



Quarterly report

Nr 2 – 2009

## Second quarter report 2009

## Highlights

- **Operating revenue in 2Q was 164 MNOK which is 37% lower than the same period last year. The period's EBITDA was 0,4 MNOK primarily negatively affected by reduced revenues.**
- **Sales volumes were heavily affected by restrictive investment policies in the salmon industry in general.**
- **AKVA has started the work to restructure the organization to achieve lower cost, improved flexibility and efficiency.**
- **Letter of Intent signed in 3Q regarding the sale of the none-core activities in Surefish Inc and Wavemaster Net Services.**
- **Strategic new contracts won for delivery of aquaculture recirculation systems in Norway and Canada.**

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 2Q were 164.3 MNOK (259.8) and the EBITDA was MNOK 0.4 (28.0). YTD operating revenues were 316.7 MNOK (467.1) with an EBITDA of -2.9 MNOK (44.3).

For 2Q depreciation and amortisation amounted to 7.8 MNOK (6.5). EBIT in the period was -7.4 MNOK (21.6). Net interest expense was -2.4 MNOK (-1.4). Other financial income was -0.6 MNOK (-1.8). Profit before tax for the second quarter was -10.4 MNOK (18.3). Net profit after allowing for taxes of -1.2 MNOK (5.3) was -9.2 MNOK (13.0).

The YTD depreciation and amortisation amounted to 15.6 MNOK (12.5). YTD EBIT was -18.5 MNOK (31.8). Net interest expense was -4.3 MNOK (-2.6). Other financial income was -0.2 MNOK (-2.1). Profit before tax for 1H was -23.0 MNOK (27.1). Net profit after allowing for taxes of -5.0 MNOK (7.9) was -18.0 MNOK (19.2).

Due to the reduced business volume in 1H the company has introduced further cost reduction measures both in OPTECH and INTECH.

### Operations Technology (OPTECH)

The operating revenues for OPTECH in 2Q were 81.5 MNOK (105.4). The EBITDA for 2Q was -2.4 MNOK (16.5). YTD operating revenues were 154.4 MNOK (198.1) with an EBITDA of -6.8 MNOK (22.3).

Generally the market situation is challenging for OPTECH, competitive pressure has also been reducing margins on achieved sales. 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 2Q the company

has implanted tasks to reduce the costs further and has a continuous focus on cost reduction.

### Infrastructure Technology (INTECH)

The operating revenues in 2Q were 82.8 MNOK (154.4). The EBITDA in the period was 2.8 MNOK (11.5). YTD operating revenues were 162.3 MNOK (269.0) with an EBITDA of 4.0 MNOK (22.0).

The operation in Chile has been downscaled to adapt to the prevailing situation. The Norwegian operations in INTECH continue to focus on achieving economies of scale benefits in the main production facility. Generally the feed barge market situation has been challenging and competitive pressure has reduced achieved margins.

### 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 141.3 MNOK down from 168.2 MNOK at the end of 1Q. Measures have been implemented to further reduce the working capital level.

Gross interest bearing debt amounted to 193.9 MNOK at end of 2Q vs. 198.6 MNOK in 1Q. Cash and unused credit facilities amounted to 54.9 MNOK. Total assets and total equity amounted to 653.1 MNOK and 293.6 MNOK, respectively, resulting in an equity ratio of 45.0% at the end of 2Q 2009.

Investments in 1H 2009 amounted to 15.9 MNOK whereof 3.8 MNOK is capitalized R&D expenses in accordance with IFRS.

The sale of the none-core activities in Surefish Inc and Wavemaster Net Services will improve the financial flexibility of the company.

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 2Q 2009 were NOK -0.53 (0.76). The calculation is based on 17,222,869 shares average. YTD earnings per share were NOK -1.04 (1.12).

### Market and future outlook

The general market situation for salmon has been strong through the second quarter. The uncertainty created by the global financial turmoil has caused the salmon companies to hold back on investments, however with the prevalent market situation AKVA has expectations that the market will normalize in the second half of 2009.

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 started the work to restructure the organization to achieve lower cost, improved flexibility and efficiency. The company will continue to meet the challenging situation by an uninterrupted cost reduction focus, protection of margins and reduced capital binding.

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 all been focussing on reducing capital investment and working capital. At the moment there are some signs of the companies are coming back to a more normalised situation on capital expenditure.



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

The order backlog was 183 MNOK (305) at the end of 2Q 2009, which is a weakening of 122 MNOK compared to the same time last year. The decline is mainly related to lower order inflow from the Norwegian and Chilean market. The total prospects mass continue at a relatively high level confirming the underlying demand. However, as mentioned

due to the global financial turmoil the market players are generally holding back on their capital expenditure.

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

We confirm that, to the best of our knowledge, the condensed set of financial statements for 2Q 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, 26 August - 2009  
Board of Directors, AKVA group ASA

Amund Skarholt  
Chairperson

Anne Breiby  
Deputy Chairperson

Frode Teigen

Thorhild Widvey

Thore Michaelsen

Ingvild Andersen

Knut Drange

Kjell Arne Corneliussen

  
Knut Molaug  
CEO



## Hovedtall fra regnskapet - Pro forma\*

## 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)	2009	2008	2009	2008	2008
	2Q	2Q	YTD	YTD	Total
<b>DRIFTSINNT EKTER / OPERATING REVENUES</b>	<b>164 285</b>	<b>259 809</b>	<b>316 664</b>	<b>467 116</b>	<b>866 525</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	163 898	231 783	319 560	422 770	813 779
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>387</b>	<b>28 026</b>	<b>-2 897</b>	<b>44 346</b>	<b>52 746</b>
Avskrivninger / Depreciation	7 793	6 460	15 631	12 501	29 472
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>-7 405</b>	<b>21 566</b>	<b>-18 527</b>	<b>31 845</b>	<b>23 274</b>
Netto rentekostnad / Net interest expense	-2 431	-1 427	-4 254	-2 628	-9 088
Andre finansielle poster / Other financial items	-568	-1 831	-191	-2 142	-3 394
Sum finansielle poster / Net financial items	-2 999	-3 258	-4 445	-4 770	-12 482
<b>RESULTAT FØR SKATT / PROFIT BEFORE TAX</b>	<b>-10 405</b>	<b>18 308</b>	<b>-22 972</b>	<b>27 075</b>	<b>10 792</b>
Skattekostnad / Taxes	-1 239	5 299	-4 979	7 853	5 275
<b>RESULTAT ETTER SKATT / NET PROFIT</b>	<b>-9 165</b>	<b>13 009</b>	<b>-17 993</b>	<b>19 222</b>	<b>5 517</b>
Resultat per aksje / Earnings per share	-0,53	0,76	-1,04	1,12	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	2008	2009	2008	2008
	2Q	2Q	YTD	YTD	Total
<b>FARM OPERATION TECHNOLOGY (OPTech)</b>					
<b>DRIFTSINNT EKTER / OPERATING REVENUES</b>	<b>81 525</b>	<b>105 378</b>	<b>154 381</b>	<b>198 122</b>	<b>399 163</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	83 935	88 896	161 230	175 818	374 084
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>-2 409</b>	<b>16 482</b>	<b>-6 849</b>	<b>22 304</b>	<b>25 079</b>
Avskrivninger / Depreciation	5 361	4 644	11 272	8 895	21 729
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>-7 771</b>	<b>11 838</b>	<b>-18 120</b>	<b>13 409</b>	<b>3 350</b>
<b>INFRASTRUCTURE TECHNOLOGY (INTECH)</b>					
<b>DRIFTSINNT EKTER / OPERATING REVENUES</b>	<b>82 760</b>	<b>154 432</b>	<b>162 283</b>	<b>268 994</b>	<b>467 362</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	79 964	142 887	158 330	246 952	439 695
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)</b>	<b>2 796</b>	<b>11 545</b>	<b>3 952</b>	<b>22 042</b>	<b>27 667</b>
Avskrivninger / Depreciation	2 431	1 816	4 359	3 606	7 744
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>365</b>	<b>9 729</b>	<b>-407</b>	<b>18 436</b>	<b>19 923</b>





<b>BALANSE / BALANCE SHEET</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
(NOK 1 000)	<b>30.6.</b>	<b>30.6.</b>	<b>31.12.</b>
Immaterielle eiendeler / Intangible fixed assets	256 182	258 185	251 769
Anleggsmidler / Fixed assets	47 789	38 890	41 509
Finansielle anleggsmidler/Long-term financial assets	1 103	2 389	2 461
<b>ANLEGGSMIDLER / FIXED ASSETS</b>	<b>305 075</b>	<b>299 465</b>	<b>295 739</b>
Varebeholdning / Stock	121 855	139 095	142 406
Kundefordringer / Trade receivables	149 824	187 587	171 100
Andre fordringer / Other receivables	25 090	24 601	19 082
Betalingsmidler / Cash and cash equivalents	51 235	63 433	47 883
<b>OMLØPSMIDLER / CURRENT ASSETS</b>	<b>348 004</b>	<b>414 716</b>	<b>380 472</b>
<b>SUM EIENDELER / TOTAL ASSETS</b>	<b>653 078</b>	<b>714 181</b>	<b>676 211</b>
Innskutt egenkapital / Paid in capital	267 087	267 087	267 087
Opptjent egenkapital / Retained equity	26 527	68 388	42 508
<b>SUM EGENKAPITAL / TOTAL EQUITY</b>	<b>293 614</b>	<b>335 475</b>	<b>309 595</b>
Annen langsiktig gjeld / Other long term debt	10 109	8 096	8 262
Langsiktig rentebærende gjeld / Long-term interest bearing debt	107 568	135 738	120 837
<b>LANGSIKTIG GJELD / LONG-TERM DEBT</b>	<b>117 677</b>	<b>143 834</b>	<b>129 099</b>
Kortsiktig rentebærende gjeld / Short-term interest bearing debt	86 323	48 165	76 651
Annen kortsiktig gjeld / Other current liabilities	155 463	186 707	160 866
<b>KORTSIKTIG GJELD / SHORT-TERM DEBT</b>	<b>241 787</b>	<b>234 872</b>	<b>237 517</b>
<b>SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND DEBT</b>	<b>653 078</b>	<b>714 181</b>	<b>676 211</b>

<b>ENDRING EGENKAPITAL / CHANGES IN EQUITY</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
(NOK 1 000)	<b>2Q</b>	<b>2Q</b>	<b>YTD</b>	<b>YTD</b>	<b>Total</b>
Bokført egenkapital ved periodens begynnelse / Book equity at the beginning of the period	299 843	315 694	309 595	336 442	336 442
Periodens resultat / The period's net profit	-9 165	22 166	-17 993	19 222	5 517
Endring i virkelig verdi av sikringsinstrumentet ved kontantstrømsikring /Gains/(losses) on cash flow hedges (fair value)	2 143	3 013	386	408	-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	-	131	-	884	327
Omregningsdifferanser / Translation differences	794	-5 173	1 627	-4 258	-13 243
Bokført egenkapital ved periodens slutt / Book equity at the end of the period*	293 614	335 831	293 615	335 475	309 595

<b>KONTANTSTRØMOPPSTILLING / CASH FLOW STATEMENT</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
(NOK 1 000)	<b>2Q</b>	<b>2Q</b>	<b>YTD</b>	<b>YTD</b>	<b>Total</b>
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	26 034	11 061	19 689	-5 247	-15 504
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investment activities	-10 909	-63 164	-15 947	-71 963	-90 936
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities	-3 673	12 022	-391	42 599	56 279
Netto kontantstrøm / Net cash flow	11 451	-40 081	3 351	-34 611	-50 161
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of the period	39 783	103 513	47 883	98 044	98 044
Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period	51 235	63 433	51 235	63 433	47 883



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