



Quarterly report

Nr 3 – 2009

Third quarter report 2009

Highlights

- **Operating revenue in 3Q was 140 MNOK which is 33 % lower than the same period last year. The period's EBITDA was 7.4 MNOK.**
- **Sales volumes are still heavily affected by restrictive investment policies in the salmon industry in general.**
- **A new 30 MNOK loan from Innovation Norway is in place in 4Q to strengthen the financing of the company**
- **The sale of the none-core activities in Surefish Inc (US) and Wavemaster Net Services Ltd (Canada) were concluded in September and November respectively.**

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 3Q were 139.8 MNOK (207.6) and the EBITDA was MNOK 7.4 (18.1). YTD operating revenues were 456.5 MNOK (674.7) with an EBITDA of 4.5 MNOK (62.5).

For 3Q depreciation and amortisation amounted to 8.0 MNOK (7.7). EBIT in the period was -0.6 MNOK (10.5). Net interest expense was -3.3 MNOK (-4.0). Other financial income was 0.2 MNOK (-0.1). Profit before tax for the third quarter was -3.7 MNOK (6.4). Net profit after allowing for taxes of -4.1 MNOK (2.2) was 0.4 MNOK (4.2).

The YTD depreciation and amortisation amounted to 23.7 MNOK (20.2). YTD EBIT was -19.1 MNOK (42.3). Net interest expense was -7.5 MNOK (-6.7). Other financial income was 0.0 MNOK (-2.2). Profit before tax YTD was -26.7 MNOK (33.4). Net profit after allowing for taxes of -9.1 MNOK (10.0) was -17.6 MNOK (23.4).

Due to the reduced business volume the first 9 months of 2009 the company has introduced further cost reduction measures and a restructuring program both in OPTECH and INTECH. The figures reported for the third quarter includes a provision of 5 MNOK related to the restructuring of the group to reduce fixed operating costs and increase the operational flexibility.

The sale of the shares in Surefish Inc was made in September. The recorded gain related to the sale was about 13 MNOK and is recorded in OPTECH.

Operations Technology (OPTECH)

The operating revenues for OPTECH in 3Q were 80.3 MNOK (103.3). The EBITDA for 3Q was 10.4 MNOK (8.5). YTD operating revenues were 234.7 MNOK (302.4) with an EBITDA of 3.6 MNOK (30.8).

Generally the market situation has been challenging for OPTECH. Operationally OPTECH continue to focus on customer service, product enhancement, organisational integration, general operational improvements and lowering of cost. Due to the low business volume during 3Q the company has implanted tasks to reduce the costs further and has a continuous focus on cost reduction. For OPTECH a provision of

3.3 MNOK related to the planned restructuring has been included in the third quarter.

Infrastructure Technology (INTECH)

The operating revenues in 3Q were 59.5 MNOK (103.4). The EBITDA in the period was -3.0 MNOK (9.6). YTD operating revenues were 221.8 MNOK (372.3) with an EBITDA of 1.0 MNOK (31.7).

Generally the market situation has been challenging in the feed-barge market with few sales recorded.

The operation in Chile has been downscaled to adapt to the prevailing situation. For INTECH a provision of 1.7 MNOK related to the planned restructuring has been included in the third quarter.

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 127.5 MNOK down from 141.3 MNOK at the end of 2Q. Measures have been implemented to further reduce the working capital level.

Gross interest bearing debt amounted to 181.2 MNOK at the end of 3Q vs. 193.9 MNOK in 2Q. Cash and unused credit facilities amounted to 57.2 MNOK. Total assets and total equity amounted to 608.7 MNOK and 278.8 MNOK, respectively, resulting in an equity ratio of 45.8% at the end of 3Q 2009. The equity has been reduced by 11 MNOK in currency translation differences related to goodwill and other intangible assets in 3Q.

Investments YTD 2009 amounted to 18.0 MNOK whereof 4.7 MNOK is capitalized R&D expenses in accordance with IFRS.

A new 30 MNOK loan agreement with Innovation Norway was established in the 4th quarter. 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 3Q 2009 relating to the financial covenants of the major credit facilities and loans was agreed with the company's main bank in 2Q.

Shareholder issues

Earnings per share for 3Q 2009 were NOK 0.02 (0.76). The calculation is based on 17,222,869 shares average. YTD earnings per share were NOK -1.02 (1.36).

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, they have been focusing on reducing capital investment and working capital. At the moment there are many signs of the companies are coming back to a more normalised situation on capital expenditure and thus indicating an improved market situation in 2010.

The challenging fish health situation in the Chilean market has created severe problems for the Chilean salmon industry. AKVA has down-scaled its operations in this market to match the dismal outlook for the coming years.



Due to the challenging situation AKVA has implemented tasks to restructure the business to achieve a lower cost base and improved cost flexibility. The restructuring is scheduled to be fully implemented by the end of 1Q 2010.

The market outlook for recirculation smolt production facilities continue improving and is expected to lead to significant deliveries going forward.

The order backlog was 203 MNOK (253) at the end of 3Q 2009, which is a weakening of 50 MNOK compared to the same time last year. The decline is mainly related to lower order inflow from the Norwegian and Chilean market.

Compared to the end of the 2Q the order backlog increased 21 MNOK. The total prospects mass has developed strongly in the 3Q and into 4Q confirming the underlying 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 3Q 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, 10 November - 2009
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 1 000)	2009 3Q	2008 3Q	2009 YTD	2008 YTD	2008 Total
DRIFTSINNEKTER / OPERATING REVENUES	139 801	207 621	456 465	674 737	866 525
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	132 380	189 476	451 940	612 245	813 779
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	7 421	18 145	4 524	62 492	52 746
Avskrivninger / Depreciation	8 043	7 677	23 674	20 177	29 472
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	-622	10 469	-19 150	42 314	23 274
Netto rentekostnad / Net interest expense	-3 270	-4 026	-7 525	-6 654	-9 088
Andre finansielle poster / Other financial items	196	-50	6	-2 193	-3 394
Sum finansielle poster / Net financial items	-3 074	-4 076	-7 519	-8 847	-12 482
RESULTAT FØR SKATT / PROFIT BEFORE TAX	-3 696	6 393	-26 669	33 468	10 792
Skattekostnad / Taxes	-4 111	2 191	-9 091	10 045	5 275
RESULTAT ETTER SKATT / NET PROFIT	415	4 202	-17 578	23 423	5 517
Resultat per aksje / Earnings per share	0,02	0,24	-1,02	1,36	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	17 223

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)	2009 3Q	2008 3Q	2009 YTD	2008 YTD	2008 Total
FARM OPERATION TECHNOLOGY (OPTech)					
DRIFTSINNEKTER / OPERATING REVENUES	80 272	104 258	234 654	302 380	399 163
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	69 829	95 738	231 059	271 555	374 084
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	10 444	8 520	3 595	30 825	25 079
Avskrivninger / Depreciation	5 819	5 735	17 091	14 630	21 729
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	4 624	2 785	-13 496	16 194	3 350
INFRASTRUCTURE TECHNOLOGY (INTECH)					
DRIFTSINNEKTER / OPERATING REVENUES	59 529	103 363	221 811	372 357	467 362
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	62 551	93 738	220 882	340 690	439 695
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)	-3 023	9 625	929	31 667	27 667
Avskrivninger / Depreciation	2 224	1 941	6 583	5 547	7 744
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	-5 247	7 684	-5 654	26 120	19 923



BALANSE / BALANCE SHEET	2009	2008	2008
(NOK 1 000)	30.9.	30.9.	31.12.
Immaterielle eiendeler / Intangible fixed assets	244 385	240 708	251 769
Anleggsmidler / Fixed assets	44 489	39 807	41 509
Finansielle anleggsmidler/Long-term financial assets	1 069	2 461	2 461
ANLEGGSMIDLER / FIXED ASSETS	289 943	282 976	295 739
Varebeholdning / Stock	121 667	156 422	142 406
Kundefordringer / Trade receivables	127 132	187 865	171 100
Andre fordringer / Other receivables	18 416	21 612	19 082
Betalingsmidler / Cash and cash equivalents	51 569	56 934	47 883
OMLØPSMIDLER / CURRENT ASSETS	318 784	422 833	380 472
SUM EIENDELER / TOTAL ASSETS	608 727	705 808	676 211
Innskutt egenkapital / Paid in capital	267 087	267 087	267 087
Opptjent egenkapital / Retained equity	11 679	61 436	42 508
SUM EGENKAPITAL / TOTAL EQUITY	278 766	328 523	309 595
Annen langsiktig gjeld / Other long term debt	9 083	8 055	8 262
Langsiktig rentebærende gjeld / Long-term interest bearing debt	102 394	130 942	120 837
LANGSIKTIG GJELD / LONG-TERM DEBT	111 477	138 997	129 099
Kortsiktig rentebærende gjeld / Short-term interest bearing debt	78 768	71 736	76 651
Annen kortsiktig gjeld / Other current liabilities	139 715	166 553	160 866
KORTSIKTIG GJELD / SHORT-TERM DEBT	218 483	238 289	237 517
SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND DEBT	608 727	705 808	676 211

ENDRING EGENKAPITAL / CHANGES IN EQUITY	2009	2008	2009	2008	2008
(NOK 1 000)	3Q	3Q	YTD	YTD	Total
Bokført egenkapital ved periodens begynnelse / Book equity at the beginning of the period	293 614	335 475	309 595	336 442	336 442
Periodens resultat / The period's net profit	415	4 202	-17 578	23 423	5 517
Endring i virkelig verdi av sikringsinstrumentet ved kontantstrømsikring /Gains/(losses) on cash flow hedges (fair value)	381	-714	767	-306	-1 827
Utbytte/Dividend	-	-	-	-17 223	-17 223
Endring i pensjonsforpliktelse ført mot egenkapitalen / Change in pension liability recorded against equity	-	-	-	-	-399
Bokføring av opsjonsavtale / Recording of option agreement	-	-	-	884	327
Omregningsdifferanser / Translation differences	-15 645	-10 440	-14 018	-14 697	-13 243
Bokført egenkapital ved periodens slutt / Book equity at the end of the period*	278 766	328 523	278 766	328 523	309 595

KONTANTSTRØMOPPSTILLING / CASH FLOW STATEMENT	2009	2008	2009	2008	2008
(NOK 1 000)	3Q	3Q	YTD	YTD	Total
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	15 797	-18 786	35 486	-24 033	-15 504
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investment activities	-1 742	-6 376	-17 688	-78 339	-90 936
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities	-13 721	18 662	-14 112	61 261	56 279
Netto kontantstrøm / Net cash flow	334	-6 500	3 685	-41 111	-50 161
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of the period	51 235	63 433	47 883	98 044	98 044
Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period	51 569	56 934	51 569	56 933	47 883



AKVA group ASA,
Nordlysvn.4
P.O. Box 271,
N-4349 Bryne
Norway

Tel +47 51 77 85 00.
Fax +47 51 77 85 01.

E-mail: info@akvagroup.com
www.akvagroup.com

Other AKVA group offices:

AKVA group, Trondheim	Tel (+47) 73 84 28 00
AKVA group, Brønnøysund	Tel (+47) 75 00 66 00
AKVA group, Sandstad (Idema)	Tel (+47) 72 44 11 00
AKVA group, Haslum (Idema)	Tel (+47) 67 51 69 00
AKVA group, Mo i Rana	Tel (+47) 75 13 95 00
AKVA group, Averøy	Tel (+47) 71 51 73 00
AKVA group, Denmark	Tel (+45) 755 13 211
AKVA group Chile, Puerto Montt.	Tel (+56) 65 350 111 and (+56) 65 250 250
AKVA group UK, Inverness.	Tel (+44) 1463 221 444
AKVA group North America, Campbell River, Canada	Tel (+1) 250 286 8802
AKVA group North America, Halifax, Canada	Tel (+1) 902 482 2663
AKVA group SEA, Bangkok, Thailand	Tel (+66) 2 960 3835 / 55
AKVA group Turkey, Bodrum	Tel (+90) 252 374 6434

