



Quarterly report

Nr 4 – 2009

## Fourth quarter report 2009

## Highlights

- **Operating revenue in 4Q was 143 MNOK which is 25 % lower than the same period last year. The period's EBITDA showed a loss of 16.1 MNOK.**
- **EBITDA hit by several items related to projects and accounting adjustments.**
- **Revenue was affected by restrictive investment policies in the salmon industry in general during 2009.**
- **Sound order inflow in December and so far in 2010.**

In the comments below on the financial accounts, the 2008 figures are presented in parentheses following the 2009 stated values when included.

### Operations and profit

Operating revenues in 4Q were 142.9 MNOK (191.8) with an EBITDA -16.1 MNOK (-9.7). Operating revenues for the year 2009 were 599.3 MNOK (866.5) with an EBITDA of -11.5 MNOK (52.7).

The depreciations in 4Q were 7.2 MNOK (9.3). EBIT loss in 4Q was -23.2 MNOK (-19.0). Net financial expenses were MNOK 2.1 MNOK (3.6) Net profit after allowing for taxes of -3.8 MNOK (-4.8) was -21.6 MNOK (17.9).

The depreciation and amortisation for the year amounted to 30.9 MNOK (29.5). The 2009 EBIT was -42.4 MNOK (23.3). Net financial expense was -9.6 MNOK (-12.5). Profit before tax for 2009 was -52.0 MNOK (10.8). Net profit after allowing for taxes of -12.9 MNOK (5.3) was -39.1 MNOK (5.5).

Business volume continued at a low rate in 4Q with correspondingly low underlying earnings. In addition to low business volume the results were severely affected by re-evaluation of projects, accounting adjustments and some other one-off items amounting in total to about 18 MNOK of which around half of it is related to accounting adjustments. The re-evaluation of projects is primarily related to land based recirculation projects where actual costs and cost estimates for the deliveries have increased.

Firm task have been implemented to secure improved project management operationally as well as financially going forward. The same applies regarding procedures on the accounting side.

The sale of the shares in Wavemaster Net Services was made in November. The recorded gain related to the sale was about 7 MNOK.

The announced restructuring plan is advancing according to plan, aiming at reduced operating expenses and improved cost flexibility. As a result of the restructuring implemented during 4Q 2009 the financial reporting will be adapted to the new organisation in future reporting. This implies that the division into the business areas INTECH and OPTECH will be ended. Further details of the new reporting format will be described in the 1Q 2010 report.

### Operations Technology (OPTECH)

The operating revenues for OPTECH in 4Q were 93.5 MNOK (96.8). The EBITDA for 4Q was -9.7 MNOK (-5.7). For the year operating revenues were 328.2 MNOK (399.2) with an EBITDA loss of 6.1 MNOK (25.1).

The operations were marked by small business volume throughout the quarter with customer decisions principally aiming at investments and deliveries for 2010. Internally the focus has been on the restructuring program and the measures to achieve lower capacity costs and better cost flexibility going forward.

### Infrastructure Technology (INTECH)

The operating revenues in 4Q were 49.4 MNOK (95.0). The EBITDA in the period was -6.4 MNOK (4.0). For 2009 the operating revenues were 271.2 MNOK (467.4) with an EBITDA of -5.5 MNOK (27.7).

Slow pace of deliveries for 2009 in INTECH also as customers were focusing on the investments and deliveries for 2010. However, towards the end of the quarter and the beginning of 2010 there were signs of an improvement going forward.

### 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 120.0 MNOK down from 127.5 MNOK at the end of 3Q. During 2009 the working capital was reduced by 51.7 MNOK. There is a continuous focus on improving the working capital situation.

Gross interest bearing debt amounted to 198.3 MNOK at the end of 4Q vs. 181.2 MNOK end of 3Q. Cash and unused credit facilities amounted to 76.0 MNOK. Total assets and total equity amounted to 616.5 MNOK and 256.6 MNOK, respectively, resulting in an equity ratio of 41.6% at the end of 2009.

Investments in 2009 amounted to 24.1 MNOK whereof 10.4 MNOK is capitalized R&D expenses in accordance with IFRS.

A new 30 MNOK loan agreement with Innovation Norway was established in the 4Q. The agreement was made in close cooperation with Sandnes Sparebank, the company's main bank and includes also an 18-month period without instalments on all existing long-term loans in Sandnes Sparebank. The reduction in instalments in the period will be about 30 MNOK.

A waiver extending through 2Q 2010 relating to the financial covenants of the major credit facilities and loans was agreed with the company's main bank in 4Q.

### Shareholder issues

Earnings per share for 4Q 2009 were -1.25 NOK (-1.04). The calculation is based on 17,222,869 shares average. For 2009 earnings per share were -2.27 (0.32).

### Market and future outlook

The general underlying investment demand from the salmon farming industry in Norway and the UK remains relatively strong. Despite most companies making strong profits, during 2009 they have been focusing on reducing capital investment and working capital. In 4Q the investments through October and November continued at a very low level, however December showed positive shift in order inflow. This



development has continued in January and so far in February 2010. The companies now seem to be coming back to a more normalised situation for capital expenditure in the main salmon markets in Norway, UK and Canada.

The challenging fish health situation in the Chilean market has created severe problems for the Chilean salmon industry. The production has been down scaled significantly and the fish health situation now seems to be under control.

The market outlook for recirculation smolt production facilities continue improving and is expected to lead to significant deliveries going forward. New contracts for delivery of such systems have been made both in Chile and Norway during 2010.

The order backlog was 204 MNOK (263) at the end of 4Q 2009, which is a weakening of 59 MNOK compared to the

same time in 2008. The decline is mainly related to lower order inflow from the Norwegian market. The strong order inflow in December and January combined with a positive development in the prospect mass confirm a return to a more normalized market demand.

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

We confirm that, to the best of our knowledge, the condensed set of financial statements for 4Q 2009, 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, 17 February - 2010  
Board of Directors, AKVA group ASA

Amund Skarholt  
Chairperson

Anne Breiby  
Deputy Chairperson

Frode Teigen

Thorhild Widvey

Thore Michalsen

Ingvild Andersen

Knut Drange

Kjell Arne Corneliusen

Knut Molaug  
CEO



## Hovedtall fra regnskapet

## Main figures from financial accounts

\*(Includes Idema from 1 June 2008)

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1000)	2009 4Q	2008 4Q	2009 Total	2008 Total
<b>DRIFTSINNTÆKTER / OPERATING REVENUES</b>	<b>142 881</b>	<b>191 788</b>	<b>599 345</b>	<b>866 525</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	158 932	201 533	610 872	813 779
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>-16 051</b>	<b>-9 745</b>	<b>-11 527</b>	<b>52 746</b>
Avskrivninger / Depreciation	7 191	9 295	30 866	29 472
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>-23 242</b>	<b>-19 040</b>	<b>-42 392</b>	<b>23 274</b>
Netto rentekostnad / Net interest expense	-1 256	-2 434	-8 781	-9 088
Andre finansielle poster / Other financial items	-835	-1 202	-830	-3 394
Sum finansielle poster / Net financial items	-2 092	-3 636	-9 611	-12 482
<b>RESULTAT FØR SKATT / PROFIT BEFORE TAX</b>	<b>-25 334</b>	<b>-22 676</b>	<b>-52 003</b>	<b>10 792</b>
Skattekostnad / Taxes	-3 785	-4 770	-12 875	5 275
<b>RESULTAT ETTER SKATT / NET PROFIT</b>	<b>-21 550</b>	<b>-17 906</b>	<b>-39 128</b>	<b>5 517</b>
Resultat per aksje / Earnings per share	-1,25	-1,04	-2,27	0,32
Gj.snitt antall utestående aksjer (i 1000) / Average number of shares outstanding (in 1 000)	17 223	17 223	17 223	17 223

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1000)	2009 4Q	2008 4Q	2009 Total	2008 Total
<b>FARM OPERATION TECHNOLOGY (OPTECH)</b>				
<b>DRIFTSINNTÆKTER / OPERATING REVENUES</b>	<b>93 505</b>	<b>96 784</b>	<b>328 159</b>	<b>399 163</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	103 174	102 529	334 232	374 084
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>-9 669</b>	<b>-5 745</b>	<b>-6 074</b>	<b>25 079</b>
Avskrivninger / Depreciation	5 980	7 098	23 071	21 729
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>-15 649</b>	<b>-12 843</b>	<b>-29 145</b>	<b>3 350</b>
<b>INFRASTRUCTURE TECHNOLOGY (INTECH)</b>				
<b>DRIFTSINNTÆKTER / OPERATING REVENUES</b>	<b>49 376</b>	<b>95 005</b>	<b>271 187</b>	<b>467 362</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	55 758	99 005	276 640	439 695
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)</b>	<b>-6 382</b>	<b>-4 000</b>	<b>-5 453</b>	<b>27 667</b>
Avskrivninger / Depreciation	1 211	2 197	7 794	7 744
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>-7 594</b>	<b>-6 197</b>	<b>-13 247</b>	<b>19 923</b>



<b>BALANSE / BALANCE SHEET</b> (NOK 1 000)	<b>2009</b> <b>31.12.</b>	<b>2008</b> <b>31.12.</b>
Immaterielle eiendeler / Intangible fixed assets	243 920	251 769
Anleggsmidler / Fixed assets	39 071	41 509
Finansielle anleggsmidler/Long-term financial assets	1 069	2 461
<b>ANLEGGSMIDLER / FIXED ASSETS</b>	<b>284 061</b>	<b>295 739</b>
Varebeholdning / Stock	114 707	142 406
Kundefordringer / Trade receivables	133 839	171 100
Andre fordringer / Other receivables	27 477	19 082
Betalingsmidler / Cash and cash equivalents	56 451	47 883
<b>OMLØPSMIDLER / CURRENT ASSETS</b>	<b>332 474</b>	<b>380 472</b>
<b>SUM EIENDELER / TOTAL ASSETS</b>	<b>616 535</b>	<b>676 211</b>
Innskutt egenkapital / Paid in capital	267 087	267 087
Opp tjent egenkapital / Retained equity	-10 447	42 508
<b>SUM EGENKAPITAL / TOTAL EQUITY</b>	<b>256 640</b>	<b>309 595</b>
Annen langsiktig gjeld / Other long term debt	5 561	8 262
Langsiktig rentebærende gjeld / Long-term interest bearing debt	150 651	120 837
<b>LANGSIKTIG GJELD / LONG-TERM DEBT</b>	<b>156 212</b>	<b>129 099</b>
Kortsiktig rentebærende gjeld / Short-term interest bearing debt	47 654	76 651
Annen kortsiktig gjeld / Other current liabilities	156 030	160 866
<b>KORTSIKTIG GJELD / SHORT-TERM DEBT</b>	<b>203 684</b>	<b>237 517</b>
<b>SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND DEBT</b>	<b>616 535</b>	<b>676 211</b>

<b>ENDRING EGENKAPITAL / CHANGES IN EQUITY</b> (NOK 1 000)	<b>2009</b> <b>4Q</b>	<b>2008</b> <b>4Q</b>	<b>2009</b> <b>Total</b>	<b>2008</b> <b>Total</b>
Bokført egenkapital ved periodens begynnelse / Book equity at the beginning of the period	278 766	328 524	309 595	336 442
Periodens resultat / The period's net profit	-21 550	-17 906	-39 128	5 517
Endring i virkelig verdi av sikringsinstrumentet ved kontantstrømsikring /Gains/(losses) on cash flow hedges (fair value)	-747	-1 521	20	-1 827
Utbytte/Dividend	-	-	-	-17 223
Endring i pensjonsforpliktelse ført mot egenkapitalen / Change in pension liability recorded against equity	1 005	-399	1 005	-399
Bokføring av opsjonsavtale / Recording of option agreement	-223	-557	-223	327
Omregningsdifferanser / Translation differences	-612	1 454	-14 630	-13 243
Bokført egenkapital ved periodens slutt / Book equity at the end of the period*	256 640	309 595	256 640	309 595

<b>KONTANTSTRØMOPPSTILLING / CASH FLOW STATEMENT</b> (NOK 1 000)	<b>2009</b> <b>4Q</b>	<b>2008</b> <b>4Q</b>	<b>2009</b> <b>Total</b>	<b>2008</b> <b>Total</b>
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	-2 830	8 530	32 656	-15 504
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investment activities	-6 407	-12 597	-24 095	-90 936
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities	14 119	-4 982	7	56 279
Netto kontantstrøm / Net cash flow	4 882	-9 050	8 568	-50 161
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of the period	51 569	56 934	47 883	98 044
Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period	56 451	47 883	56 451	47 883



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