



Quarterly report

Nr 4 – 2006

Fourth quarter report 2006





Highlights

- **IPO, secondary sale and new share issue raising NOK 130 million was successfully completed in November.**
- **Operating revenues in 4Q were NOK 152,4 million – up 75% from the same period last year. The period's EBITDA was NOK 15,9 million versus NOK 8,1 million in same period last year.**
- **2006 operating revenues were NOK 528,1 million versus 315,9 – up 67% from last year. The periods EBITDA was NOK 71,4 million versus NOK 19,6 million in 2005.**
- **Strong market fundamentals and continued strong order inflow in 4Q.**
- **Letter of Intent signed to acquire Maritech – the leading software provider to the seafood industry.**

The fourth quarter was again characterised by strong development in the market fundamentals in all of AKVA group's main markets. Furthermore, the consolidation of the industry continues making AKVA group's customers larger.

The Initial Public Offering (IPO) of AKVA group, the secondary sale and the new share issue raising NOK 130 million in new equity (before transaction costs) was successfully completed. The first day of trading was on November 10th and the opening share price was NOK 35,- per share giving a market cap for the company of NOK 603 million.

Operationally the organisation has been working at a high activity level throughout the quarter, however there was a slight seasonal slowdown in the Norwegian market towards the end of the year. Based on the strong market demand AKVA group decided to utilise this slight slowdown to build up delivery capacity for 2007 during this period.

Operations and profit (pro forma)

Operating revenue in 4Q was NOK 152,4 million versus NOK 87,0 million in the corresponding period in 2005, representing an increase of 75%. This was driven by growth in the Norwegian, Chilean and other markets. The growth in revenues has resulted in an improvement of the operational leverage of the group compared to last year and consequently the EBITDA level shows significant improvement for 2006 compared to 2005. EBITDA in 4Q was NOK 15,9 million versus NOK 8,1 million in the corresponding period of 2005. The growth is related to both the OPTECH and INTECH business areas.

In total 2006 operating revenues were NOK 528,1 million versus NOK 315,9 million in 2005. EBITDA was NOK 71,4 million versus NOK 19,6 million in 2005. The improvement is a result of higher volumes and improved consolidated gross margin. Net interest expense in 2006 was NOK 2,7 million versus NOK 3,9 million last year. Other financial expenses were NOK 0,2 million versus a net financial income of NOK 0,6 million last year. Net profit after taxes was NOK 47,0 million versus NOK 3,1 million last year in the same period. The low tax rate for 2006 is explained by tax deductible share issue costs not included in the 2006 P&L and the utilisation of deferred tax assets not booked in earlier periods. The tax rate is expected to normalise in the range of 20-25% going forward.

The group posted one-off costs of approximately NOK 2,1 million in 4Q which were costs in connection with the integration and merger of the three company groups. Adjusted for these one-off costs the EBITDA for the period would have been approximately NOK 18,0 million.

Farm Operations Technology (OPTECH)

The operating revenues for OPTECH in 4Q were NOK 49,0 million – up 57% from 4Q the year before. The increase is mainly driven by the Norwegian market. EBITDA for the fourth quarter was NOK 5,9 million

versus NOK 5,1 million in 4Q 2005. A majority of the aforementioned one-off integration and merger costs in 4Q were related to OPTECH.

For 2006 OPTECH had operating revenues of NOK 196,1 million versus NOK 125,3 million the year before year. There was a general volume increase in all product categories. EBITDA was NOK 34,5 million versus NOK 12,5 million the year before. The improvement is mainly explained by the volume increase accompanied by a slight margin improvement. Throughout 2006 operations within OPTECH have focused on strong project management and measures to reduce the cost of production. The measures are gradually paying off and will become more visible in 2007.

Infrastructure Technology (INTECH)

The operating revenues for INTECH in 4Q were NOK 103,3 million – up 85% from 4Q the year before. The increase is mainly driven by the Chilean and Canadian markets. EBITDA for 4Q was NOK 10,0 million versus NOK 3,0 million in 4Q 2005.

Operating revenues for INTECH for 2006 were NOK 332,0 million with an EBITDA of NOK 36,8 million. The corresponding values for the same period last year were NOK 190,6 million and NOK 7,1 million, respectively. The EBITDA level was somewhat lower in the 4th quarter than for the first nine months of 2006 due primarily to a change in product mix. Historically, INTECH has seen variation from quarter to quarter in EBITDA margin due to different product mix orders by the customers. As a result of a slight seasonal slowdown of the deliveries in Norway towards the end of the year and the strong market input on outlook for 2007, it was decided to utilise the capacity to build up some stock to increase delivery capacity for 2007. Operations within INTECH have focused on achieving economies of scale benefits in the main production facilities in Norway and Chile.

Balance sheet and cash flow (actual)

Working capital in the group balance sheet, defined as non-interest bearing current assets less non-interest bearing current liabilities was NOK 58,0 million at the end of 4Q, down from NOK 65,6 million as of 3Q 2006. The working capital will fluctuate in relation to ongoing projects, in particular those related to INTECH. Gross interest bearing debt amounted to NOK 56,7 million in 4Q versus NOK 64,3 million at the end of 3Q. Cash and unused credit facilities amounted to NOK 161,8 million. Total assets and total equity amounted to NOK 529,3 million and NOK 300,2 million, respectively, resulting in an equity ratio of 56,7% at the end of 2006. The corresponding figures at the end of 2005 were NOK 125,0 million and NOK 37,7 million, with an equity ratio of 30,2%. In general, the cash flow statement is significantly affected by the changes in the balance sheet following the acquisition of Wavemaster Group and Helgeland Plast. These companies are included from 1 September 2006. The cash flow statement is therefore not showing pro forma changes in cash flow for the companies combined from 1 January. Net investments in 2006 amounted to NOK 23,6 million whereof NOK 4,1 million is capitalized R&D expenses in accordance with IFRS. The investments include the purchase of IP rights related to the acquisition of Wavemaster group and Helgeland Plast in the amount of NOK 14 million. The total investment therefore does not reflect a normal investment level for the operations. The corresponding figures for the same period in 2005 were net investments of NOK 7,8 million and capitalised R&D expenses of NOK 4,3 million, respectively.

Please note that the comments to the balance sheet and financing above are related to actual figures and not pro forma figures unless otherwise stated.

Shareholder issues

Earnings per share in 4Q were NOK 1,07 versus NOK 0,31 in the same period 2005. The calculation is based on 15.558.890 shares being the average number of shares outstanding.

The 2006 earnings per share are NOK 3,35 versus NOK 0,23 in 2005. The calculation is based on 14.016.481 average outstanding shares in 2006.

The total number of outstanding shares was 17.222.869 at the end of 2006.

**Letter of intent to acquire Maritech**

On the 21st of December AKVA group ASA signed a binding Letter of Intent (LOI) with TM Software hf to acquire their seafood related business, herein referred to as Maritech. The transaction is structured partly as a purchase of shares and purchase of assets. Maritech has operations in Norway, Iceland, Chile, UK, Canada and USA.

The acquisition was planned to be completed in February 2007 after the satisfactory completion of due diligence, the finalization of the necessary purchase agreements and the fulfilment of all other conditions to closing.

The due diligence process is currently behind schedule and the transaction could be delayed by a month.

Market and future outlook

The order backlog at the end of 2006 was approximately NOK 241 million which was up NOK 57 million compared to the previous quarter. The order inflow since the end of 4Q 2006 has continued at a high rate. Furthermore a trend towards customers wanting complete deliveries from the group is also seen, which confirms AKVA group's strategic direction.

(Please note that all comments above to the financial information in this report, except for comments related to the balance sheet and cash flow, are based on pro-forma numbers as if the merger between AKVAsmart, Helgeland Plast and the Wavemaster group had taken place 1 January 2005)

The general market outlook for the salmon farming industry is good at the moment. The salmon prices continued to be relatively strong in all markets throughout 4Q. The prices in the North American market remained strong.

The general industry consensus seems to indicate continued healthy salmon prices for 2007. The salmon producers keep restructuring and investing to further reduce their cost of production in all regions. In Chile the salmon farming companies continue to invest into increased production capacity, mainly through the development of new farms in Region XI; AKVA group is the main provider of infrastructure and production technology for this expansion.

The Mediterranean customers in sea bass and sea bream farming are also experiencing a healthy market and AKVA group's activity in this region continue expanding. Furthermore the activities in Turbot farming remain strong on the Iberian peninsula.

Based on the above market considerations together with the anticipated economy of scale benefits and cost synergies from the merger the earnings outlook looks good for 2007 for AKVA group

Bryne, 26 February -2007

Board of Directors
AKVA group ASA

Hovedtall fra regnskapet - Pro forma*

Main figures from financial accounts - Pro forma*

(Pro forma figures are showing AKVA group as if Wavemaster group and Helgeland Plast had been consolidated from 1 January 2006)

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000)	2006 4Q	2005 4Q	2006 Total	2005 Total
DRIFTSINNEKTER / OPERATING REVENUES	152 358	87 016	528 087	315 962
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	136 435	78 881	456 728	296 337
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	15 923	8 135	71 359	19 625
Avskrivninger / Depreciation	3 490	3 290	13 638	11 743
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	12 432	4 845	57 721	7 882
Netto rentekostnad / Net interest expense	74	-1 216	-2 729	-3 859
Andre finansielle poster / Other financial items	278	609	-170	617
Sum finansielle poster / Net financial items	352	-606	-2 900	-3 241
RESULTAT FØR SKATT / PROFIT BEFORE TAX	12 784	4 239	54 821	4 641
Skattekostnad / Taxes	-3 258	53	7 869	1 544
RESULTAT ETTER SKATT / NET PROFIT	16 042	4 186	46 952	3 097
Resultat per aksje / Earnings per share	1,03	0,31	3,35	0,23
Gj.snitt antall utestående aksjer (i 1000)/ Average number of shares outstanding (in 1 000)	15 559	13 495	14 016	13 495

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)	2006 4Q	2005 4Q	2006 Total	2005 Total
FARM OPERATION TECHNOLOGY (OpTech)				
DRIFTSINNEKTER / OPERATING REVENUES	49 043	31 389	196 123	125 345
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	43 102	26 261	161 607	112 886
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	5 941	5 128	34 517	12 459
Avskrivninger / Depreciation	1 933	1 585	7 362	5 809
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	4 008	3 543	27 155	6 650
INFRASTRUCTURE TECHNOLOGY (InTech)				
DRIFTSINNEKTER / OPERATING REVENUES	103 315	55 627	331 963	190 617
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	93 333	52 620	295 121	183 451
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)	9 982	3 007	36 842	7 166
Avskrivninger / Depreciation	1 558	1 705	6 276	5 934
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	8 424	1 302	30 566	1 232

Hovedtall fra regnskapet

Main figures from financial accounts**

** (Includes Wavemaster and Polarcirkel from 1 September 2006)

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000)	2006 4Q	2005 4Q	2006 Total	2005 Total
DRIFTSINNEKTER / OPERATING REVENUES	151 623	40 453	355 961	146 102
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	137 078	35 349	311 177	135 593
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	14 545	5 104	44 784	10 509
Avskrivninger / Depreciation	3 670	1 586	9 882	5 810
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	10 876	3 518	34 902	4 699
Netto rentekostnad / Net interest expense	28	-755	-1 677	-2 118
Andre finansielle poster / Other financial items	328	249	322	171
Sum finansielle poster / Net financial items	356	-505	-1 355	-1 947
RESULTAT FØR SKATT / PROFIT BEFORE TAX	11 231	3 013	33 547	2 752
Skattekostnad / Taxes	-4 847	201	1 489	801
RESULTAT ETTER SKATT / NET PROFIT	16 078	2 812	32 058	1 951
Resultat per aksje / Earnings per share	1,03	0,48	3,59	0,33
Gj.snitt antall utestående aksjer (i 1000)/ Average number of shares outstanding (in 1 000)	15 559	5 870	8 918	5 870
FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)				
FARM OPERATION TECHNOLOGY (OpTech)				
DRIFTSINNEKTER / OPERATING REVENUES	49 043	31 389	196 123	125 345
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	43 101	26 261	161 607	112 886
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	5 941	5 128	34 517	12 459
Avskrivninger / Depreciation	2 400	1 585	7 829	5 809
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	3 541	3 543	26 688	6 650
INFRASTRUCTURE TECHNOLOGY (InTech)				
DRIFTSINNEKTER / OPERATING REVENUES	102 580	9 064	159 837	20 757
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	93 976	9 087	149 570	22 707
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)	8 604	-23	10 267	-1 950
Avskrivninger / Depreciation	1 270	-	2 053	-
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	7 334	-23	8 214	-1 950

Hovedtall fra regnskapet

Main figures from financial accounts

*(Includes Wavemaster and Polarcirkel from 1 September 2006)

BALANSE / BALANCE SHEET (NOK 1 000)	2006 31.12.	2005 31.12.
Immaterielle eiendeler / Intangible fixed assets	148 443	37 175
Anleggsmidler / Fixed assets	22 313	5 494
Finansielle anleggsmidler/Long-term financial assets	7 242	443
ANLEGGSMIDLER / FIXED ASSETS	177 998	43 111
Varebeholdning / Stock	96 344	28 437
Kundefordringer / Trade receivables	102 017	35 810
Andre fordringer / Other receivables	11 999	11 382
Betalingsmidler / Cash and cash equivalents	141 463	6 199
OMLØPSMIDLER / CURRENT ASSETS	351 824	81 828
SUM EIENDELER / TOTAL ASSETS	529 822	124 939
Innskutt egenkapital / Paid in capital	263 297	33 451
Opptjent egenkapital / Retained equity	37 520	4 292
SUM EGENKAPITAL / TOTAL EQUITY	300 817	37 744
Annen langsiktig gjeld / Other long term debt	19 967	1 755
Langsiktig rentebærende gjeld / Long-term interest bearing debt	26 654	19 581
LANGSIKTIG GJELD / LONG-TERM DEBT	46 621	21 336
Kortsiktig rentebærende gjeld / Short-term interest bearing debt	30 065	19 325
Annen kortsiktig gjeld / Other current liabilities	152 319	46 534
KORTSIKTIG GJELD / SHORT-TERM DEBT	182 384	65 859
SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND DEBT	529 822	124 939

ENDRING EGENKAPITAL / CHANGES IN EQUITY (NOK 1 000)	2006 4Q	2005 4Q	2006 Total	2005 Total
Bokført egenkapital ved periodens begynnelse / Book equity at the beginning of the period	167 817	33 176	37 744	34 106
Periodens resultat / The period's net profit	16 078	2 812	32 058	1 951
Kapitalutvidelse / Capital increase	122 819	-	235 819	-
Endring i virkelig verdi av sikringsinstrumentet ved kontantstrømsikring /Gains/(losses) on cash flow hedges (fair value)	127	-2	-69	-69
Estimatavvik pensjonsforpliktelse bokført mot EK 31.12 / Deviation on estimates from pension liability 31.12 recorded against	-3 176	-	-3 176	-
Omregningsdifferanser / Translation differences	-2 848	1 758	-1 559	1 756
Bokført egenkapital ved periodens slutt / Book equity at the end of the period	300 817	37 744	300 817	37 744

KONTANTSTRØMOPPSTILLING / CASH FLOW STATEMENT (NOK 1 000)	2006 4Q	2005 4Q	2006 Total	2005 Total
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	15 948	-1 628	8 723	5 741
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investment activities	-3 122	-4 407	-23 637	-7 833
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities	109 300	7 548	150 178	340
Netto kontantstrøm / Net cash flow	122 126	1 513	135 264	-1 752
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of the period	19 337	4 686	6 199	7 951
Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period	141 463	6 199	141 463	6 199

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