



Quarterly report

Nr 3 – 2008

## Third quarter report 2008



## Highlights

**Operating revenue in 3Q was 207 MNOK which is lower than same period last year. The period's EBITDA was 18.1 MNOK**

- **Operating revenue year to date was 675 MNOK. The period's EBITDA was 62.5 MNOK, in line with last year.**
- **Increased market uncertainty due to the escalating challenging sanitary situation in Chile and the global financial turmoil.**

In this report all pro-forma accounts are presented as if Maritech were acquired 1 January 2006, unless otherwise stated. Idema Aqua is included from 1 June 2008. In the comments below on the financial accounts, the 2007 figures are presented in parentheses following the 2008 stated values when included.

### Operations and profit (pro forma)

Operating revenues in 3Q were 207.6 MNOK (236.6) and the EBITDA was MNOK 18.1 (22.0). Operating revenues YTD were 674.7 MNOK (695.4) and the EBITDA was MNOK 62.5 (62.8).

When comparing the revenues and operational results with 2007 the numbers are affected by the disposal of the Marel distribution that took place in September 2007. Adjusted for this the revenues year to date showed a growth of 8% and the EBITDA 7%. The increase comes mainly from the Norwegian market.

For 3Q depreciation and amortisation amounted to 7.7 MNOK (6.2). EBIT in the period was 10.5 MNOK (15.9). Net interest expense was -4.0 MNOK (-2.0). Other financial income was -0.1 MNOK (0.0). Profit before tax for the third quarter was 6.4 MNOK (13.9). Net profit after allowing for taxes of 2.2 MNOK (5.8) was 4.2 MNOK (8.2).

The depreciation and amortisation YTD amounted to 20.2 MNOK (17.2). EBIT in the period was 42.3 MNOK (45.6). Net interest expense year to date was -6.7 MNOK (-1.8). Other financial income was -2.2 MNOK (0.4) due to currency translational losses in 2Q. Profit before tax YTD was 33.5 MNOK (44.2). Net profit after allowing for taxes of 10.0 MNOK (12.4) was 23.4 MNOK (31.8).

### Operations Technology (OPTECH)

The operating revenues for OPTECH in 3Q were 104.3 MNOK (106.9). The EBITDA for 3Q was 8.5 MNOK (10.7). The revenues YTD were 302.4 MNOK (313.2) and the EBITDA was 30.8 MNOK (29.2).

3Q 2008 revenues compared to same period last year are affected by the disposal of the Marel distribution agreement done in September last year. Adjusted for this disposal the OPTECH business showed a growth of 23% year to date and the EBITDA improved 25%. The growth is mainly driven by the Norwegian market.

Operationally OPTECH has continued focusing on customer service, product enhancement, organisational integration and general operational improvements.

### Infrastructure Technology (INTECH)

The operating revenues in 3Q were 103.3 MNOK (129.7). The EBITDA in the period was 9.6 MNOK (11.3). The revenues YTD were 372.4 MNOK (382.2) and the EBITDA was 31.7 MNOK (33.6).

Due to the prevailing challenging situation in Chile the company in October decided to further downscale the operations at the cage manufacturing factory in Chile. This will be done through a reduction of staff to adapt to a lower customer demand going forward.

Operations in INTECH continue to focus on achieving economies of scale benefits in the main production facilities in Norway and Chile.

### Operations and profit (legal accounts)

Operating revenues in 3Q were 207.6 MNOK (236.9). The EBITDA in 3Q was 18.1 MNOK (22.0). Operating revenues YTD were 674.7 MNOK (623.9) and the EBITDA was MNOK 62.5 (58.9). The growth in revenues is mainly explained by the acquisition of Maritech and growth in the Norwegian market.

Depreciation and amortisation in 3Q amounted to 7.7 MNOK (6.2). EBIT in the period was 10.5 MNOK (15.9). Net interest expense for the third quarter was -4.0 MNOK (-2.0). Other financial expenses were -0.1 MNOK (0.0). Profit before tax for 3Q was 6.4 MNOK (13.9). Net profit after allowing for taxes of 2.2 MNOK (5.8) was 4.2 MNOK (8.2).

Depreciation and amortisation YTD 2008 amounted to 20.2 MNOK (14.9). EBIT in the period was 42.3 MNOK (43.9). Net interest expense was -6.7 MNOK (-1.6). Other financial expenses were -2.2 MNOK (-0.9). Profit before tax YTD was 33.5 MNOK (41.4). Net profit after allowing for taxes of 10.0 MNOK (11.6) was 23.4 MNOK (29.8).

### Balance sheet and cash flow

Working capital in the group balance sheet, defined as non-interest bearing current assets less non-interest bearing current liabilities was 199.3 MNOK up from 164.5 MNOK at the end of 2Q. The working capital increase is explained by the acquisition of Idema in June, slower progress of project deliveries in Chile due to the fish health situation, an increase in inventory related to slower order inflow in 3Q and slower reduction in receivables than expected. Measures have been implemented to normalise the working capital level and this is expected to be realised in the next 3-6 months.

Net interest bearing debt amounted to 145.7 MNOK at end of 3Q vs. 120.5 MNOK in 2Q. Cash and unused credit facilities amounted to 73.3 MNOK. Total assets and total equity amounted to 705.8 MNOK and 328.5 MNOK, respectively, resulting in an equity ratio of 46.5% at the end of 3Q 2008.

The equity is affected by a revaluation of goodwill related to the investment in Maritech ehf (Iceland) due to the depreciation of the Icelandic Kroner. Net investments (excl. effects of acquisitions) YTD 2008 amounted to 15.0 MNOK whereof 4.9 MNOK is capitalized R&D expenses in accordance with IFRS.

### Shareholder issues

Earnings per share for 3Q 2008 were NOK 0.24 (0.48) and year to date in 2008 NOK 1.36 (1.84), the calculation is based on 17,222,869 shares average.



**Market and future outlook**

The current general economic outlook together with the challenging fish health situation in Chile increases the uncertainty about the market development in 2009.

The continued and escalating challenging fish health situation in the Chilean market is creating severe problems for large parts of the Chilean industry. We do not expect to see a material improvement in this market for the next 2-4 years. Based on this development substantial cost reduction measures have already been implemented in Chile.

The company will meet the increased uncertainty by cost reduction measures, protection of margins and reduced capital binding.

The company has strengthened its relative competitiveness and is thereby well positioned to further strengthen its market position.

The general underlying investment demand from the salmon farming industry in Norway and the UK remains strong, however the due to the global credit situation the uncertainty has increased also in these markets. The market outlook in

Norway for recirculation smolt facilities has improved and is expected to lead to major deliveries going forward. The business volume towards other species than salmon continues to expand according to strategic objectives, and the further outlook for into 2009 is healthy within this area.

The order backlog was 253 MNOK (335) at the end of 3Q 2008, which is a weakening of 82 MNOK compared to the same time last year. The decline is related to lower order inflow from the Norwegian and Chilean market. The prospects mass from the Norwegian market is at a higher level than the same time last year. However, it is uncertain as to what extent the global financial turmoil will cause limitations to the companies' ability and willingness to invest.

**Statement from the Board and Chief Executive Officer**

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first nine months of 2008, which have been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.


Bryne, 04 November - 2008  
Board of Directors, AKVA group ASA


  
Steven A. Morrell  
(Chairperson)

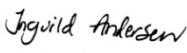
  
Thorhild Widvey

  
Thore Michaelsen

  
Anne Bréiby  
(Deputy-chairperson)

  
Arne L. Økland

  
Knut Drange

  
Ingvild Andersen

  
Kjell Arne Corneliussen

  
Knut Molaug  
(Chief Executive Officer)



## Main figures from financial accounts - Pro forma\*

(Pro forma figures are showing AKVA group as if Maritech had been consolidated from 1 January 2007. Idema is included from June 2008)

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000)	2008 3Q	2007 3Q	2008 YTD	2007 YTD	2007 Total
<b>DRIFTSINNT EKTER / OPERATING REVENUES</b>	<b>207 621</b>	<b>236 659</b>	<b>674 737</b>	<b>695 427</b>	<b>931 993</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	189 476	214 622	612 245	632 653	841 323
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>18 145</b>	<b>22 037</b>	<b>62 492</b>	<b>62 774</b>	<b>90 669</b>
Avskrivninger / Depreciation	7 677	6 167	20 177	17 217	24 236
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>10 469</b>	<b>15 869</b>	<b>42 314</b>	<b>45 557</b>	<b>66 434</b>
Netto rentekostnad / Net interest expense	-4 026	-1 969	-6 654	-1 756	-1 749
Andre finansielle poster / Other financial items	-50	41	-2 193	379	870
Sum finansielle poster / Net financial items	-4 076	-1 928	-8 847	-1 378	-879
<b>RESULTAT FØR SKATT / PROFIT BEFORE TAX</b>	<b>6 393</b>	<b>13 941</b>	<b>33 468</b>	<b>44 179</b>	<b>65 555</b>
Skattekostnad / Taxes	2 191	5 758	10 045	12 424	11 951
<b>RESULTAT ETTER SKATT / NET PROFIT</b>	<b>4 202</b>	<b>8 183</b>	<b>23 423</b>	<b>31 755</b>	<b>53 603</b>
Resultat per aksje / Earnings per share	0,24	0,48	1,36	1,84	3,11
Gj.snitt antall utestående aksjer (i 1000) / Average number of shares outstanding (in 1 000)	17 223	17 223	17 223	17 223	17 223

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)	2008 3Q	2007 3Q	2008 YTD	2007 YTD	2007 Total
<b>FARM OPERATION TECHNOLOGY (OPTECH)</b>					
<b>DRIFTSINNT EKTER / OPERATING REVENUES</b>	<b>104 258</b>	<b>106 921</b>	<b>302 380</b>	<b>313 243</b>	<b>414 471</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	95 738	96 178	271 555	284 035	374 963
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>8 520</b>	<b>10 743</b>	<b>30 825</b>	<b>29 208</b>	<b>39 508</b>
Avskrivninger / Depreciation	5 735	4 385	14 630	12 193	17 473
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>2 785</b>	<b>6 358</b>	<b>16 194</b>	<b>17 015</b>	<b>22 035</b>
<b>INFRASTRUCTURE TECHNOLOGY (INTECH)</b>					
<b>DRIFTSINNT EKTER / OPERATING REVENUES</b>	<b>103 363</b>	<b>129 738</b>	<b>372 357</b>	<b>382 184</b>	<b>517 522</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	93 738	118 444	340 690	348 618	466 361
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)</b>	<b>9 625</b>	<b>11 294</b>	<b>31 667</b>	<b>33 566</b>	<b>51 161</b>
Avskrivninger / Depreciation	1 941	1 782	5 547	5 024	6 762
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>7 684</b>	<b>9 512</b>	<b>26 120</b>	<b>28 542</b>	<b>44 399</b>



<b>BALANSE / BALANCE SHEET</b>	2008	2007	2007
(NOK 1 000)	30.9.	30.9.	31.12.
Immaterielle eiendeler / Intangible fixed assets	240 708	204 826	224 805
Anleggsmidler / Fixed assets	39 807	32 208	33 995
Finansielle anleggsmidler/Long-term financial assets	2 461	545	2 107
<b>ANLEGGSMIDLER / FIXED ASSETS</b>	<b>282 976</b>	<b>237 580</b>	<b>260 907</b>
Varebeholdning / Stock	156 422	102 914	118 750
Kundefordringer / Trade receivables	187 865	137 759	188 217
Andre fordringer / Other receivables	21 612	22 123	18 857
Betalingsmidler / Cash and cash equivalents	56 934	136 747	98 044
<b>OMLØPSMIDLER / CURRENT ASSETS</b>	<b>422 833</b>	<b>399 544</b>	<b>423 869</b>
<b>SUM EIENDELER / TOTAL ASSETS</b>	<b>705 808</b>	<b>637 123</b>	<b>684 776</b>
Innskutt egenkapital / Paid in capital	267 087	267 253	267 253
Opptjent egenkapital / Retained equity	61 436	48 441	69 189
<b>SUM EGENKAPITAL / TOTAL EQUITY</b>	<b>328 523</b>	<b>315 694</b>	<b>336 442</b>
Annen langsiktig gjeld / Other long term debt	8 055	29 095	7 191
Langsiktig rentebærende gjeld / Long-term interest bearing debt	130 942	106 357	102 224
<b>LANGSIKTIG GJELD / LONG-TERM DEBT</b>	<b>138 997</b>	<b>135 452</b>	<b>109 414</b>
Kortsiktig rentebærende gjeld / Short-term interest bearing debt	71 736	25 169	22 480
Annen kortsiktig gjeld / Other current liabilities	166 553	160 808	216 439
<b>KORTSIKTIG GJELD / SHORT-TERM DEBT</b>	<b>238 289</b>	<b>185 977</b>	<b>238 919</b>
<b>SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND DEBT</b>	<b>705 808</b>	<b>637 123</b>	<b>684 776</b>

<b>ENDRING EGENKAPITAL / CHANGES IN EQUITY</b>	2008	2007	2008	2007	2007
(NOK 1 000)	3Q	3Q	YTD	YTD	Total
Bokført egenkapital ved periodens begynnelse / Book equity at the beginning of the period	335 475	310 508	336 442	295 008	295 008
Periodens resultat / The period's net profit	4 202	8 197	23 423	29 843	52 009
Endring i virkelig verdi av sikringsinstrumentet ved kontantstrømsikring /Gains/(losses) on cash flow hedges (fair value)	-714	-1 318	-306	-2 553	460
Utbytte/Dividend	-	-	-17 223	-	-
Endring i regnskapsprinsipp for inntektsføring/Change in revenue recognition accounting principle	-	-	-	-4 986	-4 375
Bokføring av opsjonsavtale / Recording of option agreement	-	332	884	1 328	1 459
Omregningsdifferanser / Translation differences	-10 439	-2 025	-14 697	-2 945	-8 118
Bokført egenkapital ved periodens slutt / Book equity at the end of the period*	328 524	315 694	328 524	315 694	336 442

<b>KONTANTSTRØMOPPSTILLING / CASH FLOW STATEMENT</b>	2008	2007	2008	2007	2007
(NOK 1 000)	3Q	3Q	YTD	YTD	Total
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	-18 786	20 760	-24 033	6 658	20 415
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investment activities	-6 376	3 186	-78 339	-97 683	-129 917
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities	18 662	-14 824	61 261	86 309	66 084
Netto kontantstrøm / Net cash flow	-6 500	9 122	-41 111	-4 716	-43 419
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of the period	63 433	127 625	98 044	141 463	141 463
Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period	56 934	136 747	56 934	136 746	98 044


**Legale tall / Legal accounts:**
**Hovedtall fra regnskapet**
**Main figures from financial accounts**

\*(Includes Maritech from 1 May 2007)

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000)	2008 3Q	2007 3Q	2008 YTD	2007 YTD	2007 Total
<b>DRIFTSINTEKTER / OPERATING REVENUES</b>	<b>207 621</b>	<b>236 911</b>	<b>674 737</b>	<b>623 894</b>	<b>860 824</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	189 476	214 861	612 245	564 989	774 034
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>18 145</b>	<b>22 050</b>	<b>62 492</b>	<b>58 905</b>	<b>86 790</b>
Avskrivninger / Depreciation	7 677	6 169	20 177	14 933	21 615
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>10 469</b>	<b>15 881</b>	<b>42 314</b>	<b>43 971</b>	<b>65 176</b>
Netto rentekostnad / Net interest expense	-4 026	-1 970	-6 654	-1 620	-3 037
Andre finansielle poster / Other financial items	-50	45	-2 193	-927	975
Sum finansielle poster / Net financial items	-4 076	-1 925	-8 847	-2 547	-2 063
<b>RESULTAT FØR SKATT / PROFIT BEFORE TAX</b>	<b>6 393</b>	<b>13 956</b>	<b>33 468</b>	<b>41 424</b>	<b>63 113</b>
Skattekostnad / Taxes	2 191	5 759	10 045	11 582	11 104
<b>RESULTAT ETTER SKATT / NET PROFIT</b>	<b>4 202</b>	<b>8 197</b>	<b>23 423</b>	<b>29 843</b>	<b>52 009</b>
Resultat per aksje / Earnings per share	0,24	0,48	1,36	1,73	3,02
Gj.snitt antall utestående aksjer (i 1000)/ Average number of shares outstanding (in 1 000)	17 223	17 223	17 223	17 223	17 223

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)	2008 3Q	2007 3Q	2008 YTD	2007 YTD	2007 Total
<b>FARM OPERATION TECHNOLOGY (OPTech)</b>					
<b>DRIFTSINTEKTER / OPERATING REVENUES</b>	<b>104 258</b>	<b>107 173</b>	<b>302 380</b>	<b>241 710</b>	<b>343 302</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	95 738	96 417	271 555	216 371	307 673
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>8 520</b>	<b>10 756</b>	<b>30 825</b>	<b>25 339</b>	<b>35 629</b>
Avskrivninger / Depreciation	5 735	4 387	14 630	9 909	14 852
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>2 785</b>	<b>6 369</b>	<b>16 194</b>	<b>15 430</b>	<b>20 777</b>
<b>INFRASTRUCTURE TECHNOLOGY (INTECH)</b>					
<b>DRIFTSINTEKTER / OPERATING REVENUES</b>	<b>103 363</b>	<b>129 738</b>	<b>372 357</b>	<b>382 184</b>	<b>517 522</b>
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Avskrivninger / Depreciation	1 941	1 782	5 547	5 024	6 762
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>7 684</b>	<b>9 512</b>	<b>26 120</b>	<b>28 542</b>	<b>44 399</b>



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