Quarterly report
Nr 3 – 2012

Third quarter report 2012

wavemaster™ polarcirkel™ fishtalk™ akvasmart™

Highlights for the quarter

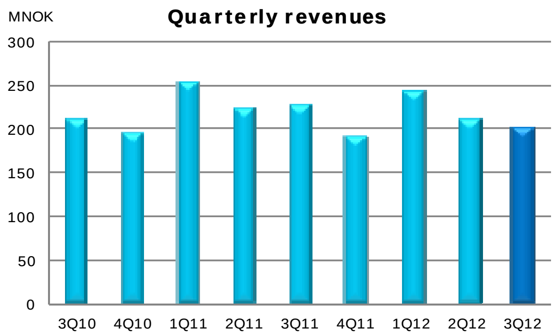
- **Operating revenues of 202.0 MNOK in Q3 compared to 226.7 MNOK in Q3 last year**
- **EBITDA of 12.5 MNOK in Q3 compared to 22.0 MNOK in Q3 last year**
- **EBIT of 4.2 MNOK in Q3 compared to 13.8 MNOK in Q3 last year**
- **Nordic and Chile – continues to be main revenue drivers**
    - **Nordic revenue on same level as in Q2 2012**
    - **Revenue in Chile stabilizing on high volumes**
- **Exports pose an opportunity – despite relative few deliveries in emerging markets in the last months, market interest is growing**
- **Software continues to deliver solid margins**
- **Focus on balance sheet continues to show results**
- **Order backlog at the end of Q3 was 200 MNOK versus 260 MNOK at the end of Q3 last year. Order inflow in Q3 on same level as last year**

Revenues and profits for the Group

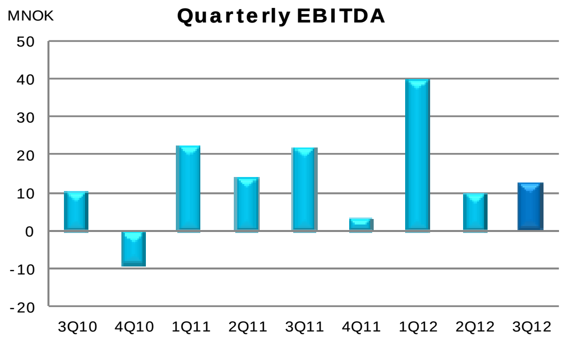
(Figures in brackets = 2011 unless other is specified)

Operations and profit

AKVA group achieved operational and financial performance in accordance with our expectations in the quarter, despite challenging macroeconomic conditions such as low salmon prices in our main markets.



Total revenues in Q3 were 202.0 MNOK (226.7) with an EBITDA of 12.5 MNOK (22.0). EBIT was 4.2 MNOK (13.8).
Net financial cost in Q3 was 2.7 million (2.6), resulting in a profit before tax of 1.4 MNOK (11.2). Net profit was 0.9 MNOK (8.1) after allowing for taxes of 0.5 MNOK (3.1).

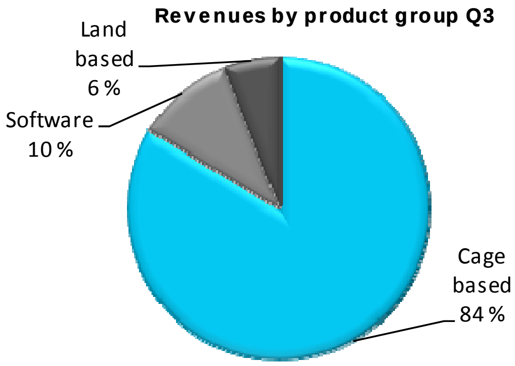


Revenues for the first 9 months of 2012 were 657.2 MNOK (702.6) with an EBITDA of 62.2 MNOK (58.8). EBIT for the first 9 months of 2012 was 36.9 MNOK (34.8). Net financial cost in the first 9 months of 2012 was 5.5 MNOK (8.2). The improvement in net financial costs is mainly explained by lower net interest-bearing debt. Profit before tax for the first 9 months of 2012 was 31.5 MNOK (26.6) and net profit was 22.6 MNOK (20.5).

Business segments

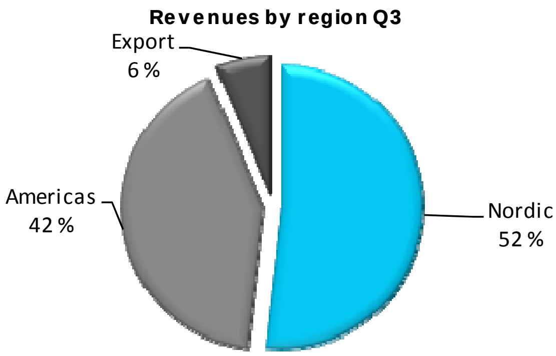
AKVA group has organized its business into three technology segments;

- Cage based technologies (CBT): Includes cages, barges, feed systems and other operational technologies and systems for cage based aquaculture,
- Land based technologies (LBT): Includes recirculation systems and technologies for land based aquaculture, and
- Software (SW): Includes software solutions and professional services.



AKVA group also has organized its business into three geographical segments;

- Nordic: Includes the Nordic countries,
- Americas: Includes Americas and Oceania, and
- Export: Includes the rest of the world.



The following information is divided into the three technology segments. Comments on the geographical segments are included if and when relevant.

Cage based technologies (CBT)

CBT had revenues in Q3 of 169.2 MNOK (190.6). Revenue in the Nordic region was 82.1 MNOK (102.9), in the Americas region 74.7 MNOK (67.3) and in the Export region 12.3 MNOK (20.4).

EBITDA for CBT in Q3 was 8.5 MNOK (22.9) resulting in an EBITDA margin of 5.1% (12.0%). EBIT in Q3 was 2.0 MNOK (16.7) representing an EBIT margin of 1.2% (8.8%).

Low inflow of new orders in the beginning of the quarter due to effects of summer holiday in the Nordic region have impact on business volumes as well as earnings for the quarter. However, inflow of new orders started to pick up substantial in the very last part of the quarter.

In the Nordic region we experienced same revenue volume as in Q2 2012, and the high activity level in Chile in 2011 continues throughout Q3 2012.

We experienced increased pace in Canada, UK and Turkey in Q3 after a slow start of the year.

In emerging markets (Export outside Scotland and Turkey) there have been limited deliveries in Q3. The interest from such markets is increasing and our efforts in order to develop emerging markets continue and still pose an exciting potential going forward.

Revenues for CBT for the first 9 months of 2012 were 525.2 MNOK (573.9) with an EBITDA of 29.8 MNOK

(58.6). EBIT was 9.8 MNOK (40.8) after depreciations of 20.0 MNOK (17.8).

Software (SW)

Revenue for SW in Q3 was 20.9 MNOK (25.1). The EBITDA in Q3 was 3.4 MNOK (3.6) resulting in an EBITDA margin of 16.5% (14.4%). EBIT in Q3 was 2.0 MNOK (2.0) representing an EBIT margin of 9.3% (7.8%).

Revenue in Q3 2012 is 4.8 MNOK higher than in Q3 2011 when excluding revenue from Martiech Norway in Q3 2011. The Maritech Norway operation was sold in Q1 2012.

Software continues to deliver stable revenues and solid margins.

Revenues for SW for the first 9 months of 2012 were 98.5 MNOK (82.4) with an EBITDA of 37.5 MNOK (9.8). EBIT was 32.9 MNOK (4.7) after depreciation of 4.6 MNOK (5.2).

Land Based Technologies (LBT)

LBT had revenues in Q3 of 7.6 MNOK (6.7) with an EBITDA of 0.5 MNOK (-4.6). The Q3 EBIT was 0.3 MNOK (-4.9).

Revenue in Q3 is on same level as in Q3 2011. An improved margin is explained by reduced cost base over the last year.

The Land Based Technology segment is now positioned for future profitable growth.

Revenues for the first 9 months of 2012 were 33.5 MNOK (46.2) with an EBITDA of -5.1 MNOK (-9.7). EBIT was -5.8 MNOK (-10.6).

Balance sheet and cash flow

The focus on improving the balance sheet during 2012 has given results. This is confirmed by strong key performing indicators as mentioned below.

The working capital in the group balance sheet, defined as non-interest bearing current assets less non-interest bearing current liabilities was 162.3 MNOK at the end of Q3 2012, down from 182.0 MNOK at the beginning of the year, i.e. an improvement of 10.8% during 2012.

Net interest-bearing debt was 86.5 MNOK at the end of Q3 compared to 145.7 MNOK at the beginning of the year. Gross interest bearing debt was at the end of Q3 133.3 MNOK versus 182.9 MNOK at the beginning of the year.

Cash and unused credit facilities amounted to 94.8 MNOK at the end of Q3 versus 57.0 MNOK at the beginning of the year. The credit facility at Sandnes Sparebank is 90 MNOK.

Total assets and total equity amounted to 667.3 MNOK and 346.5 MNOK respectively, resulting in an equity ratio of 51.9% vs 44.9% at the beginning of the year.

Investments in Q3 2012 amounted to 6.3 MNOK of which 1.4 MNOK was capitalized R&D expenses in accordance with IFRS. Investments in the first 9 months of 2012 were 22.0 MNOK whereof 6.4 MNOK is capitalized R&D expenses in accordance with IFRS.

AKVA group was in compliance with the financial covenants related to the credit facilities at the end of Q3.

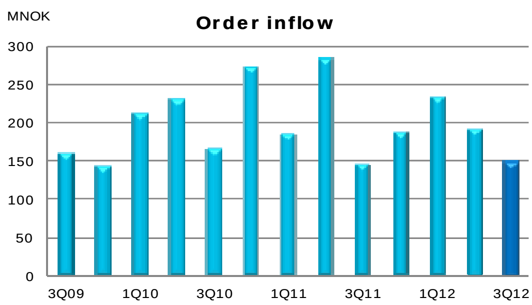
Shareholder issues

Earnings per share for Q3 were 0.04 NOK (0.31). The calculation is based on 25,834,303 (25,834,303) shares average.

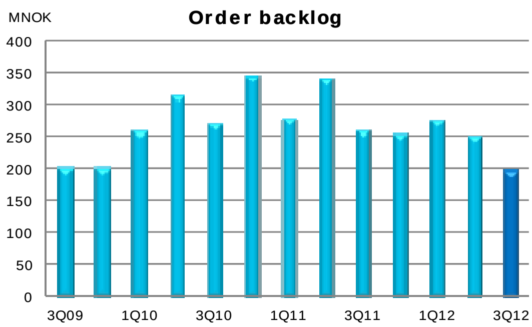
Market and future outlook

Traditionally Q4 is the most challenging quarter due to seasonality effects, especially in the Nordic market. This effect is expected also this year despite good order inflow at the very end of Q3 as well as in the beginning of Q4. Orders signed over the last weeks are predominantly for deliveries in Q1 and Q2 2013 and will have limited effect in Q4 2012.

There is a positive outlook into 2013 in Nordic market due to optimistic sentiment created by medium to long term prospects for the salmon industry.



The order backlog at the end of Q3 was 200 MNOK (260). The order inflow in Q3 was 149 MNOK (146). Order inflow reflecting seasonal trends and on same level as in same period last year. However, we experienced a stronger increase in order inflow in the last part of Q3 compared to same period last year. This has continued into Q4.



AKVA is increasing its effort to be more present in the Nordic region outside Norway, such as in Faroe Islands, Sweden and Iceland.

Chile is currently stabilizing at high volumes, but has more uncertainty next year due to low prices on salmon, trout and coho. This is generating a more cautious investment climate. In the longer term the outlook in the Chilean markets remains good and AKVA holds a strong position as a leading technology and service partner in the industry.

AKVA will open a new office in Tasmania in 2013 as a careful entry into the Australian and New Zealand market.

We expect improvements in the UK as well as the Canadian market throughout the year. Expectations in both these markets are more moderate in 2013 due to fish health issues and expectations of limited growth. AKVA holds a strong position in both markets with a significant portion of our activities being service and after sales.

Export markets pose an opportunity for AKVA going forward with significant substantiated interest from new markets, such as Russia. Current characteristics of these markets are substantial orders, but with uneven occurrence. This poses uncertainty in the short term on size of business volumes. Over time these markets will form a more even revenue stream for AKVA.

AKVA continues to build service and after sales and considers this a key business element in the future. This applies in all of our regions as well as technology business segments.

Our strong focus on working capital and cash management continues into Q4 where we traditionally have an increase in working capital and reduction of available cash due to build-up of projects to be delivered in the first part of the following year.

We are hands on, adjusting operations according to market development. The focus on long term performance, margins and customer relations continues.

Selected disclosure notes

Note 1 General information and basis for preparation

AKVA group consists of AKVA group ASA and its subsidiaries. There have been no significant changes in the Group's legal structure since year-end 2011.

The condensed consolidated interim financial statements are unaudited. As a result of rounding differences, numbers or percentages may not add up to the total. The consolidated financial statements for the Group for the year ended 31 December 2011 are available upon request from the company s registered head office at Nordlysveien 4, 4340 Bryne, Norway or at www.akvagroup.com.

These interim financial statements are prepared in accordance with International Financial Reporting Standards and interpretations (IFRS), as issued by the International Accounting Standards Board (IASB) and as adopted by EU (EU-IFRS), including International Accounting Standard 34, Interim Financial Reporting. The quarterly report does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report for 2011.

Note 2 Business segments

AKVA group is organized in three business segments; Cage based technologies, Software and Land based technologies.

The same accounting principles as described for the Group financial statements have been applied for the segment reporting. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions, and the measurement used in the segment reporting is the same as used for the actual transactions.

Note 3 Top 20 shareholders September 30th, 2012

Shareholders	Citizenship	Number of shares held	Ownership
EGERSUND GROUP AS	NOR	7 341 341	28,42 %
KONTRARI AS	NOR	5 571 844	21,57 %
ARENDALS FOSSEKOMPAN	NOR	3 493 301	13,52 %
SN-INVEST AS	NOR	2 426 782	9,39 %
PERSHING LLC MAIN CUSTC	USA	2 159 587	8,36 %
SKAGEN VEKST	NOR	1 270 800	4,92 %
MOLAUG KNUT	NOR	404 838	1,57 %
MP PENSJON PK	NOR	380 000	1,47 %
OLE MOLAUG EIENDOM A	NOR	338 692	1,31 %
KLUGE GUNNAR	NOR	173 150	0,67 %
MOLAUG OLE	NOR	167 192	0,65 %
HAVBRUKSCONSULT AS	NOR	166 000	0,64 %
DNB NOR SMB VPF	NOR	124 088	0,48 %
NEDREBØ ANNE HELGA	NOR	101 750	0,39 %
HAVREVOLL INGRID	NOR	99 750	0,39 %
SKJÆVELAND ODD	NOR	75 750	0,29 %
GILJE BERGLJOTMOLAUG	NOR	67 644	0,26 %
MOLAUG INGRID	NOR	66 950	0,26 %
GJØVIK JAN ARVE	NOR	63 961	0,25 %
SKAGEN VEKST III	NOR	58 000	0,22 %
		24 551 420	**95,03 %**
Other shareholders		1 282 883	4,97 %
Total shares		**25 834 303**	**100,00 %**

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 period 1 January to 30 September 2012, 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.

Inverness, 30 October - 2012
Board of Directors, AKVA group ASA

Amund Skarholt
(chairperson)

Aino Olaisen

Hans Kristian Mong

Anne Breiby
(Deputy chairperson)

Frode Teigen

Tore Obrestad

Kjell Arne Corneliussen

Eivind Brendryen

Trond Williksen
(CEO)

Main figures from financial accounts

INCOME STATEMENT (NOK 1000)	2012 3Q	2011 3Q	2012 YTD	2011 YTD	2011 Total
OPERATING REVENUES	**202 041**	**226 742**	**657 222**	**702 581**	**893 552**
Operating costs ex depreciations	189 551	204 791	594 998	643 804	831 600
OPERATING PROFIT BEFORE DEPR.(EBITDA)	**12 490**	**21 951**	**62 224**	**58 777**	**61 953**
Depreciation	8 318	8 168	25 280	23 949	32 700
OPERATING PROFIT (EBIT)	**4 172**	**13 783**	**36 944**	**34 828**	**29 253**
Net interest expense	-1 654	-2 935	-5 946	-9 173	-11 400
Other financial items	-1 081	313	457	988	-3 596
Net financial items	-2 735	-2 622	-5 489	-8 185	-14 996
PROFIT BEFORE TAX	**1 437**	**11 162**	**31 455**	**26 643**	**14 256**
Taxes	515	3 092	8 839	6 165	2 771
NET PROFIT	**922**	**8 070**	**22 616**	**20 479**	**11 485**
Earnings per share	0,04	0,31	0,88	1,02	0,53
Average number of shares outstanding (in 1 000)	25 834	25 834	25 834	20 093	21 529

BALANCE SHEET (NOK 1000)	2012 30.9.	2011 30.9.	2011 31.12.
Intangible fixed assets	200 406	205 444	209 556
Fixed assets	42 962	39 613	41 939
Long-term financial assets	29 938	23 771	37 979
FIXED ASSETS	**273 306**	**268 827**	**289 474**
Stock	177 375	178 759	174 919
Trade receivables	129 821	216 320	177 601
Other receivables	40 056	39 873	42 436
Cash and cash equivalents	46 763	41 114	37 232
CURRENT ASSETS	**394 015**	**476 065**	**432 189**
TOTAL ASSETS	**667 321**	**744 893**	**721 663**
Paid in capital	355 549	355 549	355 549
Retained equity	-9 093	-28 948	-31 778
TOTAL EQUITY	**346 456**	**326 601**	**323 771**
Other long term debt	2 577	1 825	2 000
Long-term interest bearing debt	72 476	116 691	110 209
LONG-TERM DEBT	**75 053**	**118 517**	**112 208**
Short-term interest bearing debt	60 822	50 455	72 709
Other current liabilities	184 989	249 321	212 975
SHORT-TERM DEBT	**245 811**	**299 776**	**285 684**
TOTAL EQUITY AND DEBT	**667 321**	**744 893**	**721 663**

CHANGES IN EQUITY (NOK 1000)	2012 3Q	2011 3Q	2012 YTD	2011 YTD	2011 Total
Book equity at the beginning of the period	346 857	319 023	323 771	227 561	227 561
The period's net profit	922	8 070	22 616	20 479	11 485
Capital increase	-	-	-	94 726	94 726
Share issue costs	-	-	-	-6 264	-6 264
Gains/(losses) on cash flow hedges (fair value)	-332	-53	-452	-	-
Utbytte/Dividend	-	-	-	-	-
Change in pension liability recorded against equity	-	-	-	-	-119
Recording of option agreement	-	-	-	-	30
Translation differences	-991	-439	522	-9 901	-3 649
Book equity at the end of the period	346 456	326 601	346 456	326 601	323 771

CASH FLOW STATEMENT (NOK 1000)	2012 3Q	2011 3Q	2012 YTD	2011 YTD	2011 Total
Net cash flow from operations	9 447	19 816	26 939	49 719	44 993
Net cash flow from change in working capital	-9 102	-67 406	19 847	-88 484	-80 879
Net cash flow from operational activities	345	-47 590	46 786	-38 765	-35 886
Net cash flow from investment activities	-6 844	-4 990	11 495	-17 733	-28 183
Net cash flow from financial activities	-4 750	26 869	-48 753	54 453	58 142
Net cash flow	-11 249	-25 711	9 529	-2 046	-5 927
Cash and cash equivalents at the beginning of the period	58 011	66 825	37 232	43 160	43 159
Cash and cash equivalents at the end of the period	46 761	41 114	46 761	41 114	37 232

BUSINESS SEGMENTS (NOK 1000)	2012 3Q	2011 3Q	2012 YTD	2011 YTD	2011 Total
Cage based technologies					
Nordic operating revenues	82 137	102 905	219 676	335 707	327 181
Americas operating revenues	74 710	67 277	234 575	171 167	255 892
Export operating revenues	12 330	20 406	70 948	67 073	137 201
OPERATING REVENUES	169 177	190 588	525 199	573 947	720 274
Operating costs ex depreciations	160 629	167 683	495 409	515 370	657 740
OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	8 548	22 904	29 789	58 577	62 534
Depreciation	6 583	6 188	19 959	17 817	24 329
OPERATING PROFIT (EBIT)	1 965	16 717	9 831	40 760	38 205
Software					
Nordic operating revenues	14 796	21 239	82 790	72 119	98 601
Americas operating revenues	5 677	3 565	14 508	9 136	12 147
Export operating revenues	411	326	1 230	1 156	1 608
OPERATING REVENUES	20 884	25 131	98 528	82 411	112 356
Operating costs ex depreciations	17 436	21 522	61 004	72 573	101 105
OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	3 448	3 609	37 525	9 838	11 251
Depreciation	1 496	1 657	4 593	5 181	7 101
OPERATING PROFIT (EBIT)	1 952	1 951	32 931	4 657	4 150
Land based technologies					
Nordic operating revenues	7 608	6 746	25 891	28 274	42 843
Americas operating revenues	4 372	4 277	7 603	17 949	18 079
Export operating revenues	-	-	-	-	-
OPERATING REVENUES	11 980	11 023	33 495	46 223	60 922
Operating costs ex depreciations	11 486	15 610	38 584	55 885	72 754
OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	494	-4 587	-5 090	-9 663	-11 832
Depreciation	239	323	728	951	1 270
OPERATING PROFIT (EBIT)	255	-4 910	-5 818	-10 613	-13 102

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