	892 109	892 109	892 109
Options exercised during the year	-	120 000	-
Outstanding options as per 31.12.	-	-	120 000

The fair value of the options has been estimated using the Black&Scholes option-pricing model.
The average fair value of options granted is based on the following assumptions:

Strike price
The strike price is equal to the the stock exchange price at grant date.

Volatility
The expected volatility is based on historic volatility for peer group companies (35%).

The term of the option
In the calculations the expected period to vesting has been based on actual years to expiry of the options.

Dividend
The calculation is based on no dividend being paid in the vesting period.

Risk-free interest rate
The risk-free interest rate assumed when calculating the fair value was equal to the interest rate on goverment bonds at the time of the calculation.

Note 22
Acquisitions and disposals

In September AKVA group ASA acquired 100 % of the shares in Aquatec Solutions A/S. The payment of the shares was MNOK 44.4 on closing date, with additional payment in October of MNOK 29.9 for an adjusted amount for the net debt and working capital position as of the closing date. Finally, an estimated earn-out payment of MNOK 27.4 is agreed based on the realized EBITDA of Aquatec for 2015 and 2016. The total amount estimated to be MNOK 101.8 for 100 % of the shares.

Aquatec Solutions A/S was established in 2004 and has developed to become a leading provider of technology and solutions for land-based fish farming. The company is located in Vejle, Denmark and had 44 employees, including 19 employees in their subsidiary in Chile, when acquired.

The core business entails supplying land based fish farming technology and solutions for both salt and fresh water fish. Aquatec's offering covers everything from complete fish farming systems to high quality fish farming equipment and components. For facilities in operation Aquatec provides supervision and support.

The acquisition is a natural step to strengthen the land based business area.

The acquisition has been accounted for using the acqusition method. The completion of the acquisition was done on September 30th and the company has been consolidated into the AKVA group from October 1st 2015.

Note 22 continues

The provisional fair value of the identifiable assets and liabilities of Aquatec Solutions A/S as at the date of acquisition was:

	Fair value recognized on acquisition (in NOK 1 000)
ASSETS	
Machinery and equipment	1 342
Trade receivables	3 324
Inventories	1 353
Other current assets	24 440
Cash	33 955
	64 414
LIABILITIES	
Deferred tax	-6 988
Trade payables	-8 492
Other current liabilities	-22 062
	-37 543
Total identifiable net assets at fair value	**26 871**
Goodwill arising on acquisition	59 595
Intangible assets arising on acqusition after deferred tax	15 825
Purchase consideration transferred	**102 291**
Cash acquired with subsidiary	33 955
Cash paid	-74 389
Net cash outflow in 2015	**-40 434**
Contingent consideration	-27 390
Total consideration	**-67 824**

The contingent consideration is the earn-out mentioned in the introduction, where the earn-out for 2016 is based on a best estimate. The liabilities are classified as other current liabilities and other long term liabilities, respectively for 2015 and 2016, in then balance.

The goodwill of MNOK 59.6 comprises the fair value of expected synergies arising from the acquisition and the competence of the employees. A valuation of trademark and customer relationship has been done using the relief of royalty method. Based on the history of the company we believe the intangible assets of MNOK 20.3 comprises a fair value. The allcoation of the purchase price is finalized.

The transaction costs of MNOK 2.5 have been expensed and are included in other finance cost in the income statement.

Sales revenues in 2015 - consolidated from 01.10.2015	35 580
Net Profit before tax - consolidated from 01.10.2015	3 916
Sales revenues in 2015 - if consolidated from 01.01.2015	131 729
Net Profit before tax - if consolidated from 01.01.2015	22 018

WiseDynamics Ltd in Canada, a subsidiary of Wise lausnir ehf in Iceland, was divested in November 2015. The company has contributed with marginal numbers in the Group financials and the sale gave a marginal gain of MNOK 1.5.

Note 23
Related parties

The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions. AKVA group ASA has in 2015 transactions, in line with the company's ordinary course of business, to and from related parties of respectively MNOK 2.5 and MNOK 8.7.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. As of December 31st the company had MNOK 0.3 in accounts receivable and MNOK 1.5 in accounts payable to related parties.

The majority of the transactions and outstanding balances to related parties are to Egersund Group and its subsidiaries.

Note 24
Dividend

AKVA group ASA has a two-step dividend policy:
- The dividend level shall reflect the present and expected future cash generating potential of AKVA group. AKVA group will target a net interest-bearing debt/equity ratio of less than 0.5x
- When the target debt vs. equity level is met, at least 60% of the annual free cash flow after operational and financial commitments is intended to be distributed as dividend

The company aims to pay out dividend twice a year, after the 1st and 2nd half of the year.

A dividend of 1.00 NOK per share was paid out on November 20th 2015 totalling a distributed amount of 25,736,303 NOK.

Dividend	2015	2014	2013
Per share	1,00	1,00	-
Total distributed amount*	25 736 303	25 834 303	-

* The total distributed amount in 2015 is reduced with MNOK 0.098 as the company owned 98,000 shares on November 11th, which was the last day inclusive for dividend.

Note 25
Share buyback

AKVA group ASA has in the period from September 10th to November 27th 2015 purchased 123,000 own shares. The average price per share was NOK 33.86 totalling the purchase price to MNOK 4.2.

The buyback of shares is done according to a share incentive program launched by the board of directors in a notice on Oslo Stock exchange on December 1st 2015 for certain eligeble employees in AKVA group ASA and its subsidiaries. The intention of the share incentive scheme was to give employees an opptunity to buy shares in the Company at a discounted price. The share price offered to employees was NOK 27,09, and the employees had the period from December 1st to December 14th to confirm their participation.

In total 122,698 of the shares were signed up for, and the shares were transferred to the employees on January 12th 2016.

Note 26
Subsequent events

Atlantis Subsea Farming AS

AKVA group ASA has in partnership with Sinkaberg-Hansen AS and Egersund Net AS established the company Atlantis Subsea Farming AS with the purpose of developing submersible fish-farming facilities for slamon on an industrial scale. Atlantis has applied for six development licences to enable large-scale development and testing of the new technology and operational concept.
The establishment took place on February 1st 2016.

The partnership is between related parties, as AKVA group ASA and Egersund Net AS are related parties, and the agreement is done pursuant to the Norwegian Public Limited Companies Act section 3-8.

Acquisiton of 58% of the shares in AD Offshore AS

On March 31st 2016 AKVA group ASA entered into an agreement with the shareholders of AD Offshore AS to acquire 58% of the shares in AD Offshore AS (ADO).

The purchase price for the purchased shares is based on an enterprise value of ADO on a 100 percent basis of NOK 120,000,000, with adjustments for net debt and deviations from a normalized level of working capital on completion. An estimated final purchase price was paid in cash on completion of the transaction, which took place on April 7th 2016. Completion of the transaction was not subject to regulatory approvals. AKVA group ASA and the owners of ADO have also agreed a mutual option to buy / sell the remaining 42% of the shares in ADO. The option is exercisable from the date that is five years from completion. The pricing of the remaining 42% of the shares is linked to the performance of the company over the next five calendar years. AKVA group ASA will finance the transaction with a loan from Danske Bank.

Financial Statement **Parent company**
(AKVA group ASA)

Income Statement 01.01 - 31.12 (in NOK 1 000)

Parent company	Note	2015	2014	2013
OPERATING REVENUES				
Sales revenues	2,20	671 753	704 985	497 137
OPERATING EXPENSES				
Cost of goods sold	11	509 695	555 261	386 690
Payroll expenses	3,4,16,22	83 385	71 157	64 869
Other operating expenses	4,8,12,18,21	40 079	33 613	33 967
Total operating expenses		633 159	660 031	485 526
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)		**38 594**	**44 954**	**11 611**
Depreciation and amortization	7,9	9 888	9 180	11 744
OPERATING PROFIT (EBIT)		**28 706**	**35 774**	**-134**
FINANCIAL INCOME AND EXPENSES				
Financial income	18	28 439	32 900	20 938
Financial expenses	18	(13 099)	(6 016)	(8 551)
Net financial income (expense)		**15 340**	**26 884**	**12 387**
PROFIT BEFORE TAX		**44 046**	**62 658**	**12 253**
Taxes	5	7 753	17 382	4 973
NET PROFIT FOR THE YEAR		**36 293**	**45 276**	**7 280**
ALLOCATION OF PROFIT FOR THE YEAR				
Other equity		36 293	45 276	7 280
Total allocated		36 293	45 276	7 280

Assets 31.12 (in NOK 1 000)

Parent company	Note	2015	2014	2013
NON-CURRENT ASSETS				
Intangible assets				
Deferred tax asset	5	-	-	13 268
Goodwill	7	53 000	53 000	53 000
Other intangible assets	7	28 104	26 438	24 658
Total intangible assets		81 103	79 437	90 925
Tangible fixed assets				
Land and building	9	12 598	10 610	2 804
Machinery and equipment	9	10 964	8 018	9 030
Total tangible fixed assets		23 561	18 628	11 833
Long-term financial assets				
Investments in subsidiaries	10	417 678	315 899	298 399
Loans to group companies	13	88 007	83 186	62 689
Other long-term financial assets	10,12	311	310	310
Total long-term financial assets		505 995	399 395	361 398
Total non-current assets		**610 660**	**497 460**	**464 156**
CURRENT ASSETS				
Stock	11	47 166	43 206	40 071
Receivables				
Accounts receivables	12,20	79 406	79 795	20 375
Accounts receivables - group companies	13	26 592	27 775	45 818
Prepayments to suppliers		3 233	3 272	1 891
Other receivables		9 579	2 533	5 150
Other receivables - group companies	13	82 599	69 897	27 344
Total receivables		201 409	183 271	100 578
Cash and cash equivalents	14	4 928	10 327	13 028
Total current assets		**253 502**	**236 804**	**153 677**
TOTAL ASSETS		**864 162**	**734 264**	**617 833**

Equity and Liabilities 31.12 (in NOK 1 000)

Parent company	Note	2015	2014	2013
EQUITY				
Paid-in capital				
Share capital	15,25,26	25 711	25 834	25 834
Share premium		336 029	336 029	336 029
Other paid in capital		1 116	1 116	2 460
Total paid-in capital		362 856	362 979	364 323
Retained earnings				
Other equity		53 220	46 713	27 271
Total retained earnings		53 220	46 713	27 271
Total equity		**416 076**	**409 692**	**391 593**
LIABILITIES				
Provisions				
Pension obligations	16	-	-	101
Deferred tax	5	11 868	4 114	-
Total provisions		11 868	4 114	101
Other long term liabilities				
Liabilities to financial institutions	17	176 952	124 075	54 623
Other long term liabilities	23	14 020	-	-
Other long term liabilities - group companies		-	-	97
Total other long term liabilities		190 972	124 075	54 720
Current liabilities				
Liabilities to financial institutions	14,17	52 936	13 278	77 325
Trade payables		50 314	60 898	37 673
Trade payables - group companies	13	9 817	11 181	4 418
Taxes payable	5	-	-	-
Public duties payable		3 219	2 767	3 443
Prepayments from customers	20	52 919	44 908	-
Other current liabilities	18,23	41 871	34 328	48 558
Other current liabilities - group companies	13	34 170	29 023	-
Total current liabilities		245 246	196 382	171 418
Total Liabilities		**448 086**	**324 572**	**226 239**
TOTAL EQUITY AND LIABILITIES		**864 162**	**734 264**	**617 833**

Bryne, Norway, 11 April 2016.

Hans Kristian Mong
Chairperson of the Board

Frode Teigen

Evy Vikene

Aino Olaisen

Anne Breiby
Deputy Chairperson

Nils Viga

Anthony James

Trond Williksen
Chief Executive Officer

Henrik A. Schultz

Tore Obrestad

Carina Jensen

Cash Flow Statement 01.01 - 31.12 (in NOK 1 000)

Parent company	Note	2015	2014	2013
Cash flow from operating activities				
Profit before taxes		44 046	62 658	12 253
Depreciation	7,9	9 888	9 180	11 744
Change in pension obligation	16	-	-	174
Changes in stock, accounts receivable and trade		-14 336	-14 524	46 621
Changes in other receivables and payables		-12 344	17 606	22 029
Net cash flow from operating activities		27 255	74 921	92 823
Cash flow from investment activities				
Investments in fixed assets	7,9	-16 488	-17 755	-9 369
Sale of tangible and intangible fixed assets		-	-	838
Payment shares and participations	23	-73 971	-17 500	-27 185
Other items		-	-	10
Net cash flow from investment activities		-90 459	-35 255	-35 706
Cash flow from financing activities				
Repayment of borrowings		-13 368	-140 162	-20 889
Proceed from borrowings		105 903	145 567	10 000
Net payment loans to group companies	13	-4 821	-20 594	-44 649
Dividend payment	25	-25 736	-25 834	-
Change related to other financial activities	26	-4 173	-1 344	-150
Net cash flow from financing activities		57 805	-42 367	-55 688
Net change in cash and cash equivalents		-5 399	-2 701	1 428
Cash and cash equivalents at 01.01.		10 327	13 028	11 600
Cash and cash equivalents at 31.12.		**4 928**	**10 327**	**13 028**

Overdraft on cash pool is included in financing activities, but is not included in cash and cash equivalents as of 31.12.

Rental of various equipment such as camera systems has been successful in the UK.

Statement of changes in equity (in NOK 1 000)

Parent company	Note	Share capital	Share premium	Other paid-in capital	Total paid in capital	Other equity	Total retained earnings	Total equity
Equity as at 01.01.2013		25 834	336 029	2 398	**364 261**	19 817	**19 817**	**384 077**
Actuarial deviations on net pension obligations		-	-	-	-	174	**174**	**174**
Total income and expense recognised directly in equity		-	-	-	-	174	**174**	**174**
Profit (loss) for the period		-	-	-	-	7 280	**7 280**	**7 280**
Total income and expense for the year		-	-	-	-	7 454	**7 454**	**7 454**
Dividend		-	-	-	-	-	-	-
Recording of option agreement		-	-	62	**62**	-	-	**62**
Equity as at 31.12.2013		25 834	336 029	2 460	**364 323**	27 271	**27 271**	**391 593**
Equity as at 01.01.2014		25 834	336 029	2 460	**364 323**	27 271	**27 271**	**391 593**
Actuarial deviations on net pension obligations		-	-	-	-	-	-	-
Total income and expense recognised directly in equity		-	-	-	-	-	-	-
Profit (loss) for the period		-	-	-	-	45 276	**45 276**	**45 276**
Total income and expense for the year		-	-	-	-	45 276	**45 276**	**45 276**
Dividend	25	-	-	-	-	-25 834	**-25 834**	**-25 834**
Recording of option agreement	3,22	-	-	-1 344	**-1 344**	-	-	**-1 344**
Equity as at 31.12.2014		25 834	336 029	1 116	**362 979**	46 713	**46 713**	**409 692**
Equity as at 01.01.2015		25 834	336 029	1 116	**362 979**	46 713	**46 713**	**409 692**
Actuarial deviations on net pension obligations		-	-	-	-	-	-	-
Total income and expense recognised directly in equity		-	-	-	-	-	-	-
Profit (loss) for the period		-	-	-	-	36 293	**36 293**	**36 293**
Total income and expense for the year		-	-	-	-	36 293	**36 293**	**36 293**
Dividend	25	-	-	-	-	-25 736	**-25 736**	**-25 736**
Share buyback	26	-123	-	-	**-123**	-4 050	**-4 050**	**-4 173**
Equity as at 31.12.2015		25 711	336 029	1 116	**362 856**	53 220	**53 220**	**416 076**

AKVA groups new software platform ensures full control and improved efficiency.

Notes to the Financial Statement
Parent company

Content notes

Note 1
Summary of significant accounting policies

AKVA group ASA is a public limited company registered in Norway. The company's head office is located in Nordlysveien 4, N-4340 Bryne, Norway.

The financial statement for AKVA group ASA have been prepared in accordance with the Norwegian accounting Act's §3-9 and the related regulation on simplified IFRS as approved by the Ministry of Finance on January 21st 2008. As a result the principles applied when preparing the balance sheet and the income statement are mainly based on International Financial Reporting Standards as adopted by EU (IFRS) and the disclosure notes have been prepared in accordance with the requirements of the Norwegian Accounting Act and accounting principles generally accepted in Norway (NGAAP). See note 1 in group accounts for more details of the accounting policy.

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing they are not impaired. Write down to fair value will be carried out if the impairment is not considered temporary, and a write down is deemed necessary according to IFRS. Impairments are reversed when the indication no longer exist.

Note 2
Segment information

Business segments

AKVA group ASA sells products and services within the business areas Cage Based Technology and Land Based Technology. For more detailed description and information about products and services, please go to "Products" at www.akvagroup.com and download the short version of the product catalogues. More information is also given in note 2 in the consolidated accounts.

Cage Based Technology (in NOK 1 000)	**2015**	**2014**	**2013**
Operating revenue	666 593	683 839	485 536
Operating expenses	627 997	637 448	474 465
Operating profit before depreciation and amortization (EBITDA)	**38 596**	**46 391**	**11 070**
Depreciation and amortization	9 888	9 130	11 744
Operating profit (EBIT)	**28 708**	**37 261**	**-674**

Land Based Technology (in NOK 1 000)	**2015**	**2014**	**2013**
Operating revenue	5 160	21 146	11 601
Operating expenses	5 162	22 583	11 061
Operating profit before depreciation and amortization (EBITDA)	**-2**	**-1 437**	**540**
Depreciation and amortization	-	50	-
Operating profit (EBIT)	**-2**	**-1 488**	**540**

Total (in NOK 1 000)	**2015**	**2014**	**2013**
Operating revenue	671 753	704 985	497 137
Operating expenses	633 159	660 031	485 526
Operating profit before depreciation and amortization (EBITDA)	**38 594**	**44 954**	**11 611**
Depreciation and amortization	9 888	9 180	11 744
Operating profit (EBIT)	**28 706**	**35 774**	**-134**

Note 2 continues

Operating revenue - external customers (in NOK 1 000)	**Norway**	**Mediterranean**	**Other**	**Total**
2015	544 655	93	37 482	582 230
2014	573 194	249	83 172	656 615
2013	363 167	224	99 244	462 636

Note 3
Wages and remunerations

Payroll expenses (in NOK 1 000)	**2015**	**2014**	**2013**
Salaries	67 363	59 297	54 559
Payroll tax	8 893	8 282	7 208
Pension costs	3 758	3 459	2 383
Other benefits	3 372	120	719
Total	**83 385**	**71 157**	**64 869**
The average number of employees in full time equivalent in the company during the year is:	97	88	84

See consolidated accounts note 3 about remuneration to CEO and executive management, and fees to the Board of Directors.

Loan and pledge
The company has not given any loans or pledges to members of the Board or group management as of December 31st.

Stock options
A new stock option plan was introduced in 2006. See details of stock options in note 3 and in note 21 in consolidated accounts.

For details of establishment of salary and other remuneration to executive management, see note 3 in consolidated accounts.

Fees to auditor (in NOK 1 000)	**2015**	**2014**	**2013**
Audit	479	391	381
Tax services	223	273	321
Attestation services	-	-	37
Other services	76	207	-
Total	**778**	**871**	**739**

All fees to the auditor is excl. VAT.

Note 4
Government grants and subsidies

Government grants (in NOK 1 000)	**2015**	**2014**	**2013**
"Skattefunn"	820	852	478
Other	-	-	18
Total	**820**	**852**	**496**

Note 5
Taxes (in NOK 1 000)

Tax expense (in NOK 1 000)	2015	2014	2013
Change in deferred taxes	8 703	17 382	4 482
Effect of change in tax rate in Norway	-949	-	491
Total tax expense	**7 753**	**17 382**	**4 973**

Calculation of the basis for taxation

Profit before tax	44 046	62 658	12 253
Permanent differences	-11 814	1 721	3 754
Change in temporary differences	-32 233	-64 379	-16 007
Tax base	**-**	**-**	**-**

Specification of temporary differences

Current assets	-3 359	-5 862	-5 253
Fixed assets	55 745	52 901	49 480
Provisions	4 019	-3 310	-4 984
Pension obligations	47	133	60
Losses carried forward	-8 981	-28 623	-88 443
Total	47 472	15 239	-49 140
Calculated deferred tax assets (-liabilities)	-12 817	-4 114	13 759
Effect of change in tax rate in Norway	949	-	-491
Deferred tax asset (-liabilities)	**-11 868**	**-4 114**	**13 268**

Effective tax rate (in NOK 1 000)	2015	2014	2013
Expected income taxes, statutory tax rate of 27%	11 893	16 918	3 431
Permanent differences (27%)	-3 190	465	1 051
Effect of change in tax rate in Norway	-949	-	491
Income tax expense	7 753	17 382	4 973
Effective tax rate in percent of profit before tax	17,6 %	27,7 %	40,6 %

Expiry dates of Tax Loss Carry Forwards (in NOK 1 000)

Tax loss carryforwards without time restrictions	-8 981
Total	-8 981

Note 6
Net earnings per share

See details in note 6 in consolidated accounts.

Note 7
Intangible assets (in NOK 1 000)

2015	Goodwill	Development costs	Patents & trademarks	Total
Acquisition cost at 01.01.	53 000	57 419	36 092	**146 511**
Acquisition cost during the year	-	9 025	-	**9 025**
Disposals during the year	-	-	-	**-**
Acquisition cost 31.12.	53 000	66 444	36 092	**155 536**
Accumulated amortization at 01.01.	-	36 752	30 321	**67 074**
Amortization during the year	-	4 085	3 274	**7 359**
Accumulated amortization disposals during the year	-	-	-	**-**
Accumulated amortization 31.12.	-	40 837	33 595	**74 432**
Net book value at 31.12.	**53 000**	**25 606**	**2 497**	**81 103**

2014	Goodwill	Development costs	Patents & trademarks	Total
Acquisition cost at 01.01.	53 000	49 006	36 092	**138 098**
Acquisition cost during the year	-	8 413	-	**8 413**
Disposals during the year	-	-	-	**-**
Acquisition cost 31.12.	53 000	57 419	36 092	**146 511**
Accumulated amortization at 01.01.	-	33 393	27 048	**60 440**
Amortization during the year	-	3 359	3 274	**6 633**
Accumulated amortization disposals during the year	-	-	-	**-**
Accumulated amortization 31.12.	-	36 752	30 321	**67 074**
Net book value at 31.12.	**53 000**	**20 667**	**5 771**	**79 437**

2013	Goodwill	Development costs	Patents & trademarks	Total
Acquisition cost at 01.01.	53 000	44 412	36 092	**133 504**
Acquisition cost during the year	-	4 594	-	**4 594**
Disposals during the year	-	-	-	**-**
Acquisition cost 31.12.	53 000	49 006	36 092	**138 098**
Accumulated amortization at 01.01.	-	27 562	23 774	**51 336**
Amortization during the year	-	5 831	3 274	**9 105**
Accumulated amortization disposals during the year	-	-	-	**-**
Accumulated amortization 31.12.	-	33 393	27 048	**60 440**
Net book value at 31.12.	**53 000**	**15 613**	**9 044**	**77 657**

The company uses linear amortization of all intangible assets. The useful economic life for the intangible assets are estimated as: Development 3-5 years, patents 20 years, trademarks 5 years and product rights 5-10 years.

Goodwill:
The goodwill is related to the aquisitions of Helgeland Plast AS and Superior Systems AS.

Development Costs:
The company has capitalised all direct costs related to development of software and tangible products that are expected to create economic benefits and meet the requirements for capitalisation in IAS 38. See also note 8.

Product rights, patents & trademarks:
Patents and trademarks are related to Polarcirkel/Wavemaster (2006) and Idema Aqua (2008)

Note 8
Research and development

During the year the company expensed MNOK 13.6 (MNOK 7.3 in 2014 and MNOK 6.8 in 2013) on research and development on new products and technology as well as upgrades on existing products. The amount does not include capitalised development costs according to IAS 38 (see details in note 7).

Note 9
Tangible assets

Property, plant and equipment (in NOK 1 000)	**2015**	**2014**	**2013**
Acquisition cost at 01.01.	51 305	41 963	38 026
Additions related to merger	-	-	-
Additions during the year	7 463	9 342	4 775
Disposals during the year	-	-	-838
Acquisition cost 31.12.	58 768	51 305	41 963
Accumulated depreciation 01.01.	32 677	30 130	27 491
Accumulated depreciation related to merger	-	-	-
Depreciation during the year	2 529	2 547	2 639
Accumulated depreciation disposals during the year	-	-	-
Accumulated depreciation 31.12.	35 206	32 677	30 130
Net book value 31.12.	**23 562**	**18 628**	**11 833**

The company use linear depreciation for all tangible assets. The useful economic life is estimated as:	**Years:**
- Machinery and equipment	3-5
- Buildings	25

Note 10
Subsidiaries and other long-term investments

Subsidiaries accounted for according to the cost method in the parent company accounts

Company name	**Location**	**Share ownership and voting rights**	**Share capital** (NOK 1 000)	**Number of shares**	**Par value** (NOK)	**Book value** (NOK 1 000)
AKVA group North America Inc	Canada	100 %	476	419 760	1,1	5 253
AKVA group Scotland Ltd.	Scotland	100 %	20 615	14 186 377	1,5	27 417
AKVA group Software AS	Norway	100 %	2 174	500	4 348	45 073
AKVA group Chile S.A.	Chile	100 %	50 408	199 874	252	53 000
AKVA group Services AS	Norway	100 %	100	1 000	100	100
AKVAsmart Ltd. (Turkey)	Turkey	100 %	7 591	200	37 954	7 910
Helgeland Plast AS	Norway	100 %	1 100	1 100 000	1,0	66 543
Plastsveis AS	Norway	70 %	1 462	2 150	680	19 000
Wise lausnir ehf	Iceland	100 %	34	500 000	0,07	26 172
AKVA group Denmark A/S	Denmark	100 %	1 331	1 030 000	1,3	47 520
Aquatec Solution A/S	Denmark	100 %	645	1 000	645	101 780
AKVA group Australasia Pty Ltd.	Australia	100 %	322	50 000	6	301
YesMaritime AS	Norway	100 %	2 600	2 600 000	1	17 500
Polarcirkel AS	Norway	100 %	100	1 000	100	110
Total						**417 679**

Note 10 continues

Other long-term investments	**Currency**	**Share capital**	**Number of shares**	**Par value (NOK)**	**Book value**	**Ownership**
Centre for Aquaculture Competence AS	NOK	450	150	1 000	153	33 %
Blue Planet AS	NOK	1 350	2	50 000	100	7 %
Total					**253**	

Note 11
Stock (in NOK 1 000)

Stock	**2015**	**2014**	**2013**
Raw materials (at cost)	10 622	10 270	14 989
Work in progress (at cost)	-	8	-
Finished goods (at net realisable value)	36 543	32 928	25 082
Total	**47 166**	**43 206**	**40 071**
Write-down of obsolete stock 1.1	2 390	1 220	500
Write-down of obsolete stock during the year	720	1 170	720
Write-down of obsolete stock 31.12	**3 110**	**2 390**	**1 220**

Note 12
Receivables (in NOK 1 000)

Receivables due in more than one year	**2015**	**2014**	**2013**
Other long-term receivables	58	57	57
Total	**58**	**57**	**57**

Accounts receivables

The recorded accounts receivables are shown net of estimated bad debt loss. The estimated bad debt loss is:

Bad debt provisions	**2015**	**2014**	**2013**
Bad debt provision last year	5 200	5 250	7 615
Change in bad debt provision	-2 700	-50	-2 365
Bad debt provision 31.12.	2 500	5 200	5 250
Recorded bad debt cost during the year	-2 302	1 223	2
Change in bad debt provision	2 700	-50	-2 365
Total bad debt cost during the year	398	1 173	-2 363

Reference is made to note 18 for more details of credit and currency risks related to accounts receivables.

Note 13
Intercompany transactions and balances (in NOK 1 000)

Receivables	**2015**	**2014**	**2013**
Loans to group companies	88 007	83 186	62 689
Current receivables towards group companies	26 592	27 775	45 818
Other receivables towards group companies	82 599	69 897	27 344
Total	197 197	180 857	135 851

Note 13 continues

Payables	2015	2014	2013
Trade payables towards group companies	9 817	11 181	4 515
Other current liabilities towards group companies	34 170	29 023	-
Total	43 987	40 204	4 515

Overdraft facilities is included in other receivables and other current liabilities in the amounts presented above.

Intercompany transactions with subsidiaries	2015	2014	2013
Revenues	89 523	48 370	30 865
Cost of goods sold	67 497	31 432	21 050

Note 14
Bank deposits (in NOK 1 000)

	2015	2014	2013
Restricted bank deposits	3 442	3 810	2 700
Overdraft limit	90 000	90 000	90 000
Utilised end of year	39 058	-	56 475

Note 15
Shareholders (in NOK 1 000)

AKVA group ASA

The Company's share capital is MNOK 25.8 divided into 25.8 million shares, each with a par value of NOK 1.
The Company has only one category of shares and all shares entitle shareholders to equal rights in the Company.

See consolidated accounts note 14 about 20 largest shareholders and shares owned by members of the Board of Directors and group management.

Note 16

Note 16
Pensions (in NOK 1 000)

The pension schemes in AKVA group ASA is a defined contribution plan where agreed contributions are expensed as paid. The Company has no further commitments towards pensions when the agreed contributions are paid. All pensions costs are included in payroll expenses in the profit and loss statement.

Contribution plans	2015	2014	2013
Contributions expensed during the year	3 758	3 459	2 206

As of December 31st the Company has no pension liablity.

According to Norwegian legislation the entities need to have a pension scheme for the employees. The existing pension schemes meet the requirements in the legislation.

Note 17
Liabilities to financial institutions (in NOK 1 000)

Long-term liabilities due in more than 5 years	2015	2014	2013
Liabilities to financial institutions	3 960	2 560	77 000
Total	**3 960**	**2 560**	**77 000**

	2015	2014	2013
Liabilities secured with assets	229 888	137 353	131 948

Secured assets:	2015	2014	2013
Accounts receivables third parties	79 405	79 794	20 375
Accounts receivables group companies	26 592	27 775	45 818
Stock	47 166	43 206	40 071
Other assets	23 562	18 628	250 000
Total	**176 724**	**169 403**	**356 263**

AKVA group ASA's shares in Aquatec Solutions A/S, in total 500 at value DKK 1.000, are also pledged as security for the liabilities.

As of December 31st 2015 bank guarantees of MNOK 36.3 is issued on behalf of the Group.

Repayment of debt
AKVA group ASA has in 2015 increased the debt for financing the acquisition of Aquatec Solutions A/S with a new bank loan of MNOK 64.47 at Danske Bank.

The Company's long-term debt matures as follows:	2015	2014	2013
Less than 1 Year	13 878	13 278	10 105
2-3 Years	27 829	27 791	24 211
4-5 Years	145 163	93 725	20 105
More than 5 Years	3 960	2 560	77 000
Total	**190 830**	**137 353**	**131 421**
Average interest rate	3,11 %	3,35 %	3,71 %

*As of December 31st 2015 an amount of MNOK 13.878 of the long-term debt due within one year is, in accordance with IFRS, reclassified to short-term interest bearing debt in the balance sheet.

Note 18
Specification of items that are grouped in the financial statement (in NOK 1 000)

Financial income	2015	2014	2013
Interest income from group companies	4 236	4 004	4 359
Other interest income	1 428	1 380	69
Agio gain	-	5 822	4 584
Group contribution recognised as income	9 229	21 694	11 926
Dividend	13 546	-	-
Total financial income	**28 439**	**32 900**	**20 938**

Financial expenses	2015	2014	2013
Interest expenses	5 010	4 925	6 091
Agio loss	4 868	-	-
Other financial expenses	3 221	1 091	2 459
Total financial expenses	**13 099**	**6 016**	**8 551**

Note 18 continues

Other operating expenses	2015	2014	2013
Accomodation, materials, equipment and maintenance	18 766	14 983	15 175
Marketing, travelling and communication	14 683	9 699	12 589
Other operating expenses	6 630	8 931	6 203
Total other operating expenses	**40 079**	**33 613**	**33 967**

Other current liabilities	2015	2014	2013
Accrued costs	3 924	22 455	19 807
Guarantee provisions	9 000	7 787	4 650
Other current liabilities	15 159	4 086	24 101
Contingent considerations	13 788	-	-
Total other current liabilities	**41 871**	**34 328**	**48 558**

Note 19
Financial instruments and risk management

See consolidated accounts note 18 for more details about financial instruments and risk management.

Note 20
Long-term contracts (in NOK 1 000)

Revenue and profits on long-term contracts are recognized using the percentage of completion method. This method implies that profit is recognised according to the progress of the work, whereas any losses are fully recorded when incurred.
Included in figures are primarily contracts on barges and cages, and only contracts valued over MNOK 3.0 are included.

	2015	2014	2013
Total revenues from long-term contracts	382 386	457 823	119 393
Total value of ongoing contracts 31.12.	252 416	467 091	315 072
Total sales included from ongoing contracts 31.12.	129 080	310 227	52 441
Not invoiced work-in-progress included as accounts receivables	11 267	42 232	-
Prepayments from customers	42 297	33 466	9 768
Remaining production on loss contracts 31.12.	-	-	-

Note 21
Operational leases (in NOK 1 000)

The Company has entered into several operating leases for offices, machinery and other equipment. The cost is as follows:

Operating leasing cost	2015	2014	2013
Operational leasing costs	1 554	1 499	1 716
Rent costs on buildings	4 436	3 531	3 775
Total	5 990	5 030	5 491

The future minimum rents related to non-cancellable leases fall due as follows for the Company:

	Within 1 year	1 - 5 years	After 5 years
Machinery and equipment	216	386	-
Vehicles	1 247	1 650	-
Offices and buildings	3 455	3 331	-
Total	4 918	5 367	-

In 2012 the main office lease agreement (headquarter) was renewed for 5 years included an option to extend the lease for 2 more years.
In 2015 the rent for main office was MNOK 2.6.

Note 22
Options to employees (in NOK 1 000)

The Company had an option programme covering employees in selected senior positions. The option programme was established in connection with listing of the company at Oslo Stock Exchange in November 2006.

	2015	2014	2013
Total available options that can be issued	892 109	1 012 109	1 012 109
Available options not issued at year end	892 109	892 109	892 109
Options vested during the year	-	120 000	-
Oustanding options as per 31.12.	-	-	120 000

The fair value of the options has been estimated using the Black&Scholes option-pricing model.
The average fair value of options granted is based on the following assumptions:

Strike price
The strike price is equal to the the stock exchange price at grant date.

Volatility
The expected volatility is based on historic volatility for peer group companies (35%).

The term of the option
In the calculations the expected period to vesting has been based on actual years to expiry of the options.

Dividend
The calculation is based on no dividend being paid in the vesting period.

Risk-free interest rate
The risk-free interest rate assumed when calculating the fair value was equal to the interest rate on goverment bonds at the time of the calculation.

Note 23
Acquisitions

In September AKVA group ASA acquired 100 % of the shares in Aquatec Solutions A/S.

See consolidated accounts note 22 for more details.

Note 24
Related parties

The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions. AKVA group ASA has in 2015 transactions, in line with the company's ordinary course of business, to and from related parties of respectively MNOK 0.9 and MNOK 5.9.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. As of December 31st the company had MNOK 0.2 in trade receivables and MNOK 0.9 in trade payables towards related parties.

The majority of the transactions and outstanding balances to related parties are to Egersund Group and its subsidiaries.

Note 25
Dividend

A dividend of 1.00 NOK per share was paid out on November 20th 2015 totalling a distributed amount of 25,736,303 NOK.

See consolidated accounts note 24 for more details.

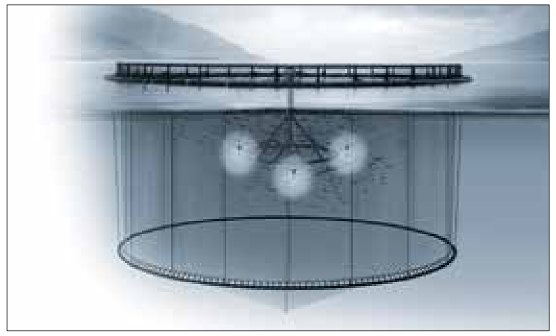
Note 26
Share buyback

AKVA group ASA has in the period from September 10th to November 30th 2015 purchased 123,000 own shares. The average price per share was NOK 33.86 totalling the purchase price to MNOK 4.2.

See consolidated accounts note 25 for more details.

Note 27
Subsequent events

See consolidated accounts note 26 for more details about subsequent events.



A new Subsea feeding system combined with underwater light.

Auditor´s Report

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Medlemmer av den norske revisorforening

To the Annual Shareholders' Meeting of
AKVA group ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of AKVA group ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2015, the statements of income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2015, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Managing Director's responsibility for the financial statements

The Board of Directors and Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor`s report continues...

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2

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of AKVA group ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Managing Director have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Stavanger, 11 April 2016
ERNST & YOUNG AS

Tommy Lothe
State Authorised Public Accountant (Norway)

A member firm of Ernst & Young Global Limited

Articles of Association of AKVA group ASA

(Last updated May 24th 2011 - Translation from Norwegian)

§ 1

The company's name is AKVA group ASA.
The company is a public limited company.

§ 2

The company's registered office is in Time, 4340 Bryne.

§ 3

The purpose of the company is to conduct development, manufacturing, project management, sale and marketing of proprietary and purchased goods, and everything connected to such activity, including participation in other companies with similar activities.

The activities of the company shall in particular be directed towards technology for farming of fish and animals.

§4

The company's share capital shall be NOK 25,834,303 divided into 25,834,303 shares at NOK 1 each. The company's shares shall be registered in the Norwegian Register of Securities (VPS). Any transfer of shares shall be notified to VPS within 1 – one – month.

§ 5

The Board of Directors shall consist of from 4 to 10 members as decided from time to time by the general meeting. The Chairperson and one Board member jointly sign on behalf of the company.

§ 6

The ordinary general meeting of the company shall consider the following:

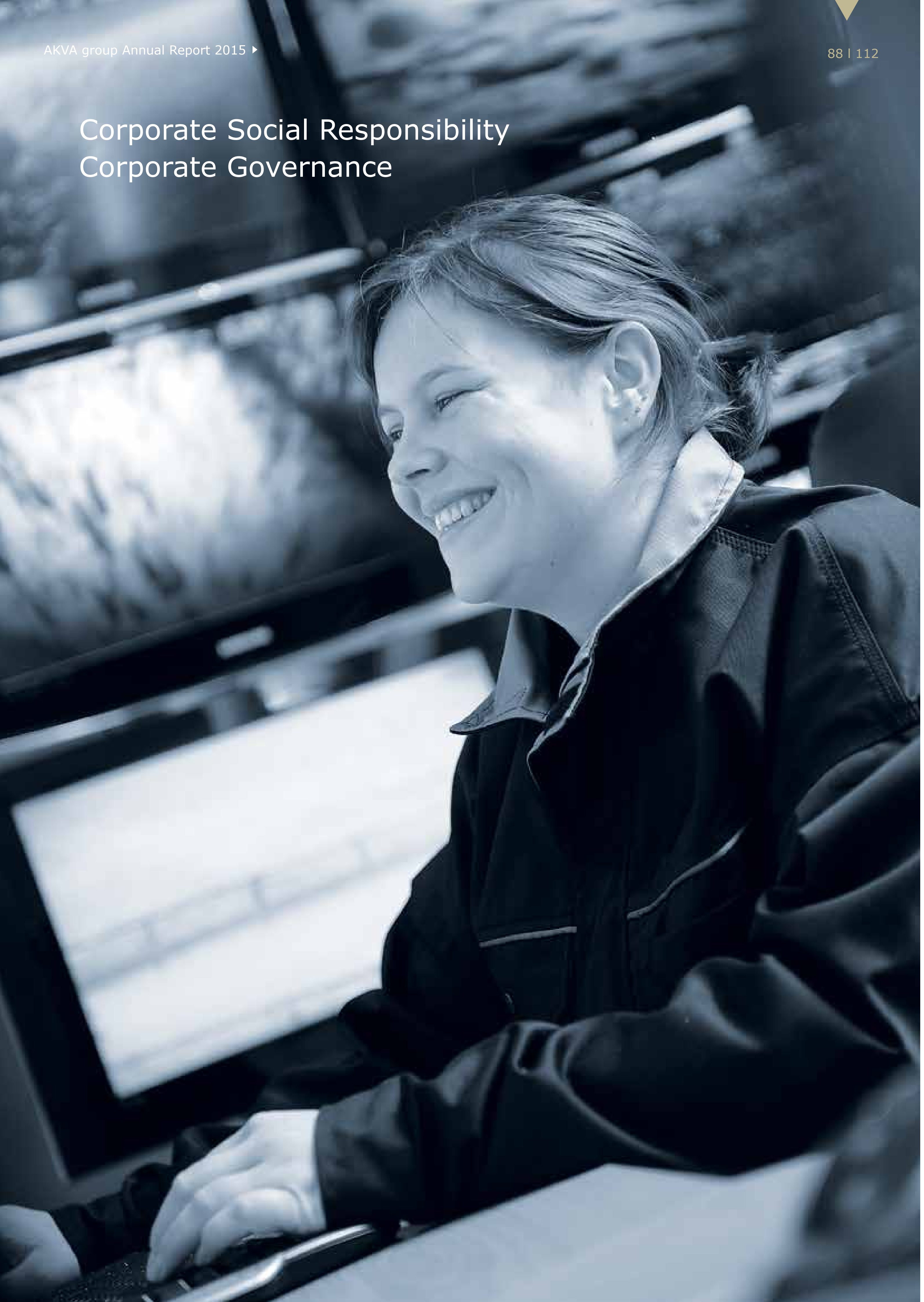
1. The approval of the annual profit and loss statement and balance sheet.
2. Application of the profit, or settlement of the deficit according to the approved balance sheet, as well as the distribution of dividends.
3. Election of the Board of Directors
4. Other issues that under Norwegian law are to be dealt with by the shareholders General Meeting.

§ 7

The company shall have a nomination committee consisting of at least 3 members elected by the general meeting. The nomination committee shall prepare the general meeting's election of board members and propose candidates for nominations. The general meeting may adopt instructions for the nomination committee.

§ 8

When documents concerning matters to be discussed at the general meeting are made available to the shareholders on the Company's website, the requirement in the Public Companies Act that such documents shall be sent to the shareholders shall not apply. This also applies to documents which, according to law, shall be included or enclosed to the notice of the general meeting. A shareholder may nonetheless request hard copies of such documents to be sent to him.



Corporate Social Responsibility
Corporate Governance

Corporate Social Responsibility

This report is made in accordance with the Norwegian Accounting Act, Section 3-3c, setting requirements for the companies to account for its handling of Corporate Social Responsibility. The report includes:

- references to the company's guidelines related to following up its corporate responsibility, including any principles, procedures and standards to be adhered to. If such guidelines have not been prepared, information to that effect is given
- how the company works to translate the principles, procedures, standards and guidelines mentioned above into action
- the company's assessment of the results achieved as a consequence of working with corporate responsibility and any expectations to results in the time to come

Basis for AKVA group ASA's Corporate Social Responsibility

The company's handling of its Corporate Social Responsibility is based on AKVA group's core values and principles, applicable laws and regulations as well as generally accepted principles and practices for good corporate governance.

AKVA group ASA approach Corporate Social Responsibility as a continuous process, seeking constant improvement in awareness, processes as well as adoption to new regulations and understandings.

AKVA group ASA's Vision and Values

AKVA group's vision is to be a **Technology and Service Partner** to the global aquaculture industry. AKVA group's mission is to be a **profitable supplier of knowledge based solutions and services in order to improve our customer's profitability and sustainability.**

AKVA group's core values are:

- **Customer Focus**
- **Aquaculture Knowledge**
- **Reliability**
- **Enthusiasm**

The vision and values of the Group forms the foundation of our commercial activity and strategies as well as our behavior as an entity and individuals.

Our Vision and Values are actively communicated internally and externally describing AKVA group ASA as an entity, as well as actively used as general guidelines for behavior, priorities and decisions in day to day management. Our Vision and Values are made available on our website, our intranet as well as in presentations and material distributed internally to our employees as well as externally to customers and stakeholders.

AKVA group ASA's Code of Conduct

AKVA group has an established Code of Conduct giving detailed instructions on regulations, policies and guidelines for responsible as well as acceptable behavior and conduct. The Code of Conduct applies to all employees, including temporary personnel, of the Group throughout the world as well as to the Directors of the Board in AKVA group ASA and its subsidiaries.

The purpose of the Code of Conduct is to ensure that all persons acting on behalf of AKVA group perform their activities in an ethical way and in accordance with the standards AKVA group sets in its regulations, policies and guidelines. It is AKVA group's policy to comply with all applicable laws and governmental rules and regulations. The code is an important tool to secure compliance with these laws, rules and regulations.

The Code of Conduct is published on the Group's intranet available for all employees in the Group. The code is also enclosed as a part of new employment contracts, making sure all new employees have the proper understanding necessary to comply. The code gives clear instructions to all managers in the Group to make sure the code is known and complied with by all employees.

Violation of this Code of Conduct is not tolerated and may in accordance with relevant legislation lead to internal disciplinary actions, dismissal or even criminal prosecution. Should an improper practice or irregularity occur within the Company, the Company is committed to make necessary corrections and take remedial action to prevent reoccurrence.

The Code of Conduct covers the following main areas:

- Policy on personal conduct and behavior based on mutual respect
- Restrictive policy on use of intoxicants
- Policy on equal opportunity
- Policy on anti-corruption and conflict of interest
- Policy on compliance with laws and regulations including laws and regulations on antitrust and competition as well as insider trading

The Code of Conduct is regularly revised in order to ensure adoptions to new regulations and understandings of good governance and conduct. The Code of Conduct was last revised in 2014.

Policy areas of special importance for AKVA group in our effort to follow up our corporate social responsibility are given a broader presentation below.

Equal Opportunities

AKVA group is committed to an inclusive work environment and appreciates and recognizes that all people are unique and valuable, and should be respected for their individual abilities. AKVA group does not accept any form of harassment or discrimination on the basis of gender, religion, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age or political opinion.

AKVA group shall provide equal employment opportunity and treat all employees fairly.

AKVA group employees and business units shall only use merit, qualifications and other professional criteria as basis for employee-related decisions, regarding for instance recruitment, training, compensation and promotion. AKVA group encourage commitment developing programs and actions to promote a diverse organization based on the principle of equal opportunity.

The policy for equal opportunity is stated in the Group's Code of Conduct. It is followed up as part of daily management in the different entities of the Group.

AKVA group currently has subsidiaries in eight countries employing a diversified work force in terms of gender, religion, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age and political opinion.

Policies and actions to prevent corruption

AKVA group has a zero tolerance policy on corruption.

Bribery

Employees in AKVA group shall not offer or accept any bribes. Bribery occurs when a person gives or offers a gift or favor for himself to achieve an unfair advantage. AKVA group also do not allow so-called "facilitation payments", ie payments made to secure or expedite a transaction.

Gifts, favors and entertainment

Employees in AKVA group should exercise caution in giving and receiving gifts, services and other benefits.

Gifts, services and benefits shall not go beyond what is considered normal and reasonable in the country the operation is located. The size and circumstances of gifts, services and benefits that are given or received shall be such that an employee should be able to tell openly about this.

The policy outlines that gifts, etc., shall under no circumstances be given or received, if we are talking about:

- a negotiation, an application, or offers or situation which is expected in return, or
- money, loans and private services, or
- frequent gifts or
- gifts to public officials or politicians, or
- gifts with specific conditions or
- gift whose value exceeds $ 100 (without the prior written consent of the parent)

Employees must in addition to these guidelines, follow local regulations, including tax laws.

Actions and status

The policy and guidelines to prevent corruption and fraud is stated in AKVA group ASA's Code of Conduct, made known to all employees on the Group's intranet as well as included as part of all employment agreements entered into by the Group.

Special management attention is given to safeguard the strict anti-corruption policy, enforcing strong awareness of employees on all levels. Systematic actions implemented includes:

- Sales and projects staff working towards and/or operating in markets with historical records of corruption are followed up with special information and training courses aimed at enhancing understanding and awareness.

- Integrity due diligence is conducted on new agents as well as distributors and cooperating partners in export markets
- Anti-corruption clauses are included in new agent and distributor agreements
- Anti-corruption clauses are today included in significant contracts in emerging markets

Anti-corruption clauses are implemented in all significant contracts with suppliers and customers from 2014 and onwards.

As of today no reported incident of corruption, involving AKVA group is reported to or known by the Management or the Directors of the Board in AKVA group.

Integrity and conflicts of interest

Conflicts of Interest

Employees in AKVA group shall not attempt to gain advantage for themselves or relatives that are unlawful, or in any way may be in violation of AKVA group's interests or reputation.

Duty, positions and ownership of external business

Employees in AKVA group shall not be involved in matters or enter into agreements that may conflict with or damage AKVA group's interests, or provide them with benefits. This includes conditions where it can be questioned that person's independence because that person, the person's family or other person has close connections to have financial interests in the relationship that comes with AKVA group.

Employees in AKVA group shall avoid relationships or agreements that may affect his or her actions or judgment and cast doubt on the independence. Employees in AKVA group shall avoid ownership interests or directorships in other companies if this is likely to undermine the loyalty to AKVA group.

Board positions and/or equity investment in companies that compete or are doing business with AKVA group shall always be approved by the employee's supervisor in advance.

Political activity

AKVA group does not provide any form of financial or other support directly to political parties. AKVA group may support or promote political views in matters affecting its business interests.

Prohibition on the purchase of sexual services

Purchase of sexual services on a business trip or in connection with the execution of an assignment or work for AKVA group is unacceptable and should not occur.

Purchase of sexual services is prohibited by law in Norway. This prohibition also applies abroad for Norwegian citizens and persons with permanent residence in Norway.

Actions and status

The policy and guidelines on integrity and conflict of interest are stated in AKVA group ASA's Code of Conduct and made known to all employees on the Group's intranet as well as included as part of all employment agreements entered into by the Group.

Violation is not tolerated and may in accordance with relevant legislation lead to internal disciplinary actions, dismissal or even criminal prosecution. Should an improper practice or irregularity occur within the Company, the Company is committed to make necessary corrections and take remedial action to prevent reoccurrence.

No violations of the policy and guidelines for Integrity and Conflict of Interest have been reported to the Management or Board of Directors during 2015.

Compliance with laws and regulations

Compliance with national laws and regulations are the basis for AKVA group's operations in all countries.

Company employees and directors in AKVA group shall:

- comply with all applicable laws and regulations when acting on behalf of the company, including the obligation to report and pay taxes;
- under no circumstances cause or contribute to violations of the general and specific competition regulations, such as price-fixing, illegal market sharing or other conduct in violation of applicable competition laws;
- comply with applicable legislation and internal instructions on insider trading and insider information, including failure to provide or advise on the sale of securities in AKVA group or other listed companies on the basis of non-public information made available through the work of AKVA group, which may influence the price of securities if it becomes widely known.

The policy and guidelines on compliance with laws and regulations are stated in AKVA group ASA's Code of Conduct and made known to all employees on the Group's intranet as well as included as part of all employment agreements entered into by the Group.

AKVA group has developed and issued guidelines for insiders in accordance with the recommendations set by Oslo Stock Exchange.

No incidents of non-compliance with the policies of Compliance have been reported to the Management or the Board of Directors in 2015.

Sosial responsibility

External standards AKVA group follows

AKVA group follow the principles of the UN Global Compact that include:

Human Rights
Businesses should support and respect the protection of internationally recognized human rights, and ensure that they are not complicit in human rights abuses.

Labour standards
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, put an end to all forms of forced labor, bringing child labor to an end and put an end to discrimination in respect of employment and occupation.

Environment
Businesses should support a precautionary principle in relation to environmental challenges, undertake initiatives to promote greater accountability in relation to the environment and encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption
Businesses should work against all forms of corruption, including extortion and bribery.

Requirements for AKVA group's suppliers regarding Social Responsibility including the principles of the UN Global Compact

AKVA group's suppliers should have implemented standards of Social Responsibility and should follow the principles of the UN Global Compact.

Suppliers that violate basic standards of ethics and corporate responsibility may be dismissed as suppliers of AKVA group and may be considered disqualified from delivering quotes.

Good working conditions

All employees in AKVA group shall have high levels of safety in their work and we expect our suppliers to maintain responsible labor practices.

Employees in AKVA group are free to join trade unions of their choice. Management in all companies in the Group shall facilitate a good working relationship with staff and trade unions.

Openness and dialogue with stakeholders

AKVA group want an open and constructive dialogue with people, organizations and other stakeholders affected by our operations. The goal is that openness, dialogue and public reporting will help to improve our business.

Reference to AKVA group's adoption of UN Global Compact was implemented as standard in contracts with suppliers and customers from 2014 and onwards.

No incidents or violations of policies within the area of Social Responsibility have been reported to the Management or Board of Directors in 2015.

Sustainable environment

AKVA group develop, design, produce and deliver technology and service to a global aquaculture industry supplying healthy seafood to a global population. A principal part of AKVA group's mission as a technology and service partner is to enhance the sustainability of our customers operations.

AKVA group designs and produces technology in accordance with high national and international standards implemented to safeguard sustainable production and HSE. In Norway all technology designed and delivered are in accordance with NS9415, representing the highest international technology standard in the industry. Technology based on this standard is as a main rule provided to export markets.

Annually AKVA group allocates substantial financial resources developing more sustainable technologies for the global aquaculture industry, targeting improved fish welfare as well as solutions to environmental issues, such as the challenge of escapes as well as sealice in the salmon industry.

AKVA group currently works towards ISO14001 certification of its operations.

No incidents or violations of AKVA group's policies on Sustainable Environment have been reported to the Management or the Directors of the Board in 2015.

Corporate Governance in AKVA group ASA

AKVA group ASA's objective is to create the greatest possible value for its shareholders over time. Strong corporate governance will contribute to reducing risk and ensure sustainable value creation.

Pursuant to section 3-3(b) of the Norwegian Accounting Act and the Code (as defined below), the Board reviews and updates the Company's principles for corporate governance on an annual basis. This report is included in the Company's annual report.

1. Implementation and reporting on corporate governance

The Board of Directors must ensure that the Company implements sound corporate governance.

The Board of Directors must provide a report on the Company's corporate governance in the directors' report or in a document that is referred to in the directors' report. The report on the Company's corporate governance must cover every section of the Code of Practice. If the Company does not fully comply with this Code of Practice, the company must provide an explanation of the reason for the deviation and what alternative solution it has selected.

The Board of Directors should define the Company's basic corporate values and formulate ethical guidelines and guidelines for corporate social responsibility in accordance with these values.

AKVA group ASA (**"AKVA group"** or the **"Company",** and together with its subsidiaries the **"Group"**) has defined guidelines for corporate governance, and the Board has decided to follow the Norwegian Code of Practice for Corporate Governance (the **"Code"**) as approved by the Norwegian Corporate Governance Board (**"NCGB"**). The Code was last revised 30 October 2014.

AKVA group has furthermore defined its own corporate Code of Conduct and defined values upon which the Company should base its activity. These principles also apply to AKVA group's subsidiaries to the extent they are relevant. The Company has guidelines for corporate social responsibility that are reviewed on a yearly basis and are included in the Annual Report.

The individual recommendations in the Code are discussed below. The Code and its recommendations are available on the NCGB website at www.nues.no. To a large extent AKVA group's principles correspond to the Code. Possible deviations from the Code are discussed under the relevant sections below, and any deviation is accounted for and any alternative practice adopted by the company explained.

▸ *Deviation from the Recommendation: None other than as stated above.*

2. Business

The Company's business should be clearly defined in its articles of association. The Company should have clear objectives and strategies for its business within the scope of the definition of its business in its articles of association. The annual report should include the business activities clause from the articles of association and describe the Company's objectives and principal strategies.

Paragraph 3 in the Company's articles of association (the **"Articles of Association"**) states: "The purpose of the Company is to develop, produce, project, sell and market own and purchased products, and everything connected to such activity, including participation in other companies with similar activities. The activities of the Company shall in particular be directed towards technology for farming of fish and animals." The full Articles of Association are included in the Annual Report. The Company's strategic goals and objectives are described thoroughly in the report.

▸ *Deviation from the Recommendation: None*

AKVA group Annual Report 2015 ▸ Corporate Governance in AKVA group ASA 97 I 112

3. Equity and dividends

The Company should have an equity capital at a level appropriate to its objectives, strategy and risk profile. The Board of Directors should establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy should be disclosed. The background to any proposal for the Board of Directors to be given a mandate to approve the distribution of dividends should be explained. Mandates granted to the Board of Directors to increase the Company's share capital should be restricted to defined purposes. If the Annual General Meeting is to consider mandates to the Board of Directors for the issue of shares for different purposes, each mandate should be considered separately by the meeting. Mandates granted to the Board should be limited in time to no later than the date of the next Annual General Meeting. This should also apply to mandates granted to the Board for the Company to purchase its own shares.

At year end 2015 the Company had a consolidated equity of MNOK 428 which accounts for 39.6 % of the total consolidated assets of the Company. It is the view of the Board of Directors that the above stated equity capital level is appropriate in consideration of the Company's objectives, strategy and risk profile.

Dividend policy:

The Company's main objective is to maximise the value of the investment made by its shareholders through both increased share prices and dividend payments. The dividend level shall reflect the present and expected future cash generating potential of AKVA group. AKVA group will target a net interest-bearing debt/equity ratio of less than 0.5x. When the target debt vs. equity level is met, at least 60% of the annual free cash flow after operational and financial commitments is intended to be distributed as dividend. Applicable statutory restrictions shall be observed.

AKVA group aims to pay out dividend twice every year, after the second and fourth quarter.

The dividend policy has been established by the Board of Directors and is disclosed on the Company's website.

AKVA group in November 2015 paid out a dividend of NOK 1.00 per share, in total NOK 25,736,303.

In order to enable the Company to maintain the dividend policy, the Board of Directors will propose that the Annual General Meeting to be held in May 2016 authorizes the Board of Directors pursuant to the Norwegian Public Limited Liability Companies Act (the **"Public Companies Act"** or the **"Act"**) § 8-2(2) to approve the distribution of dividends based on the Company's annual accounts for 2015. The authority may be used to approve the distribution of dividends up to an aggregate amount of NOK 75,000,000. The authorization shall be in force from the date of the general meeting until the earlier of the time of the annual general meeting in 2017 and 30 June 2017.

The general meeting in 2015 resolved to grant the Board authorization to increase the Company's share capital by up to NOK 2,583,430 through subscription of new shares. The authorization does not authorize the Board to waive the pre-emptive right of shareholders pursuant to section 10-4 of the Public Companies Act, nor carry out a capital increase through payments in non-monetary assets, nor incur special obligations on behalf of the company as set out in section 10-2 of the Act, nor decisions on mergers pursuant to section 13-5 of the Act, and may not be used in connection with the Company's option program.

The authorization is in force from the date of the general meeting until the earlier of the date of the annual general meeting in 2016 and 30 June 2016. This authorization replaced all previous authorizations to the Board to increase the Company's share capital.

The Board of Directors has proposed that the annual general meeting to be held in May 2016 repeats the authorization granted to the Board of Directors in 2015 with a limitation corresponding to 10% of authorized share capital, but so that the Board is authorized to waive the pre-emptive right of shareholders pursuant to section 10-4 of the Public Companies Act, carry out a capital increase through payments in non-monetary assets, incur special obligations on behalf of the Company as set out in section 10-2 of the Act, and decide on mergers pursuant to section 13-5 of the Act, and so that the authorization may be used in connection with the Company's option program. The new authorization shall expire at the earlier of the annual general meeting in 2017 and 30 June 2017. It is further proposed that the new authorization shall replace all previous authorizations to the Board of Directors to increase the Company's share capital.

The general meeting in 2015 also resolved to grant the board authorization to acquire own shares which have been fully paid in accordance with the rules of §§ 9-2 – 9-4 of the Act. The shares to be acquired under this authorization shall not be acquired at a higher value than market terms on a regulated market where the shares are traded. This authorization may be used one or several times. The aggregate maximum face value of the shares which the Company may acquire pursuant to this authorization is NOK 645,857, which equals approximately 2.5 % of the Company's share capital.

Acquisitions of shares pursuant to this authorization may only take place if the Company's distributable reserves according to the most recent balance sheet exceed the purchase price for the shares to be acquired. The Board is free to determine how the Company's own shares will be acquired and sold, provided that an acquisition under this authorization must be in accordance with prudent and good business practice, with due consideration to losses which may have occurred after the balance-sheet date or to expected such losses.

The authorization is valid until the annual general meeting of 2016, however, no longer than until 30 June 2016. This authorization replaced the authorization for acquisition of own shares granted by the annual general meeting on 7 May 2015.

The Board of Directors has proposed that the annual general meeting to be held in May 2016 repeats the authorization granted to the Board of Directors in 2015, and that the new mandate shall expire at the earlier of the annual general meeting in 2017 and 30 June 2017. It is further proposed that the new authorization shall replace all previous authorizations to the Board of Directors to purchase own shares.

▸ *Deviation from the Recommendation:*

The authorization to increase the share capital is not restricted to defined purposes as recommended by the Code, and consequently the general meeting does not vote separately on the authorization concerning each purpose. The Board of Directors is of the view that it is in the common interest of the Company and its shareholders that the Company is able to raise equity on short notice in connection with transactions etc. without first having to convene an extraordinary general meeting for approving the share capital increase.

The authorization to acquire own shares is not restricted to defined purposes as recommended by the Code, and consequently the general meeting does not vote separately on the authorization concerning each purpose. The Board of Directors is of the view that it is in the common interest of the Company and its shareholders that the Company is able acquire own shares on short notice without first having to convene an extraordinary general meeting for approving such buy-back.

4. Equal treatment of shareholders and transactions with close associates

The Company should only have one class of shares.

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the Board of Directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the Board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the Company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the Company's shares, the Company should consider other ways to ensure equal treatment of all shareholders.

In the event of any not immaterial transactions between the Company and shareholders, a shareholder´s parent company, members of the Board of Directors, executive personnel or close associates of any such parties, the Board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

The Company should operate guidelines to ensure that members of the Board of Directors and executive personnel notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

Class of shares, pre-emptive rights and transactions in own shares

AKVA group has only one class of shares. The Articles of Association place no restrictions on voting rights. All shares are treated equal.

If the proposals for authorization to the Board of Directors to approve increases in share capital referred to above are approved, the Board may decide to waive the shareholder's pre-emptive rights in connection with a share capital increase approved under the authorization. In the event is considering, any decision by the Board of Directors to waive the pre-emptive rights of shareholders will only be made after careful consideration and if such waiver can be properly justified in the relevant circumstances.

In the event the Board of Directors would propose to the general meeting that the pre-emptive rights of shareholders should be waived, this proposal would be justified in the notice of the general meeting.

Any transactions carried out by the Company in its own shares will be carried out either on the Oslo Stock Exchange or at prevailing stock market prices. In situations with limited liquidity in the Company's shares, the Board of Directors will consider alternatives in order to ensure the equal treatment of shareholders.

Transactions between related parties

The Company is not aware of any potential conflicts of interest between the duties owed to the Company by the members of the Board of Directors or the Company's management, and their private interests or other duties. The Company is party to facility lease agreements with companies that are controlled by shareholders of AKVA group; however, these are all based on arm's length market terms.

In order to avoid conflicts of interest, the Company has introduced guidelines pursuant to which members of the Board of Directors and the Company's management must act.

Guidelines for directors and key management personnel

The Board has implemented guidelines to ensure that members of the Board and executive personnel shall notify the Board in the event they have any material direct or indirect interest in any transaction entered into by the Company.

▸ *Deviation from the Recommendation: None other than as stated above*

5. Freely negotiable shares

The Company's shares must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability should be included in a Company's articles of association.

The shares are freely negotiable. The Articles of Association place no restrictions on negotiability.

▸ *Deviation from the Recommendation: None*

6. General meetings

The Board of Directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the Company, and that general meetings are an effective forum for the views of shareholders and the Board.

Such steps should include:
- making the notice calling the meeting and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the Company's website no later than 21 days prior to the date of the general meeting
- ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting
- setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible
- the Board of Directors and the person chairing the meeting making appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the Company's corporate bodies
- ensuring that the members of the Board of Directors and the nomination committee and the auditor are present at the general meeting
- making arrangements to ensure an independent chairman for the general meeting

Shareholders who cannot attend the meeting in person should be given the opportunity to vote.

The Company should:
- provide information on the procedure for representation at the meeting through a proxy,
- nominate a person who will be available to vote on behalf of shareholders as their proxy
- to the extent possible prepare a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

The annual general meeting for 2015 was held on the 7th of May, and was in all material respect carried through in accordance with item 6 in the recommendation with the following exceptions:

- The Company does not appoint an independent proxy to vote on behalf of shareholders. In the Company's opinion the shareholder interests are duly protected through participation with a personal proxy or by granting a proxy with voting instructions to the chairman of the meeting, the chairman of the board or any person appointed by him.

The annual general meeting in 2015 was chaired by an independent chairman. It is the intention of the Board of Directors to nominate an independent chairman also for future annual general meetings.

AKVA group did not conduct any Extraordinary General Meetings in 2015.

▸ *Deviation from the Recommendation: None other than as stated above*

7. Nomination committee

The Company should have a nomination committee, and the general meeting should elect the chairperson and members of the nomination committee and should determine the committee's remuneration.

The nomination committee should have contact with shareholders, the Board of Directors and the Company's executive personnel as part of its work on proposing candidates for election to the Board.

The nomination committee should be laid down in the Company's articles of association. The general meeting should stipulate guidelines for the duties of the nomination committee.

The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the Board of Directors and the executive personnel. At least one member of the nomination committee should not be a member of the corporate assembly, committee of representatives or the Board.

No more than one member of the nomination committee should be a member of the Board of Directors, and any such member should not offer himself for re-election to the Board. The nomination committee should not include the Company's chief executive or any other executive personnel.

The nomination committee's duties are to propose candidates for election to the corporate assembly and the Board of Directors and to propose the fees to be paid to members of these bodies.

The nomination committee should justify its recommendations.

The Company should provide information on the membership of the committee and provide suitable arrangements for shareholders to submit proposals to the committee for candidates for election.

The Articles of Association provide for a Nomination Committee. The Nomination Committee shall evaluate and recommend candidates for Directors elected by the shareholders as well as Directors' remuneration, both for the Board of Directors and for the Nomination Committee itself. The Nomination Committee shall consider and recommend to the shareholders for resolution at the general meeting on the following matters:

- Candidates for election as members of the Board of Directors
- Candidates for election as members of the Nomination Committee and the Chairman of the Committee
- The proposed remuneration of the Board of Directors and the members of the Nomination Committee
- Any proposed amendments to the Nomination Committee Charter
- Approve the text in the Annual report (Corporate Governance section) of the company, related to the Nomination Committee

The Nomination Committee shall consist of three members elected by the shareholders at the general meeting. The Nomination Committee's chairperson shall be a member of the Nomination Committee and shall be elected by the shareholders at the general meeting.

The nomination committee's work is based on the Nomination Committee Charter approved by the Annual General Meeting in May 2007, which includes appropriate arrangements for shareholders to submit proposals to the committee for candidates for election.

Composition

The current nomination committee was elected by the ordinary Annual General Meeting on 7 May 2015 and consists of:

- Eivind Helland, (chair, for 2 years) General Manager, Blue Planet AS
- Bjørnar Mikalsen (for 2 years), Head of Sales, Skretting Nord
- Therese Log Bergjord (for 2 years), Managing Director, Compass Group Norway

None of the nomination committee members are members of the Board of Directors.

The Nomination Committee is of the opinion that the composition reflects the common interest of all the Company's shareholders.

The work of the Committee

The Nominating Committee has held 4 meetings since the 2015 general meeting.

▸ *Deviation from the Recommendation: None*

8. Corporate assembly and Board of Directors: composition and independence

The composition of the corporate assembly should be determined with a view to ensuring that it represents a broad cross-section of the Company's shareholders.

The composition of the Board of Directors should ensure that the Board can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board should be independent of the Company's executive personnel and material business contacts. At least two of the members of the Board elected by shareholders should be independent of the Company's main shareholder(s).

The Board of Directors should not include executive personnel. If the Board does include executive personnel, the Company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of Board committees to help ensure more independent preparation of matters for discussion by the Board, cf. Section 9.

The chairman of the Board of Directors should be elected by the general meeting so long as the Public Companies Act does not require that the chairman must be appointed either by the corporate assembly or by the Board of Directors as a consequence of an agreement that the Company shall not have a corporate assembly.

The term of office for members of the Board of Directors should not be longer than two years at a time.

The annual report should provide information to illustrate the expertise of the members of the Board of Directors, and information on their record of attendance at Board meetings. In addition, the annual report should identify which members are considered to be independent.

Members of the Board of Directors should be encouraged to own shares in the Company.

Composition of the Board of Directors

The Board of Directors consists of 10 members, and currently has the following composition: Hans Kristian Mong (Chairperson), Anne Breiby (Deputy Chairperson), Frode Teigen, Evy Vikene, Nils Viga, Anthony James, Tore Obrestad, Carina Jensen and Henrik A. Schultz. The 3 latter directors have been elected by and from the employees.

All Board members are elected for a period not exceeding 1 year. All of the shareholder-elected members of the Board are independent from executive management and material business contacts. Three of the shareholder-elected members of the Board are independent from the main shareholders of the Company. The Board of Directors elects the Chair and the Deputy Chair. All the members of the Board are generally encouraged to own shares in the Company.

Hans Kristian Mong and Frode Teigen represent the largest shareholder of the Company, Egersund Group AS. Anthony James represents Wheatsheaf Investments Ltd, the second largest shareholder of the Company. The other members of the Board of Directors are independent of shareholders and other stakeholders. Further details of the individual directors can be found in the Annual Report.

The nomination committee's recommendation of candidates, including the basis of the recommendation, will be appended to the notice for the annual general meeting, which will be published on the Company's website and on the Oslo Stock Exchange's reporting site, **www.newsweb.no.**

▸ *Deviation from the Recommendation: None*

9. The work of the Board of Directors

The Board of Directors should produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

The Board of Directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the Board is, or has been, personally involved, the Board's consideration of such matters should be chaired by some other member of the Board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire Board of Directors should not act as the Company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent.

The Board of Directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the Board who are independent of the Company's executive personnel.

The Board of Directors should provide details in the annual report of any Board committees appointed.

The Board of Directors should evaluate its performance and expertise annually.

Board responsibilities

The Board of Directors has the final responsibility for the management and organisation of the Company and supervising routine management and business activities. This involves that the Board is responsible for establishing control arrangements to secure that the Company operates in accordance with the adopted values and Code of Conduct as well as with shareholders' expectations of good corporate governance. The Board of Directors primarily looks after the interests of all the shareholders, but is also responsible for the Company's other stakeholders.

The Board's main task is to ensure that the Company develops and creates value. Furthermore the Board of Directors shall contribute to the shaping of and implementation of the Group's strategy, ensure appropriate supervision and control of management and in other ways ensure that the Group is well operated and organised. The Board sets the objectives for the financial performance and adopts the Company's plans and budgets. Items of major strategic or financial importance for the Group are the responsibility of the Board. The Board hires the CEO, defines his or her work description and authority and sets his or her salary and other compensation. The Board each year produces an annual plan for its work as recommended.

Instructions to the Board of Directors

The latest version of the Board's instructions was approved by the Board in a board meeting on 10 April 2014. The instructions cover the following points: Composition of the Board, the Board's duties, day-to-day management, calling of Board meetings and related issues, the Board's decisions, Board minutes, disqualification and conflict of interest, confidentiality obligation, convening general meetings, insider rules and ethical guidelines for conduct of business. The Board of Directors can decide to deviate from instructions in certain cases.

Financial Reporting

The Board of Directors receives regular financial reports on the Group's economic and financial status.

Audit Committee

In accordance with section 6-41 of the Public Companies Act AKVA group has established an Audit Committee, consisting of Anne Breiby (chair) and Hans Kristian Mong. The Group CFO acts as the secretary of the committee. The mandate and work of the audit committee is described in further detail under item 10 below.

The audit committee has been operating since 2011. 6 meetings were held in the committee during 2015.

The Compensation Committee

The Company has established a Compensation Committee, and the current Charter for the compensation committee was approved by the Board in a Board meeting on 21 September, 2006.

The committee's tasks revolve around the CEO's terms of employment and the remuneration of the executive management including salary levels, bonus systems, options schemes, pension schemes, employment contracts etc. The committee submits recommendations to the Board of Directors for final approval.

The current members are Nils Viga (Chair) and Frode Teigen. The Chairperson of the Board generally also participates in the meetings. The committee has had 3 meetings since the 2015 general meeting.

The Board's self-evaluation

The Board completes a self-evaluation annually in terms of efficiency, competence and the Board's duties in general. The evaluation is made available for the Nomination Committee.

▸ *Deviation from the Recommendation: None*

10. Risk management and internal control

The Board of Directors must ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal control and the systems should also encompass the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility.

The Board of Directors should carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board of Directors and internal control

The Board of Directors ensures that the Company has appropriate internal control procedures and appropriate risk management systems tailored to its business.

Managing operational risk primarily takes place within the operational subsidiaries, but with the Company's management as an active driving force through its positions in the boards of the subsidiaries. Generally, the subsidiaries have established adequate practices for such risk management.

The Group is exposed to currency, interest rate, and market risk, as well as credit risk and operational risk.

The Group has implemented a quality control system which further reduces operational risk. AKVA group ASA became ISO 9001:2008 certified as of December 2014.

The Groups' financial guidelines ensure the monitoring of financial risk. Management of exposure in financial markets, including currency, interest rate and counterparty risk, is emphasised in the Company's governing documents. Further details on these principles are provided in note 18 to the Group's financial statements and note 19 to the parent Company's financial statements.

The Group has developed an authority matrix which is included in its governing documents.

Management regularly prepares performance reports that are reviewed by the Board. The quarterly financial statements are subject to review in Board meetings.

The Board's work plan

The Board of Directors has established an annual work plan that includes an annual review of compliance of external and internal laws and regulations, risk and the HSE-situation, financial risks and identification of risk related to the strategic goals and risk handling.

By carrying out the established work plan, the Board controls that the Company has sound internal control and systems for risk management for the Company's activities, including systems suitable for controlling the compliance with the Company's corporate values and ethical guidelines. The guidelines for corporate social responsibility are also included in the work plan.

Audit Committee

The mandate of the committee is to monitor and evaluate the Group's financial reporting, including to evaluate substantial accounting issues, accounting principles and procedures applied by the Group in its financial reporting to Oslo Stock Exchange. The committee is to evaluate the work of the Group's external auditor, including the auditor's independence from management and compliance with rules and regulations in regards to services beyond financial audit. The committee also discusses the scope of the audit with the external auditor as well as evaluates reports from the auditor to the Board of Directors and management of the Group. The Audit Committee nominates external auditor for the Group as well as propose compensation for the external auditor to the Board of Directors.

The Audit Committee is also monitoring the Groups internal control systems, including managements operational and financial risk management.

The Audit Committee is free to address any other issue it finds necessary to fulfill its mandate.

▸ *Deviation from the Recommendation: None*

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

The remuneration of the Board of Directors should not be linked to the Company's performance. The Company should not grant share options to members of its Board.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

It is the Board's opinion that the size of the remuneration of the Board of Directors is in compliance with the criteria in the recommendation concerning inter alia the Board's responsibility and expertise.

Furthermore, the following applies to the remuneration:

- The remuneration is not linked to the Company's performance, and the Board members are not granted share options
- None of the Board members and/or companies with which they are associated, have taken on specific assignments for the Company in addition to their appointment as a member of the Board.
- The remuneration of the Board is proposed to the general meeting by the nomination committee

▸ *Deviation from the Recommendation: None*

12. Remuneration of the executive management

The Board of Directors is required by law to prepare guidelines for the remuneration of the executive personnel. These guidelines are communicated to the Annual General Meeting. The Board of director's statement on the remuneration of executive personnel should be a separate appendix to the agenda for the general meeting. It should also be clear which aspects of the guidelines are advisory and which, if any, are binding. The general meeting should vote separately on each of these aspects of the guidelines.

The guidelines for the remuneration of the executive personnel should set out the main principles applied in determining the salary and other remuneration of the executive personnel. The guidelines should help to ensure convergence of the financial interests of the executive personnel and the shareholders.

Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, should be an incentive to good performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration should be subject to an absolute limit.

Guidelines and terms

The Board of Directors and the Compensation Committee have the responsibility to establish guidelines and recommendations with regards to the remuneration of the CEO and the executive management. Each year the Committee undertakes a thorough review of the remuneration and other salary to the CEO and the executive management.

The review is based upon market sampling of similar positions. The structure and level of the remuneration and incentive system for the CEO and the executive management is determined by the Board of Directors. The fixed remuneration and performance-based remuneration - including option scheme to the executive management and the Board of Directors - is described in the notes to the annual accounts.

In February 2014 the Board approved a new incentive scheme for the Group. The new scheme, effective from 2014 onwards, holds three elements: (1) Strategic Value Incentive Scheme; providing incentives to the CEO and CFO relative to the actual development in the Company's market capitalisation in the 3 year period ending on 31 December 2016 limited to an amount equal to the CEO and CFO's respective fixed salary in the same period, (2) Operational Incentive Scheme; providing incentives to managers of business areas and key subsidiaries relative to actual annual financial and operational performance, limited to 30% of annual salary for the Group Management and 20% of annual salary for defined country managers as well as mangers of main business entities (3) Loyalty Incentive Scheme; allowing selected key employees, crucial to the Group's long term development, participation in sharing 4% of the Group's annual EBT over a ten year program. Item 3 (Loyalty Incentive Scheme) has not been in use in 2014 and 2015.

The general bonus plan does not exclude special bonus payments for particularly demanding projects.

According to the established bonus regime and agreed terms, total bonuses of NOK 1,189, 000 were paid out in 2015 to the Group's executive management based on the 2014 performance.

AKVA group introduced a share option plan in 2006, which allows the Board of Directors to grant options for the subscription of shares for an aggregate nominal value of NOK 1,012,108. The share option plan was approved by the general meeting on 6 October 2006. The options could be awarded both to leading employees and other selected employees. There are currently no outstanding options in accordance with this share option plan. AKVA group also launched a general share incentive program in December 2015, where all employees, including management employees, were given the opportunity to acquire existing shares in AKVA group at a discounted price for a period from 1 December 2015 until 14 December 2015.

No members of management or other employees are currently entitled to receive share options.

In accordance with the Public Companies Act and the Code, the guidelines for the remuneration of the CEO and the executive management are communicated as a separate appendix to the Annual General Meeting.

▸ *Deviation from the Recommendation: None other than as stated above.*

13. Information and communications

The Board of Directors should establish guidelines for the Company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The Company should publish an overview each year of the dates for major events such as its Annual General Meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc.

All information distributed to the Company's shareholders should be published on the Company's website at the same time as it is sent to shareholders.

The Board of Directors should establish guidelines for the Company's contact with shareholders other than through general meetings.

Annual and periodic accounts

The Company normally presents provisional annual accounts in late February. The complete annual report including annual financial statements and the Directors' report is sent to all shareholders and other stakeholders in April/May and presented at the annual general meeting. The Company also makes its quarterly accounts publicly available through the Oslo Stock Exchange publication system, as well as through presentations that are open to the public. The Company's financial calendar is published on the Company's website and through the Oslo Stock Exchange publication system. All shareholders have equal access to financial and other material company information.

Other market information

Public presentations are conducted in connection with the Company's quarterly reports. The quarterly presentation is also made available on the Group's website and through the Oslo Stock Exchange publication system.

In the quarterly report the CEO reviews the result for the past period and comments on the development for the various products and market segments. Furthermore the CEO provides a summary of the market outlook and short term future prospects. The CFO also participates in these presentations. The CEO and CFO also maintain a dialog with and make regular presentations to analysts and potential investors.

The Company considers it essential to keep shareholders and potential investors informed about its economic and financial development. Significant importance is also attached to securing that the same information is released to the whole market at the same time. From time to time the Company will prepare an updated Company Presentation which is made available on the Company's home page http://ir.akvagroup.com/investor-relations/financial-info-/other-presentations-and-reports.

▸ *Deviation from the Recommendation: None*

14. Take-overs

The Board of Directors should establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the company´s Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the Company's business activities are not disrupted unnecessarily. The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board of Directors should not hinder or obstruct take-over bids for the Company's activities or shares.

Any agreement with the bidder that acts to limit the Company's ability to arrange other bids for the Company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the Company's shares, the Company's Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following the announcement of the bid.

If an offer is made for a Company's shares, the Company's Board of Directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The Board should arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the board´s statement.

Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly.

The Board of Directors has established guide-lines in the event of an offer for all or a substantial majority of the shares in AKVA group is made.

In the event of a take-over bid for the shares in the Company, the Board shall ensure that shareholders in the Company are treated equally, and that the Company's business activities are not disrupted unnecessarily.

The Board shall ensure that shareholders are given sufficient information and time to form a view of the offer. The Board shall not seek to prevent or obstruct take-over bids for the Company's business or shares unless there are particular reasons to do so.

Any agreement with a bidder for the shares of the Company that acts to limit the Company's ability to arrange other bids for the Company's shares should only be entered into where such an agreement clearly is in the common interest of the Company and the shareholders. This provision shall also apply to any agreement on the payment of financial compensation to a bidder if the bid does not proceed.

In the event of a take-over bid for the Company's shares, the Board shall not exercise authorizations or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting subsequent to the announcement of the bid.

If an offer is made for the shares in the Company, the Board shall issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case it shall explain the basis on which specific members of the Board have excluded themselves from the Board's statement. Before issuing its final statement the Board shall arrange for an evaluation of the financial aspects of the bid from an independent expert. The evaluation shall include an explanation, and shall be made public no later than at the time the Board's statement is made public.

▸ *Deviation from the Recommendation: None*

15. Auditor

The auditor should submit the main features of the plan for the audit of the Company to the audit committee annually.

The auditor should participate in meetings of the Board of Directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the Company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the Company.

The auditor should at least once a year present to the audit committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The Board of Directors should hold a meeting with the auditor at least once a year at which neither the chief executive nor any other member of the executive management is present.

The Board of Directors should establish guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit.

The Board of Directors must report the remuneration paid to the auditor at the Annual General Meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

An outline of the work planned by the Auditor is presented to the Audit committee every year. The Auditor is always present during the Board's discussion of the annual accounts. At this meeting the Board is briefed on the annual accounts and any other issues of particular concern to the Auditor. Part of the meeting is also executed without the presence of the CEO and other executive management. The Chairman of the Board also has an annual separate meeting with the Auditor. The Board has implemented guidelines in respect of use of the auditor by the executive management for services other than the audit.

▸ *Deviation from the Recommendation: None.*

16. Management and internal procedures

This point is not covered by the Corporate Governance Recommendation.

Group CEO

The Group Chief Executive Officer/CEO is in charge of the day-to-day management of the Group, including responsibility for the Company and the other companies in the Group being organised, operated and further developed in accordance with applicable legislation, the Articles of Association and decisions taken by the Board of Directors and the annual general meeting.

Executive Management

The executive management consists of 6 individuals. In addition to the Group CEO, the executive management consists of the Chief Financial Officer (CFO), the Chief Operating Officer (COO) Americas, the Chief Operating Officer (COO) Nordic, the Chief Operating Officer (COO) Exports and the Chief Operating Officer (COO) Technology and Software.

The executive management group meets monthly with a fixed agenda in addition to fixed weekly meetings and day-to-day contact on an operational basis and a number of other scheduled meetings and business reviews through the year.

Evaluations

The executive management group evaluates its own work and working methods annually. The evaluation is submitted to the Board's Compensation Committee, and a condensed version is presented to the Board of Directors.

Intra-Group Boards

Each Group company (other than the Company) has its own Board of Directors staffed by members of the executive management group and sometime other senior employees. External Directors are also from time to time appointed.

AKVA group has 670 employees and offices in 8 countries.

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