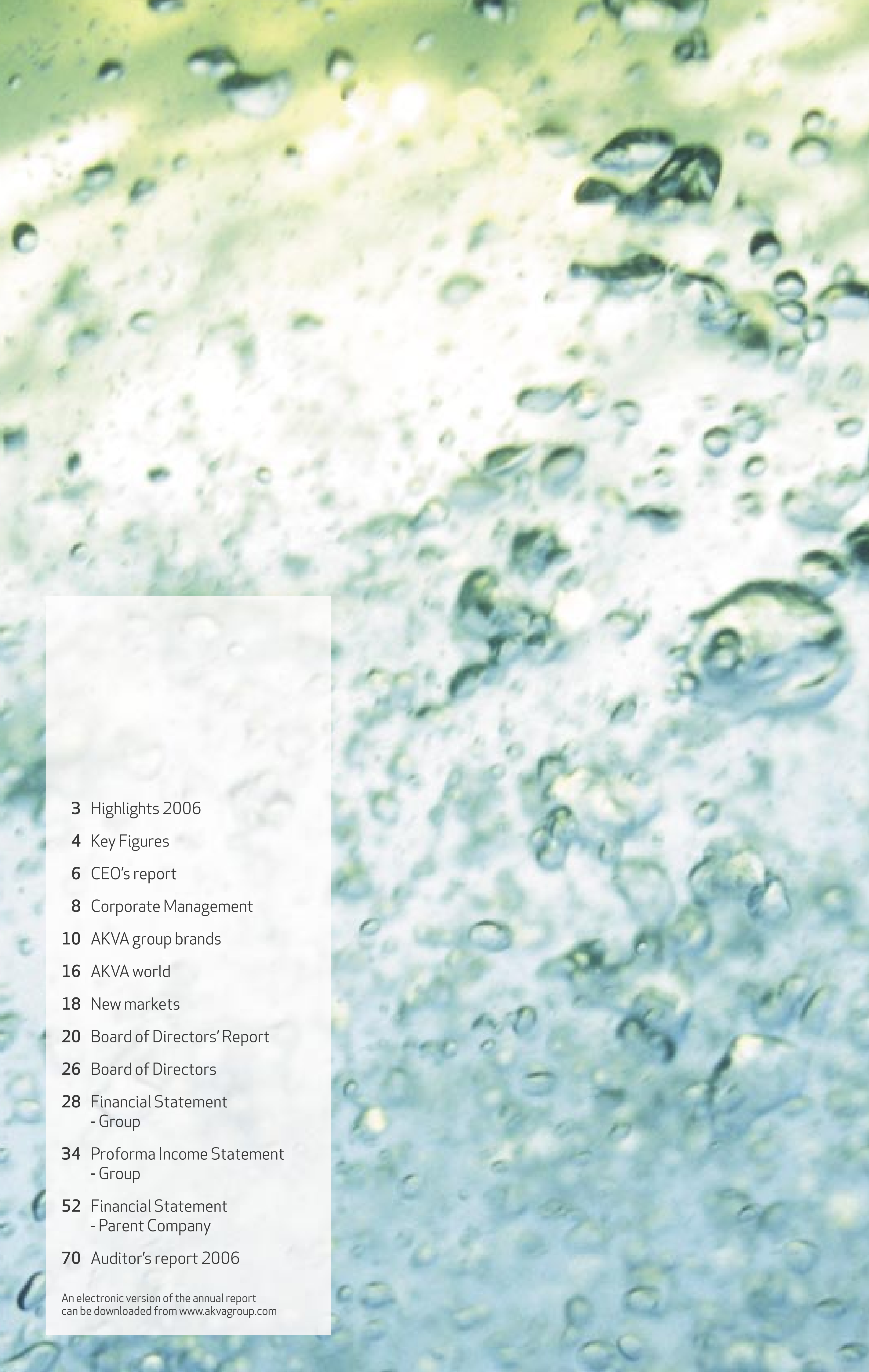
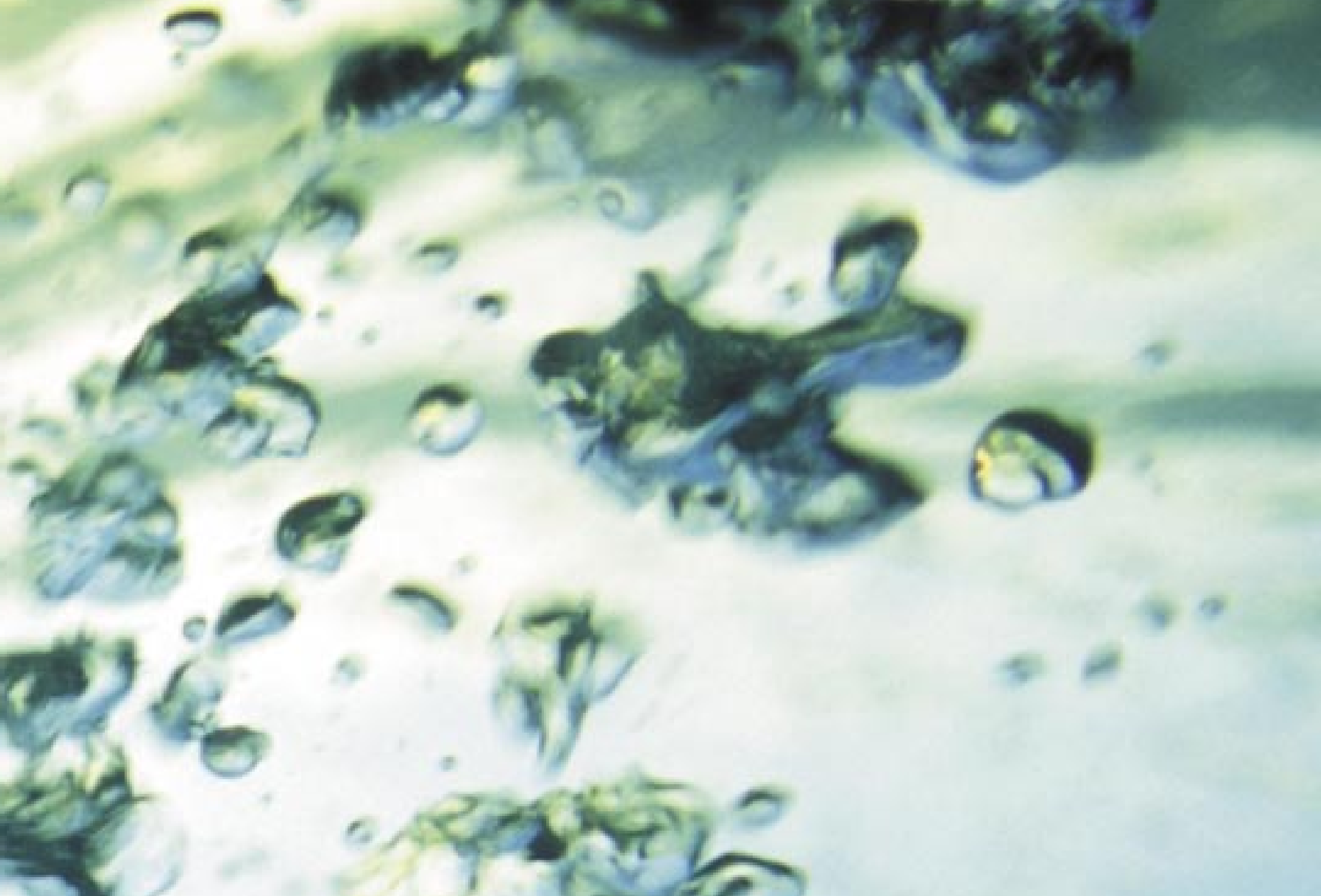
AKVA GROUP

ANNUAL REPORT 2006



An electronic version of the annual report
can be downloaded from www.akvagroup.com



VISION

The global leader in aquaculture technology

- AKVA group will continue to lead the technological development of the aquaculture industry, and will continue to be the forerunner in the consolidation of the aquaculture supply sector.

- We will realise cost benefits in the market, in our operations and in our research and development through economy of scale.

- We will work actively to motivate, attract and retain competent employees to ensure that the company has the right people needed to reach our goals.

- Profitability during the continued strong growth of the industry will be secured through sound company management.

HIGHLIGHTS 2006

- AKVA group was established by the merger between the three largest supply companies to the world's fish farming industry: AKVAsmart, Helgeland Plast and Wavemaster Group.

- The 2006 operating revenues were NOK 528.1 million, which was up 67% from 2005. The earnings (EBITDA) was NOK 71.4 million, which was up more than three times from 2005.

- IPO, secondary sale and new share issue, raising NOK 130 million, was successfully completed in November.

- Letter of Intent signed in December to acquire Maritech – the leading software provider to the seafood industry.

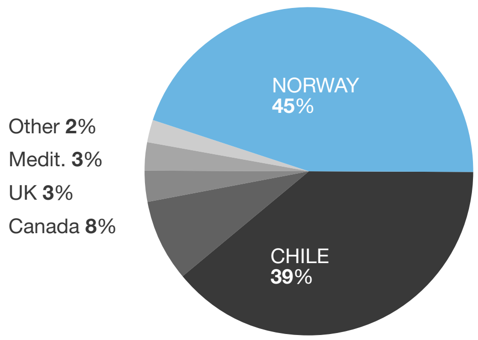
- Strong market fundamentals in all markets - good outlook for 2007.

FINANCIAL KEY FIGURES

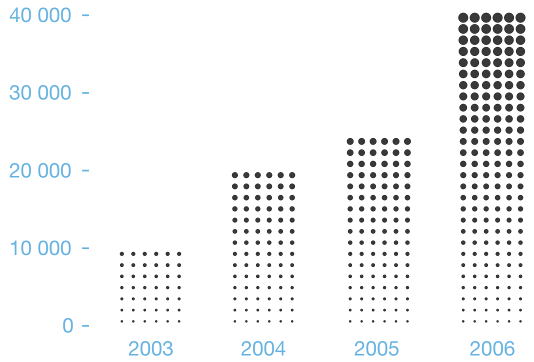
(in NOK 1 000)	2006*	2005*	2004	2003	2002
PROFITABILITY					
Revenues	528 087	315 962	108 128	107 505	107 106
EBITDA	71 359	19 625	10 386	8 059	-29 233
EBIT	57 721	7 882	5 516	3 161	-74 014
Profit before tax	54 821	4 641	3 280	1 026	-76 464
Net profit	43 162	3 097	2 393	727	-68 828
Cash flow from operations	37 626	20 218	222	19	-2 961
EBITDA margin	13,5 %	6,2 %	9,6 %	7,5 %	Neg
EBIT margin	10,9 %	2,5 %	5,1 %	2,9 %	Neg
Return on capital employed	25,1 %	3,4 %	8,3 %	5,3 %	Neg
Return on equity	19,1 %	2,0 %	6,6 %	2,0 %	Neg
FINANCIAL POSITION					
Fixed assets	172 189	191 162	41 148	42 288	45 328
Current assets	351 824	143 750	57 930	53 055	48 531
Total assets	524 013	334 912	99 078	95 344	93 859
Equity	295 008	155 881	34 106	38 319	33 985
Long-term debt	46 621	53 827	25 463	20 335	21 391
Short-term debt	182 384	125 204	39 509	36 689	38 484
Total equity and liabilities	524 013	334 912	99 078	95 344	93 859
Gross interest-bearing debt	56 719	70 208	37 498	29 627	34 537
Cash and cash equivalents	141 463	15 055	7 951	7 108	7 247
Net interst-bearing debt	-84 744	55 153	29548	22 519	27 290
Working capital	58 042	37 371	25 411	18 759	15 931
Equity ratio	56,3 %	46,5 %	34,4 %	40,2 %	36,2 %
Debt to equity ratio	19,2 %	45,0 %	109,9 %	77,3 %	101,6 %
SHARE DATA					
Earnings per share	3,08	0,23	0,03	0,03	-5,89
Cash flow per share	4,28	1,07	0,30	0,22	-2,77
Dividend per share	-	-	-	-	-
Shareholders equity per share	21,05	11,55	1,46	1,73	2,91
Share price at year-end	35	n/a	n/a	n/a	n/a
Market capitalization at year-end	602 800	n/a	n/a	n/a	n/a
Number of shares outstanding at year-end	17 222 869	13 495 783	23 480 922	23 364 642	11 682 321
Average number of shares outstanding	14 016 000	13 495 783	23 384 712	22 177 153	11 682 321

* 2005 and 2006 are proforma figures, showing the consolidated figures from AKVAsmart, Polarcirkel and Wavemaster as if the merger was made 1 January 2005.

Revenues per country 2006

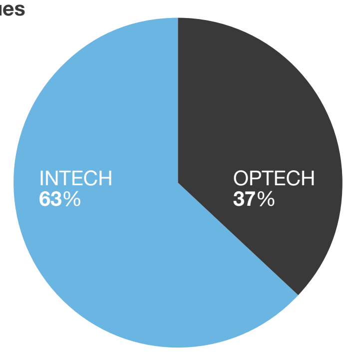


AKVA group revenues within other species than salmon
In NOK 1000

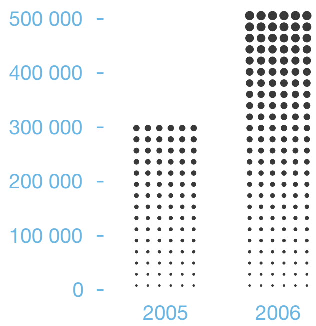


Main species: Sea bass - Sea bream - Turbot - Cod

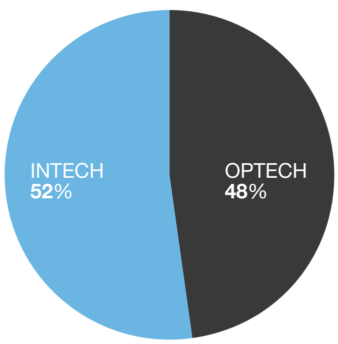
2006 Revenues
Proforma



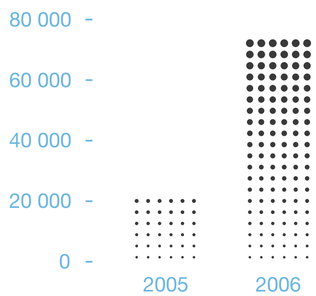
Revenues
In NOK 1000



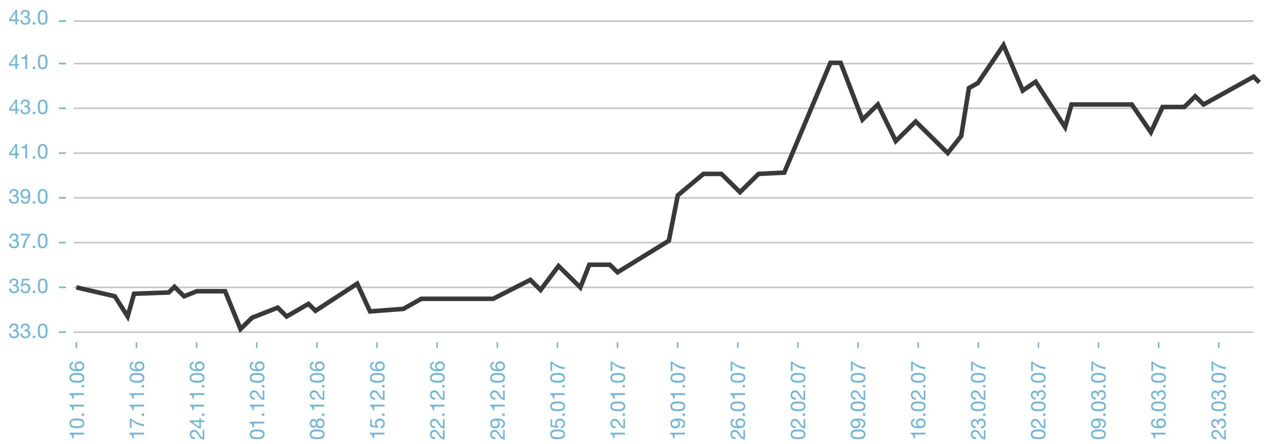
2006 Profits
Proforma



EBITDA
In NOK 1000



Share price development since IPO
NOK



COMMITMENT TO CHANGE. THAT'S WHAT IT'S ALL ABOUT!

Knut Molaug, CEO

THE POSITIVE DEVELOPMENT for AKVA group in 2006 is continuing into 2007. The market fundamentals for our activity are good both within salmon farming and within farming of other species, and the outlook for the next years are promising.

Although the outlook is good at the moment, we can not rest. The industry that we are a part of is dynamic and moving impatiently ahead at a high pace, so must we. And I am proud to say that AKVA group employs a unique team of professionals that are dedicated to be on the forefront of the development of the industry and lead the way together with our customers. Our constant ability and willingness to change has been immensely important for our success in the past, and will be so also going forward. I can assure that the changes of the industry will continue, and at a high rate. I believe we have yet only seen the beginning of the new structure and development of the aquaculture industry.

OUR AMBITION IS to be the technology leader in this ever-changing industry, which means that we have to lead the way together with our customers in transforming the industry. This calls for people with deep insight and knowledge about our customers, their business environment, about aquaculture, about technology, about globalisation and so forth. We employ these people today, and intend to continue to build our organisation further by continue attracting the best people of the industry.

The consolidation of the salmon industry has been tremendous over the last decade or so. The consolidation into large companies that have become global players that are value chain integrated is radical. Now these companies are looking at ways to enhance their organisation and competence further. I believe integration into new aquaculture species will be one of the answers, this has already been portrayed by Marine Harvest in their quarterly presentations, Aqua Chile has already invested in Tilapia farming and other companies will follow.

WE INTEND TO PLAY an important role in this process of the salmon companies becoming seafood companies. We will do so by being able to assist the companies and by offering the right products for a multiple of species to our customers globally. To do this we need knowledge, size and presence. We are energetically building our competence base through active means. We have been and are still in the process of building size through consolidation of the supplier side to create economies of scale. We are now moving agilely on to also generate stronger presence in important regions outside the salmon industry and thereby enhancing the business volume even further.

2007 will be another year of change!

Bryne, March 2007

Knut Molaug
President and CEO

“Our constant ability and willingness to change has been immensely important for our success in the past, and will be so also going forward.

CORPORATE MANAGEMENT

KNUT MOLAUG, CEO

Mr. Molaug (born 1960), has been employed in AKVAsmart since 1983 and has held the position as CEO since 1988. He has held a number of positions in the fish farming industry, including the position as chairman of "Norwegian suppliers to the fish farming industry" and as a board member of the Norwegian Research Council for aquaculture. Mr. Molaug holds an engineering degree from Rogaland School of Engineering in computing and automation. Mr. Molaug is a Norwegian citizen and resides in Bryne, Norway.

JOHAN ROGER SMITH-NILSEN COO

Mr. Smith-Nilsen (born 1962), has been the general manager of Helgeland Betong AS from 1990 to 1996 and the general manager of Helgeland Plast AS and Helgeland Holding AS since 1997. He has also been a board member of the "Norwegian Suppliers to the fish farming industry". Mr. Smith-Nilsen is educated from the Norwegian Technical University in Trondheim i ("NTH") in building constructions. He is a Norwegian citizen and resides in Mo i Rana, Norway.

TROND SEVERINSEN , CMO

Mr. Severinsen (born 1964), has been employed with AKVAsmart since 1993, whereof up to 2003 as general manager for the company's operations in Canada and from 2003 as CMO. Mr. Severinsen has previously worked for Sea Farm Trading (84'-90'), setting up their Canadian office in 1987 and later ran his own business until 1993. Mr. Severinsen has worked within sales, marketing and R&D of technology towards the fish farming industry since early 1984. Mr. Severinsen is a Norwegian citizen and resides in Klepp, Norway.

ROLF ANDERSEN, CHIEF FINANCIAL OFFICER (CFO)

Mr. Andersen (born 1968), has been employed in AKVAsmart since 2001. He holds a Master of Science degree in Business and is a State Authorised Public Accountant from the Norwegian School of Economics and Business Administration (NHH). Prior to his employment as Group Controller in AKVAsmart in 2001 he worked as audit manager in Pricewaterhouse-Coopers (1994-2001). Mr. Andersen is a Norwegian citizen and resides in Bryne, Norway.

MORTEN NÆRLAND, GENERAL MANAGER CHILE

Mr. Nærland (born 1966), has since 2006 been the General manager of the Chilean operations. Prior to this, he was the CFO of AKVAsmart from 2001. He holds experience as financial analyst in Pareto Securities/Garde from 1999-2001, portfolio manager in Statoil from 1998-1999 and as finance manager in Scana Industrier 1996-1998. Mr. Nærland holds a Bachelor of Business Administration from Bodø and a post graduate degree in from the Norwegian School of Economics and Business Administration (NHH). Mr. Nærland is a Norwegian citizen and resides in Puerto Montt, Chile.

PATRICK DEMPSTER, CTO

Mr. Dempster (born 1961), has been employed in AKVAsmart since 1999 and has also been the manager for the Chilean operation. He has previously worked in the Chilean salmon industry since the early 90's as production manager for Salmones Multiexport. From 1999-2006 he has been a board member of Salmones Multiexport. Mr. Dempster holds a degree in agricultural engineering from the Catholic University of Chile and later a Master of Science from Stirling University of Scotland. Mr. Dempster is a Chilean citizen and resides in Bryne, Norway.

akvasmart™

The Akvasmart brands started out in 1980 as the company Akva AS invented and patented the world's first centralised feed system for fish farms. The company has remained the world's leading supplier of feed systems ever since, with well over 2000 AkvaMarina systems delivered to date.

Feeding fish used to be a very labour intensive and time consuming job. Today, this job is easily done by the help of the AkvaMarina feed systems that blow the feed directly from the feed silos to the fish. This process is reliably and accurately controlled by the farm technician using the feed system software, video cameras, feed sensors, environmental sensors and remote controls.

In addition to the feeding systems, the Akvasmart brands today include many of these vital accessories.

Doppler and Infrared pellet sensors detect uneaten feed below the fish' eating area in the cages. The signals from the sensors are used to modulate and stop the feeding automatically when the fish are satiated. The feed system software allows for adaptive feeding regimes when pellet sensors are used so that the fish decides when and how much to eat. In other words: We make your fish talk!

Both underwater and surface mounted video cameras are used to monitor the feeding process and the fish. Some models include remote control camera positioning in the cages as well as having full pan and tilt camera control.

Environmental sensors include water temperature-, tidal current- and oxygen sensors. These are integrated with the feed system in order monitor and log environmental conditions critical to optimal fish farming.

Both feed systems and sensors are installed aboard our line of AkvaMaster and AkvaCenter Feed Barges that range in feed carrying capacity from 96 to 720 metric tons. These barges include the latest developments in efficient feed handling, storage, logistics and personnel comforts to ensure a functional and safe workplace. They are fully self-contained with complete feed systems, generator, control room, living quarters and other required equipment.

"The signals from the sensors are used to modulate and stop the feeding automatically when the fish are satiated."

fishtalk™

The history behind Fishtalk started already in the early 1980's, when innovative people in the Norwegian fish farming industry saw the need for tools for more effective management of their operations when it came to planning, biological control and productivity improvements. This early version of the software became known as Superior Control.

The challenges in the rapid growing aquaculture industry are many and the complexity is continuously increasing. Demands for increased profitability, efficiency, better decisions and improved decision basis, drive the need for faster and better exchange of information within the entire value chain. Consequently, the need for intelligent software solutions is growing fast. Powerful software, such as Fishtalk, will be one of the strongest competitive edges for those who want to be the winners in the future aquaculture marketplace.

Today Fishtalk is the new language in aquaculture and is the leading decision support and management software in the industry. As up to 80% of production costs are managed by the farm manager, Fishtalk is designed to be the best software that provides full production control at farm level combined with full multi-level management control. Fishtalk is also the first software that efficiently integrate biological production control software with the Akvamarina feed systems and environmental sensors (same data base).

The new Fishtalk concept was introduced to the aquaculture industry in 2005 and honoured the same year at the Aqua Nor trade show in Trondheim, with the Nor Fishing Innovation Award, taking an important leap forward for the entire fish farming industry.

We make your fish talk!

"Consequently, the need for intelligent software solutions is growing fast."

WAVEMASTER

Wavemaster began producing steel cages in Ireland in 1985, and today supplies cages to all the major world markets. Production started in Canada in 1988 and in Chile in 1990. Wavemaster has a reputation for quality products that provide maximum reliability and cost effectiveness.

The large numbers of cages currently in use are operating in diverse wave and wind conditions on a large variety of sites in more than twelve regions of the world. This demonstrates the reliability of the Wavemaster cage design. Wavemaster cages provide the most cost effective steel cages available to the fish farming industry and is today established as the world's leading brand of steel cages with well above 7000 cages delivered.

Steel cages provide an ideal platform for fish farming. Wide non slip walkways with high free board around all sides of the cages allow the operators full flexibility of operation and easy access from cage to cage. The compactness and simplified mooring arrangements for steel cages make them a very attractive option for many sites. The increasing industrialised use of technology in fish farming, giving easy access to fish and equipment, is becoming essential for good husbandry and maintenance. The availability of steel cages in large sizes, suitable for operation on sites with moderate exposure, large reserve buoyancy, together with the flexibility to be arranged into either a single or double string systems allows the farm to be optimally configured to the site conditions.

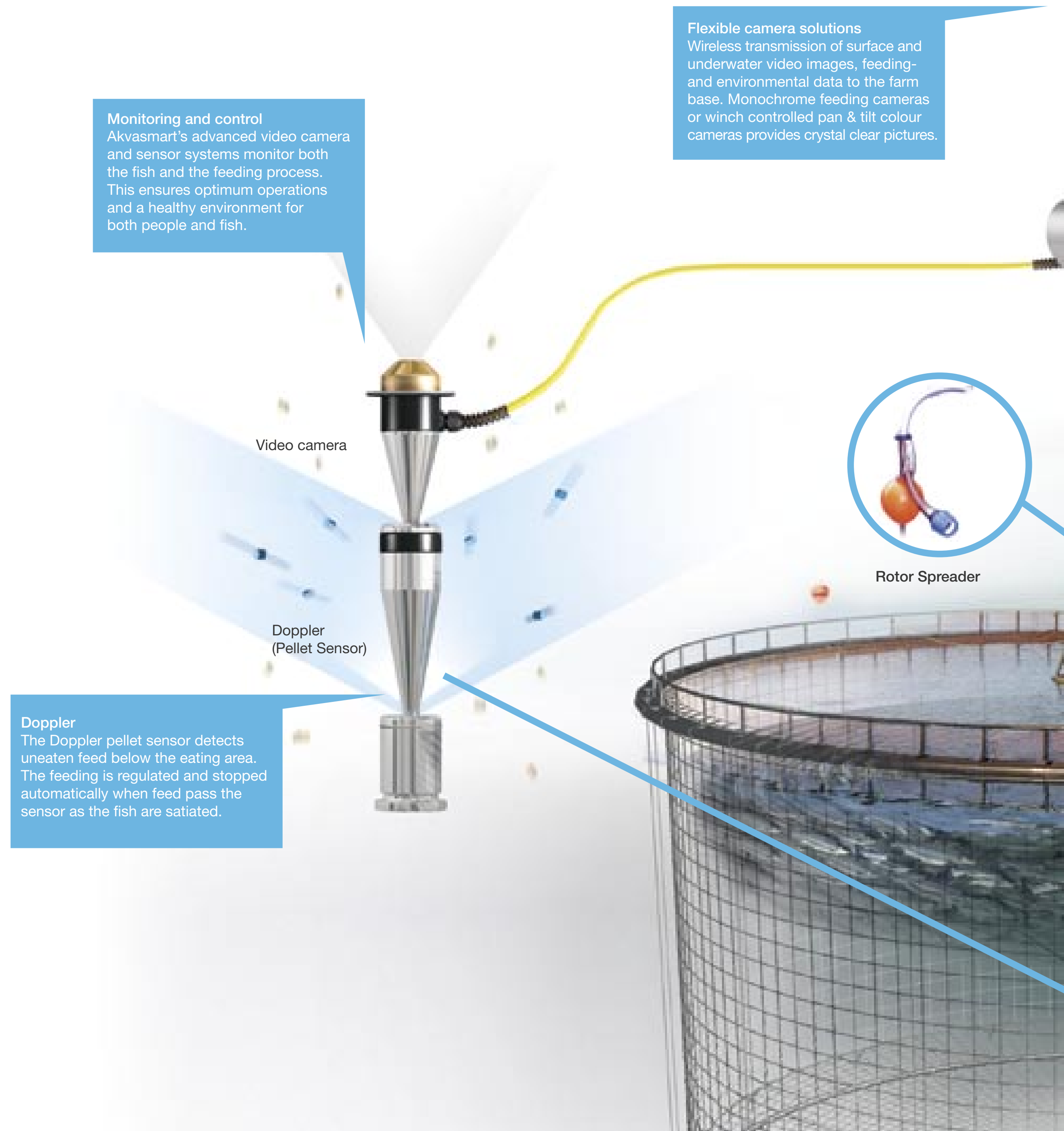
"The increasing industrialised use of technology in fish farming, giving easy access to fish and equipment, is becoming essential for good husbandry and maintenance."

The first Polarcirkel cages were designed and delivered in 1974 in cooperation with two local farmers in Norway. Since then, Polarcirkel has been the world's leading supplier of cages with more than 30.000 cages installed. Even the name Polarcirkel has become synonymous with circular plastic cages in many areas.

Plastic cages have proven industry wide to be the most suitable cage design for rougher fish farm sites. The cages have the unique combination of flexibility and strength needed to absorb the forces of waves, wind and currents at exposed high energy sites. Both cage sizes and pipe dimensions used have increased substantially over the years in order to ensure reliable and safe heavy weather performance. Since the first cage in 1974, Polarcirkel has continued to develop their plastic cage concept in cooperation with renowned research institutes such as Marintek and Sintef, as well as experienced fish farmers world wide. Cages are now available with both plastic or steel brackets in order to suit any individual needs or preferences. The result is a Polarcirkel product line that is suited for almost any location and type of fish farm.

In 1987, Polarcirkel was credited with another milestone for the fish farming industry as the company designed and built the world's first polyethylene RIB boat. Since then, more than 1000 boats in various sizes and models have been supplied world wide. The boats are designed by renowned naval architects for both professional and pleasure use, and are famous for their durability, stability and all weather performance combined with a rugged design.

"Plastic cages have proven industry wide to be the most suitable cage design for rougher fish farm sites."

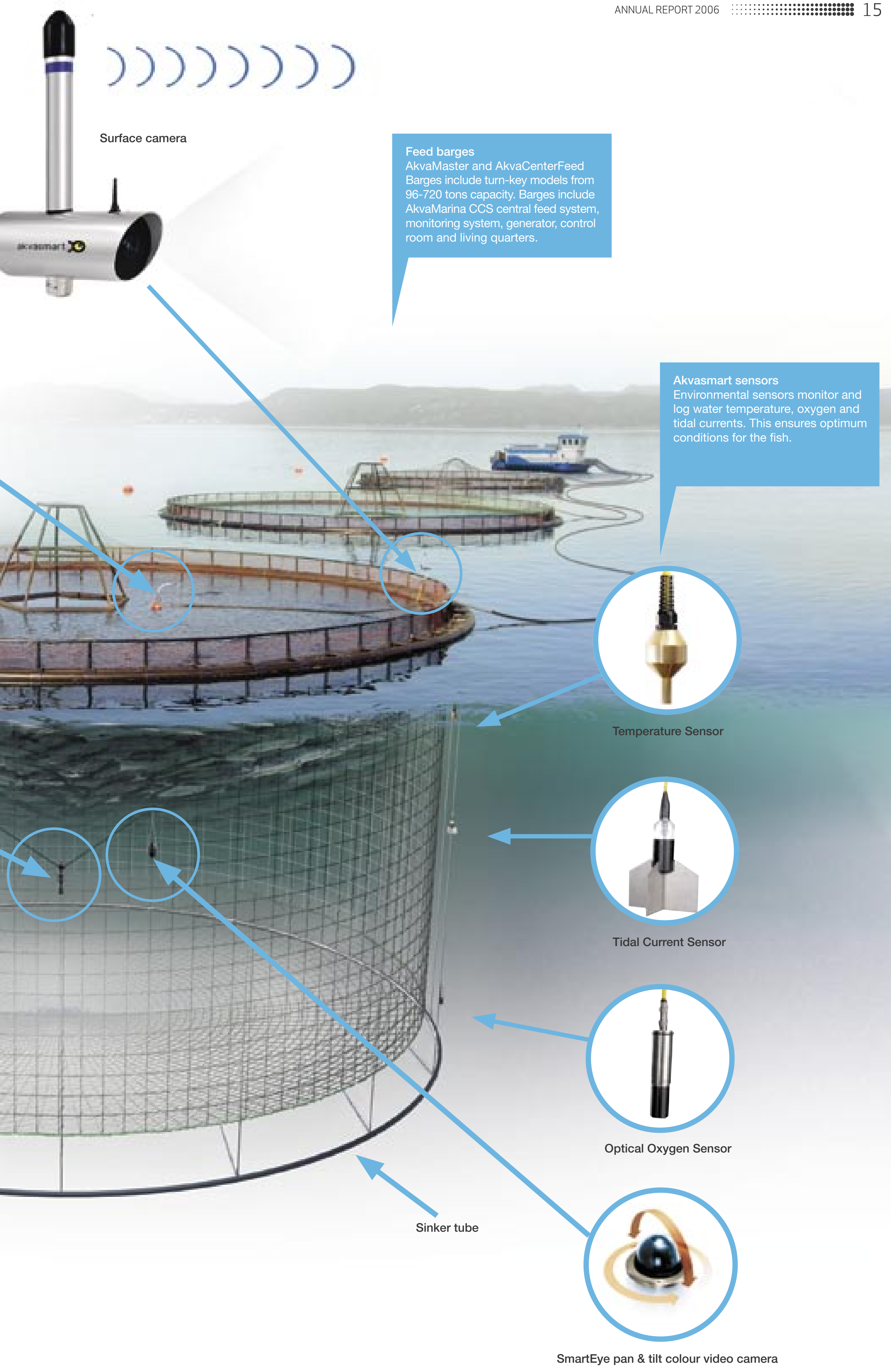


Modern fish farming -the key to the future of global food production

Did you know that more than 40% of all seafood now comes from fish farms and that the global aquaculture industry is growing by more than 10% per year? In 2006 the total export value of the Norwegian fish farming industry passed the country's total wild fisheries.

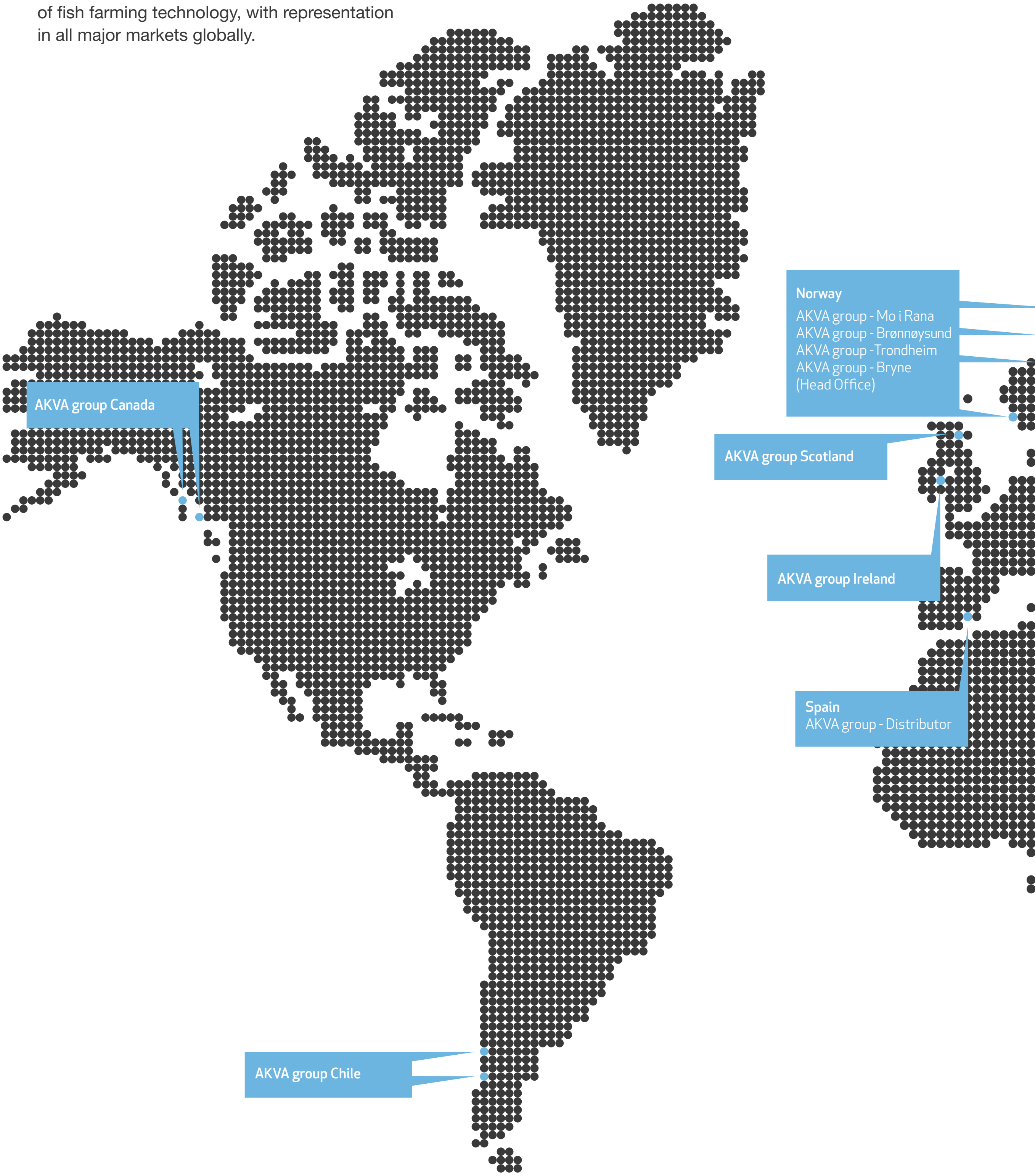
AKVA group is now the world's largest supplier of fish farming technology, with factories and offices in all major markets globally. The company went public on the Oslo Stock Exchange in Norway in 2006, and today promotes four strong and well known brand names.

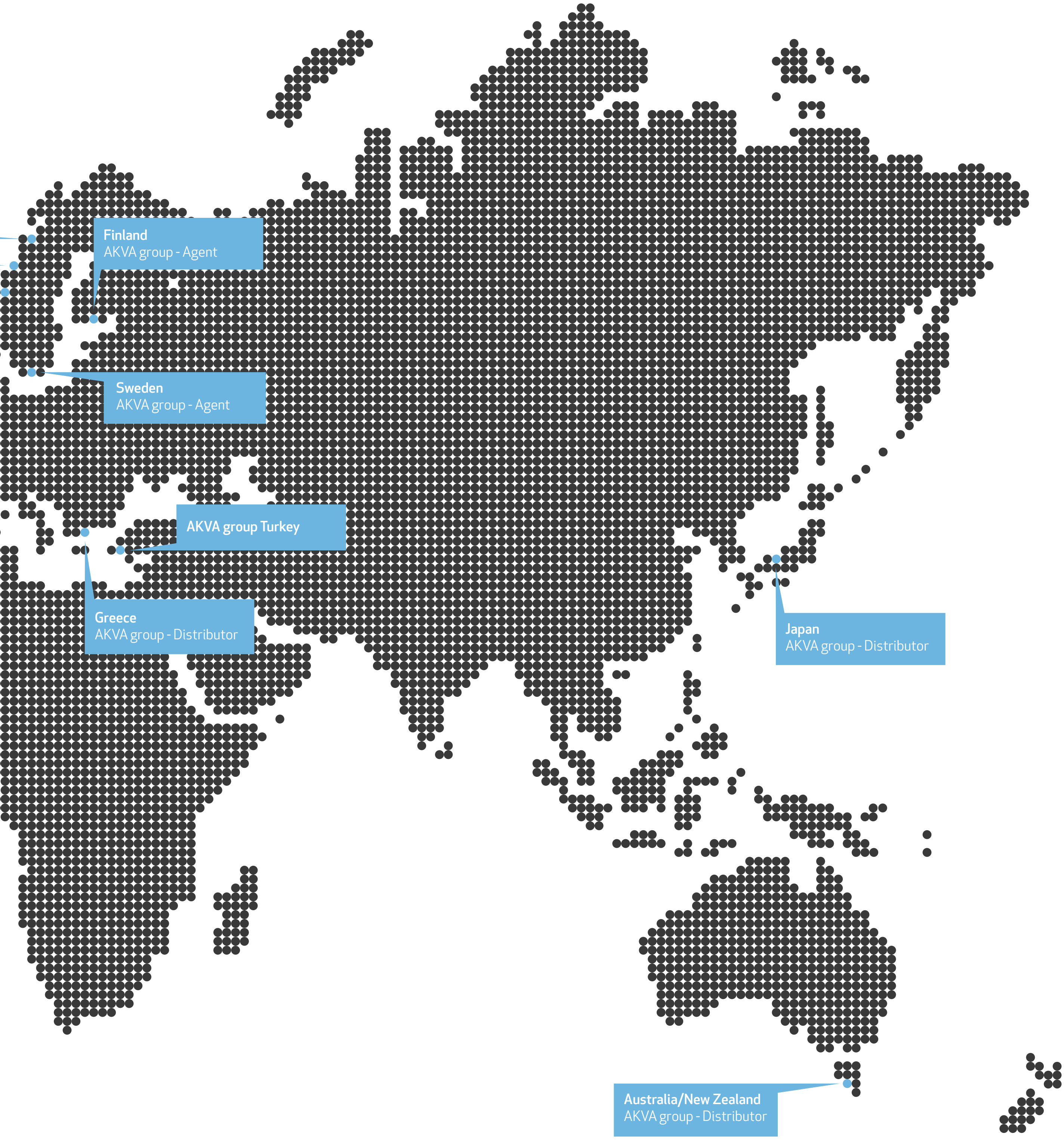
WAVEMASTER polarcirkel fishtalk™ akvasmart™


Surface camera
Feed barges
AkvaMaster and AkvaCenterFeed Barges include turn-key models from 96-720 tons capacity. Barges include AkvaMarina CCS central feed system, monitoring system, generator, control room and living quarters.
Akvasmart sensors
Environmental sensors monitor and log water temperature, oxygen and tidal currents. This ensures optimum conditions for the fish.
Temperature Sensor
Tidal Current Sensor
Optical Oxygen Sensor
Sinker tube
SmartEye pan & tilt colour video camera

THE AKVA WORLD

AKVA group is now the world's largest supplier of fish farming technology, with representation in all major markets globally.




Finland
AKVA group - Agent
Sweden
AKVA group - Agent
AKVA group Turkey
Greece
AKVA group - Distributor
Japan
AKVA group - Distributor
Australia/New Zealand
AKVA group - Distributor

NEW MARKETS MAJOR GROWTH POTENTIAL

Global aquaculture is growing more rapidly than any other animal food producing sectors in the world. Aquaculture has grown at an average rate of 9.2% per year since 1970, compared to only 1.4% within capture fisheries and 2.8% for terrestrial farmed meat production, all according to FAO statistics. And, this rapid growth is expected to continue over the next 20 years.

The growth of the salmon industry has been very strong over the last 25 years and lately the emerging Atlantic Cod industry has attracted a lot of attention in Norway. However, the growth in other parts of the world has also been massive. According to FAO, one should expect that the net exports of fish from countries and regions such as China, Latin America and Caribbean will increase substantially going forward. The main receivers of the exported fish will be Europe, the United States and Japan. This does not mean that there will not be aquaculture production in these countries; but it indicates that their production will mainly be consumed locally. This development also implies that there will be a relatively higher production growth in Latin America and Asia than in other world regions.

The aquaculture industry globally is becoming more intensive and thereby following the trend of the salmon farming industry. There are numerous reasons why the aquaculture industry is intensifying. The main driving force is the unavailability of extensive aquaculture locations. This unavailability is limiting the industry more and more, and along with economic drivers, it forces the existing aquaculture producers to intensify their production. As a result of this intensification, the need for skilled personnel increases, as well as the need for more knowledge-based aquaculture and technology.

For AKVA group, the development into other species than Salmon has mainly been concentrated in the Mediterranean area and some limited regions in Asia. The last 4 years the average annual growth in sales to other species than salmon has been 68%.

Sea Bass, Sea Bream and Turbot

At the moment, the AKVA group is experiencing a strong development in the Mediterranean markets such as Turkey, Spain and Greece. An ongoing industrialisation and high pace development is seen in cage-based farming in the sea, and the same is happening also in land-based Turbot farming in Spain and Portugal.

Tilapia

During the last decades Tilapia has progressed to become a major import fish into the United States and also Europe. There are a number of countries that produce Tilapia. The vast majority of the world's supply – two million metric tonnes – is consumed in the countries where it is produced. China is the world's leading producer of Tilapia. China and Taiwan account together for the majority of frozen Tilapia imports to the United States, while the bulk of the fresh Tilapia is supplied by Latin American producers.

Cobia

Although commercial production of Cobia has only just begun in the Western hemisphere, it already has a successful history in Asia, most significantly in Taiwan where Cobia is stocked in around 80% of sea cages. Cobia is a fast growing warm water fish that normally reaches 6-7 kg only one year after hatching - which is three times the growth rate of Atlantic Salmon. Farmed Cobia also has a low feed conversion ratio (FCR) and it domesticates well in cages. At the moment there are farms developed to produce Cobia in several regions in Asia and Latin America. AKVA group has already delivered technology and software to a number of Cobia farms in Asia and Latin America.

Poised for growth

AKVA group is well positioned and will continue to strengthen it's position to secure benefits from the global mega trend of growth and industrialisation of the aquaculture sector. Through the existing position AKVA group is poised for significant growth in many regions of the world in the years to come.

BOARD OF DIRECTORS' REPORT

2006 was a year of change for AKVA group. In September AKVAsmart ASA, Helgeland Plast AS and the Wavemaster group merged and thereby established AKVA group – the global leader in aquaculture technology. The merger was followed by a new share issuance and listing on the Oslo Stock exchange, with the first day of listing being the 10th of November.

The total pro-forma* revenues of the companies in 2006 were MNOK 528.1 up by 67% compared to 2005. The pro-forma earnings before interest, tax, depreciation and amortisation (EBITDA) were MNOK 71.4 up more than three times compared to 2005. The pro-forma earnings per share increased to NOK 3.08 in 2006 from NOK 0.23 in 2005.

The market development was positive in all main markets throughout 2006. This positive development has continued into 2007. The outlook for the coming year is good.

AKVA's vision is to be the world leading supplier of equipment and technology to the aquaculture industry. With a strong balance sheet and an equity ratio of 56 %, AKVA is poised for further growth.

AKVA group – Business areas

AKVA group is a world leading supplier of equipment and technology for the fish farming industry. The activity includes design, sale, purchase, assembly, installation, and service of all the company's products as well as consulting services related to the business areas. AKVA's main customer base is the world's salmon farming industry. Deliveries to other fish farming species such as turbot, sea bass, sea bream and cod are increasing.

The company is divided in two business areas: Operational technology (OPTECH) and Infrastructure technology (INTECH).

The OPTECH business area's main products are centralised feed system, sensors, cameras and software for biological production control, including biomass estimation systems. These products enable the fish farming industry to optimise and control production. AKVA owns a number of well known brands of operational technology such as Akvasmart, Fishtalk, AkvaMarina, AkvaSensor, AkvaControl and Vicass.

The INTECH business area's main products are cages and feeding barges. The Polarcirkel polyethylene cages are produced at the facility in Mo i Rana, Norway and are the market leading plastic cages in Norway. The steel cages sold under the Wavemaster brand are the market leading steel cages in Chile, Canada and UK. Wavemaster's main production facility is in Chile. The AkvaMaster barges have the leading position in the salmon market and are always supplied together with centralised feed systems from OPTECH. The production of the AkvaMaster barges is outsourced.

The Polarcirkel brand also includes polyethylene boats for various customers including the fish farming industry and general piping for various purposes.

The AKVA group's headquarters is located in Bryne, Norway. The company also has sales offices in the other main salmon producing countries of Chile, Scotland and Canada. An office in Turkey is specially focused on the Mediterranean market for species other than salmon. In addition the company has representatives in numerous countries across the globe.

Continued operations

The accounts have been prepared under the assumption that the company will continue as a going concern.

Strong and developing market

2006 was a year of distinct change for the salmon industry from the past years of low investments to a year of higher salmon prices and increasing volumes resulting in strengthened earnings for the salmon companies. The Norwegian industry recovered fully from several years of a dormant mode, and the Chilean industry significantly ramped up its investments into Region XI where the lack of infrastructure requires more industrialised solutions.

The structural changes of the industry continued with a renewed pace in 2006. Pan Fish's acquisition of Marine Harvest and Fjord Seafood and major acquisitions completed by Cermaq, Lerøy Seafood and others are examples of this. AKVA's customers are growing larger and are thereby becoming more demanding clients that focus on the entire value chain. There was a trend towards more advanced production control systems, planning systems,

* See proforma income statement page 34

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The market development was positive in all main markets throughout 2006 and this positive development has continued into 2007.

resource optimisation, process documentation, decision support, traceability, documented food safety, fish welfare and so forth.

For AKVA this has resulted in a significant increase in business volume. The increased volume came from the strong development in all salmon market regions, however, the Norwegian market showed the strongest increase. The revenues from the salmon segment in 2006 were MNOK 485, up 66% from 2005.

The AKVA business volume growth within certain other geographic and fish specie market segments was even higher than in the salmon industry. In the Mediterranean region and within cod farming in Norway the growth has been especially strong.

The company's revenues from other species than salmon were MNOK 43 in 2006, which is an increase of 79% from 2005. The Mediterranean market showed an especially strong growth within the farming of sea bass, sea bream and turbot. Deliveries in connection with other species than salmon represent 8.1% of AKVA's income.

Financial accounts and merger

The merger between AKVAsmart, Helgeland Plast and the Wavemaster group was recorded as an acquisition by AKVAsmart ASA effective as of 1 September 2006. Following the acquisition AKVAsmart ASA changed its name to AKVA group ASA.

The legal accounts of AKVA group ASA include the consolidation of the financial accounts of Helgeland Plast ASA and the Wavemaster group starting from 1 September. The pro-forma profit and loss statement represents the financial performance as if the merger had taken place on 1 January 2005. All comments to the profit and loss figures in this report are based on pro-forma numbers except where otherwise stated. All other comments on financial figures are based on the legal accounts of AKVA.

In the comments below on the financial accounts, the 2005 figures are presented in parentheses following the 2006 stated values when included.

Profit and loss

Operating revenues for AKVA in 2006 were MNOK 528.1 (316.0) an increase of 68% compared to 2005. EBITDA for 2006 was MNOK 71.4 (19.6). The strong growth in earnings is the result of volume growth and the improved consolidated gross margin.

The depreciation and amortisation expenses in 2006 were MNOK 13.6 (11.7), the increase being mainly due to the merger. The EBIT for 2006 was MNOK 57.7 (7.9).

Net financial expense was MNOK 2.9 (3.2) and profit before tax was MNOK 54.8 (4.6). The calculated tax for 2006 is MNOK 11.6 of which MNOK 6.6 is change in deferred tax and MNOK 5.0 in current tax. Net profit for the year was MNOK 43.2 (3.1).

The group accounted for one time costs in connection with the integration and merger of the three company groups of approximately MNOK 5.1 for 2006.

INTECH achieved operating revenues in 2006 of MNOK 332.0 (190.6), a growth of 75% from 2005, and showed an operating profit (EBITDA) of MNOK 36.8 (7.2). This improvement is mainly explained by the volume increase giving economies of scale benefits in the main production facilities in Norway and Chile.

OPTECH achieved operating revenues in 2006 of MNOK 196.1 (125.3), a growth of 58% from 2005, and showed a profit (EBITDA) of MNOK 34.5 (12.5). This improvement is mainly explained by the volume increase giving economies of scale benefits in the main production facility in Norway.

Earnings per share were NOK 3.08 in 2006 versus NOK 0.23 in 2005. These calculations are based on 14,016,481 and 13,495,783 average number of shares outstanding for the respective year. The total number of outstanding shares was 17.222.869 at the end of 2006.

Balance sheet and cash flow

The total assets at the end of 2006 were MNOK 524.0 (124.9). The total liabilities amounted to MNOK 229.0 (87.2) and equity totalled MNOK 295.0 (37.7), yielding an equity ratio of 56.3%.

The working capital in the consolidated balance sheet, defined as non-interest bearing current assets less non-interest bearing short-term debt, was

MNOK 58.0 at the end of 2006, which is an increase of MNOK 28.9 from 1 January 2006. This increase is related to the higher activity level and the merger in 2006. The working capital generally fluctuates throughout the year in relation to ongoing projects, in particular related to INTECH projects.

Gross interest bearing debt amounted to MNOK 56.7 (70.2 - proforma) at the end of 2006. Cash and unused credit facilities amounted to MNOK 161.8. Other than the net profit for the year the equity was affected by MNOK 243.4 from the completion of the new share issuances related to the IPO and the merger and by MNOK 13.5 (9.7 after tax) from the costs of the IPO and the merger. Furthermore, the equity was affected by a change in the accounting principles related to pensions, issued share options and translation differences.

The total calculated deferred tax assets on 31 December 2006 amounted to MNOK 25.0, whereof only MNOK 18.4 was recognised in the balance sheet. The amount included in the balance sheet is primarily related to the Norwegian operations.

The cash flow statement was significantly affected by the changes in the balance sheet following the acquisition of Wavemaster Group and Helgeland Plast. These companies were included from 1 September 2006. The cash flow statement therefore does not show pro forma changes in cash flow for the companies combined from 1 January. Net investments in 2006 amounted to MNOK 23.6 (7.8). Of this total, new investments related to the operations amounted to MNOK 8.1 including MNOK 6.2 (4.3) in capitalised R&D expenses in accordance with IFRS. The rest includes primarily the purchase of intellectual property (IP) rights related to the acquisition of Wavemaster group and Helgeland Plast in the amount of MNOK 14. The total net investments in 2006, therefore, do not reflect a normal investment level for the operations.

Risks factors

For AKVA group the financial risks are mainly related to currency risks, interest rate risks, credit risks and liquidity risks. The currency risks are sought reduced through matching revenues and costs in the same currency in combination with forward contracts. The group is also exposed to fluctuations in the foreign exchange rates when calculating the equity of foreign subsidiaries into NOK. Historically the group has shown low losses on receivables from customers. For larger projects the group generally receives pre-payment from the customers and payments according to the progress of the projects. The credit risk related to the customer deliveries is thereby reduced.

AKVA is exposed to fluctuations in the prices of certain raw materials used in some of the main products. This risk is sought alleviated through continuous general awareness and specific attention in case of major contract negotiation periods and by securing the pricing of the raw materials immediately after signing firm contracts.

The aquaculture industry is associated with a certain level of biological risk, and has historically been subject to cyclicality. AKVA aims to reduce the risks related to the exposure to these factors through diversification of its products and technologies to various fish species and geographical regions.

Acquisition of Maritech

On the 21 December 2006 AKVA signed a binding Letter of Intent with TM Software hf to acquire their seafood related business known as Maritech. At the time of the approval of the annual report the negotiations were not yet finalised.

Product development

In 2006 the group invested MNOK 10.8 in product development of which MNOK 6.2 was capitalised and MNOK 4.6 expensed. The investments were used to further improve existing products and to develop new products. The fact that AKVA has managed to strengthen its relative market shares during recent years can be attributed to, amongst other things, the result of the successful focus on product development.

In 2002 AKVA started the work of developing Fishtalk, the new generation IT tool for the fish farming industry. When the system was launched during the Aqua Nor trade show in August 2005 the system was honoured by Nor Fishing’s Innovation Prize. The further development of the Fishtalk system continued in 2006 and the product is gradually making important inroads into the market.

Corporate governance and management

The board of AKVA believes that good corporate governance and management create growth and long term values which are in the interest of the owners, the employees and other stakeholders of the company. The board worked diligently to strengthen the confidence and trust in the company by all interest groups based on the recommended Norwegian standards for good corporate governance. Importance is placed amongst other things on the equal treatment of all shareholders, on the competence of the company's leadership bodies, independent auditors and on the disclosure of company's information reflecting a fair view of the company and its conditions. The board endeavours to have adequate equity considering the company's strategy, objectives and risks and that the company's management and administration is performed in accordance with sound and responsible business practice in general.

At the general assembly 25 August 2006, Ian Lozano, Arne Økland and Thore Michalsen were elected new members of the board, replacing Gunnar Kluge, Allan Troelsen and Haakon Skaarer. In the general assembly 25 September 2006, Thorhild Widvey and Anne Breiby were elected as directors of the board.

Organisation and work environment

AKVA group had 348 employees at the end of 2006. In Norway the company employed 116 persons and in Chile 200. Women accounted for 16% of the employees. The company finds it important to have a reasonable gender balance in the different levels of the organisation.

The group aims to continuously strengthen the competence of the employees and the company to maintain the position as the leading supplier of technology to the fish farming industry. Through recruiting the company seeks to employ people with high competence within all areas of its business.

The total sick leave in AKVA group ASA for 2006 amounted to 2.36%. The short-term sick leave amounted to 2.13%. No injuries or accidents were registered in the company during 2006.

The board considers the working environment in the company to be satisfactory and has not initiated any particular measures in this area during 2006.

AKVA group and the external environment

The company has taken adequate measures in its operations to comply with environmental laws and regulations. The company is the only cage supplier to the Norwegian aquaculture industry that has systems to receive and recycle used polyethylene cages at the Polarcirkel facility in Mo i Rana. In the company's Akvasmart product range certain products contribute to optimising the feed utilisation and thereby also reduce feed waste. In this way AKVAs products contribute to reduce the environmental impact from the fish farming industry.

Future outlook

The expectations for 2007 and 2008 are growth in salmon consumption and a relatively consistent growth in supply of salmon to the markets in Europe and America which should form basis for a sound price outlook during this period.

The positive market fundamentals resulted in a strong development in AKVAs prospect mass and order inflow from the salmon market in general in the last quarter of 2006 and the beginning of 2007. This positive development for AKVA is expected to continue throughout 2007.

The salmon industry is expected to continue to consolidate into larger entities driven by the trend towards integration throughout the entire supply value chain. This is positive for the AKVA group.

AKVA has been working actively over several years to build the position as the leading technology supplier to a number of other aquaculture species such as the sea bass and sea bream farming in the Mediterranean, the turbot farming and the cod industry. The outlook is positive for the further development of these market segments.

In recent years the company has taken definitive steps to reduce costs. Now that the market situation is normalised, the company generated attractive earnings in 2006. This positive development is expected to continue going forward albeit at a slower rate of improvement. AKVA has also invested significant resources into the development and acquisition of technology to strengthen its market position. The leading market position of the company accompanied by a positive market development is expected to translate into strong revenue growth and sound profits.

AKVA will continue to develop as a world leading supplier to the salmon industry and to increase its deliveries to other aquaculture segments through acquisitions and organic growth.

The cash flow from operations has fully financed the organic growth of the company, thus the new equity raised combined with new debt financing will allow the company to grow significantly through strategic acquisitions.

Application of profit

The board proposes the following application of the profit of AKVA group ASA:

Transferred to other equity	NOK 14,779,015
Total applied	NOK 14,779,015

At the end of 2006 AKVA group ASA had an equity of MNOK 292.2, whereof MNOK 17.2 in share capital, MNOK 256.2 in share premium reserve, MNOK 0.2 in other paid-in capital and MNOK 18.7 in other equity.

Puerto Montt, 28 March 2006

Steven Morrell
(Chairman of the Board)

Thorhild Widwey

Arne Økland

Anne Breiby

Thore Michalsen

Ian Lozano

Jens Chr. Hernes
(employees rep.)

Kenneth Idland
(employees rep.)

Knut Molaug
Chief Executive Officer

BOARD OF DIRECTORS

CHAIRMAN: STEVEN A. MORRELL (50)

Lives in New York, earned a bachelors degree in Mathematics and Distinguished Graduate of Air Force ROTC program from Brigham Young University in 1979 and an M.B.A Degree in General Management with Honors from IMD. Mr. Morrell is currently a partner in Teknoinvest Management AS in Oslo and New York. Mr. Morrell has long experience from previous and several current board positions. Mr. Morrell was re-elected to the Board of Directors at the general meeting 25 August 2006.

BOARD MEMBER: THORE MICHALSEN (62)

Llives in Mo i Rana, earned a degree in engineering from NTH (NTNU in Trondheim) in 1968. Mr. Michalsen is currently CEO in Eka Chemicals Rana AS and Eka Chemicals Norge AS, and has board positions in Helgeland Sp.bank, Helgeland Marinfisk, Kunnskapsparken, also serves as a board member in several companies owned by Akzo Nobel. Mr. Michalsen was elected to the Board of Directors at the general meeting 25 August 2006.

BOARD MEMBER: ANNE BREIBY (50)

Lives in Ålesund, Norway, earned a bachelors degree (1983) and a Cand. Scient degree (1985) in Fishery Biology. Mrs. Breiby worked as an aquaculture advisor in Nordland and for the Norwegian Fish Farming Assosiation prior to becoming a political advisor for the fisheries department. And later political advisor for the Labour party in fishery matters. She was the deputy Minister for the Ministry of Energy and Energy. Today she sits on a number of Boards of Norwegian private and public companies amongst others holds the vice-chair of the Norwegian folketrygdfondet. (Sparebanken Møre, Håg AS, Ulstein Mekaniske Verk. Holding ASA) Mrs. Breiby was elected to the Board of Directors at the general meeting 25. September 2006.

EMPLOYEES REP.: KENNETH IDLAND

Lives in Ålgård, Norway. Educated within Automation. Has been employed in AKVA since 1995 as Service Technician, and as Project Manager since february 2006.

BOARD MEMBER: ARNE ØKLAND (53)

Lives in Bryne, Norway, earned a degree as Tax Auditor from "Skatteetatskolen" in Oslo and Rogaland County Revenue Office in 1978. Mr. Økland is currently CEO in Pam AS (Dolly Dimples), and has broad experience from previous and current board positions in several companies. Mr. Økland was elected to the Board of Directors at the general meeting 25 August 2006.

BOARD MEMBER: IAN LOZANO (45)

Lives in Castro, Chile, earned a degree in engineering from University of Chile, Santiago in 1983. Mr. Lozano is currently Regional Manager in Sudmaris Chile S.A. Mr. Lozano was elected to the Board of Directors at the general meeting 25 August 2006.

EMPLOYEES REP.: JENS CHR. HERNES

Lives in Trondheim, Norway. Earned a degree in Business at Aalborg University, where he specialized in Organisation and Strategy. He has been employed in AKVA since 1999 and is Manager in the Software Department.

BOARD MEMBER: THORHILD WIDVEY (50)

Lives in Oslo, Norway, earned a degree in Physical Education. Mrs. Widvey was a member of parliement from 1989 to 1997 and was under secretary of state in the ministry of fisheries 2002-2003 and in the ministry of foreign affairs 2003-2004. She was the Norwegian Minister of Oil and Energy 2004-2005. Today she sits on a number of Boards of Norwegian private and public companies (Pharmaq AS, Bjørge ASA, Gresvig ASA, Deep Ocean ASA, Aker Drilling ASA). Mrs. Widvey was elected to the Board of Directors at the general meeting 25. September 2006.

FINANCIAL STATEMENT **GROUP**

INCOME STATEMENT 01.01 - 31.12 (in NOK 1000)

GROUP

	NOTE	2006	2005	2004
OPERATING REVENUES				
Sales revenues	3	355 961	146 102	108 128
OPERATING EXPENSES				
Cost of goods sold	12	220 001	85 473	54 735
Payroll expenses	4,23	59 713	35 560	30 843
Other operating expenses	13,19,22	31 464	14 560	12 164
Total operating expenses		311 177	135 593	97 742
OPERATING PROFIT BEFORE DEPRECIATION				
AND AMORTISATION (EBITDA)		44 784	10 509	10 386
Depreciation and amortisation	8,10	9 882	5 810	4 870
OPERATING PROFIT (EBIT)		34 902	4 699	5 516
FINANCIAL INCOME AND EXPENSES				
Financial income	19	1 723	618	122
Other financial expenses	19	-3 078	-2 565	-2 358
Net financial items		-1 355	-1 947	-2 236
PROFIT BEFORE TAX		33 547	2 752	3 280
Taxes	6	5 279	801	887
NET PROFIT FOR THE YEAR		28 268	1 951	2 393
Earnings per share	7	3,17	0,08	0,10

ASSETS 31.12 (in NOK 1 000)

GROUP

	NOTE	2006	2005
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax asset	6	18 430	15 797
Goodwill	8,24	93 300	2 614
Other intangible assets	8,24	36 712	18 763
Total intangible assets		148 442	37 175
Tangible fixed assets			
Machinery and equipment	10	22 313	5 494
Total tangible fixed assets		22 313	5 494
Long-term financial assets			
Other long-term financial assets	11,13	1 434	443
Total long-term financial assets		1 434	443
Total fixed assets		172 190	43 111
CURRENT ASSETS			
Stock	12	96 344	28 437
Receivables			
Accounts receivables	13, 20, 21	102 033	35 810
Prepayments to suppliers		1 799	2 953
Other receivables		10 184	8 428
Total receivables	13	114 017	47 192
Cash and cash equivalents	15	141 463	6 199
Total current assets		351 824	81 828
TOTAL ASSETS		524 013	124 939

EQUITY AND LIABILITIES 31.12 (in NOK 1 000)

GROUP

	NOTE	2006	2005
EQUITY			
Paid-in capital			
Share capital	16	17 223	5 870
Share premium reserve		249 865	27 582
Other paid in capital		166	-
Total paid-in capital		267 253	33 452
Retained earnings			
Other equity		27 755	4 292
Total retained earnings		27 755	4 292
Total equity		295 008	37 744
LIABILITIES			
Provisions			
Pension obligations	17	13 238	505
Total provisions		13 238	505
Other long term liabilities			
Liabilities to financial institutions	18	26 994	19 581
Other long term liabilities	18	6 729	1 250
Total other long term liabilities		33 723	20 832
Current liabilities			
Liabilities to financial institutions		29 726	19 325
Trade creditors		74 606	15 675
Trade creditors - group companies	14	-	-
Taxes payable	6	2 804	278
Public duties payable		5 594	578
Prepayments from customers		43 348	16 610
Other current liabilities	19	25 967	13 394
Total current liabilities		182 044	65 859
Total Liabilities		229 005	87 195
TOTAL EQUITY AND LIABILITIES		524 013	124 939

Puerto Montt, 28 March 2007

Steven Morrell
Chairman of the Board

Thore Michaelsen

Ian Lozano

Anne Breiby

Thorhild Widvey

Arne Økland

Kenneth Idland

Jens Chr. Hernes

Knut Molaug
Chief Executive Officer

CASH FLOW STATEMENT 01.01-31.12 (in NOK 1 000)

GROUP

	NOTE	2006	2005	2004
Cash flow from operating activities:				
Profit before taxes		33 547	2 752	3 280
Taxes		-1 606	-554	-351
Depreciation	8,10	9 882	5 810	4 870
Change in pension obligation	17	1 866	100	131
Changes in stock, accounts receivable and trade creditors		-75 198	-13 419	-3 440
Changes in other receivables and payables		42 097	11 151	-4 268
Net cash flow from operating activities		10 588	5 841	222
Cash flow from investment activities				
Investments in fixed assets	8,10	-8 071	-7 904	-4 840
Proceeds from sale of fixed assets	8,10	1 177	71	193
Change in fixed assets from acquisitions with cash effect	8,10	-21 023	-	-
Change in fixed assets from acquisitions	24	-4 281	-	-5 604
Net cash flow from investment activities		-23 637	-7 833	-10 251
Cash flow from financing activities				
Change in interest bearing debt		17 813	-5 476	5 952
Increase of share capital and share premium fund		116 845	-	500
Change related to other financial activities		13 655	5 717	4 419
Net cash flow from financing activities		148 312	240	10 871
Net change in cash and cash equivalents		135 263	-1 752	842
Cash and cash equivalents at 01.01		6 199	7 951	7 108
Cash and cash equivalents at 31.12	15	141 463	6 199	7 951

STATEMENT OF CHANGES IN EQUITY (in NOK 1000)

GROUP

	NOTE	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID IN CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL RETAINED EARNINGS	TOTAL EQUITY
Equity as at 01.01.2004		5 841	27 111	-	32 952	-	-	-	32 952
Profit (loss) for the period					-		2 393	2 393	2 393
Issue of share capital		29	471		500			-	500
Changes in taxes from earlier years					-		-680,9	-681	-681
Translation difference					-	-1 059		-1 059	-1 059
Equity as at 31.12.2004		5 870	27 582	-	33 452	-1 059	1 713	654	34 106
Profit (loss) for the period					-		1 951	1 951	1 951
Gains/(losses) on cash flow hedges (fair value)					-	-196		-196	-196
Translation difference					-	1 882		1 882	1 882
Equity as at 31.12.2005		5 870	27 582	-	33 452	627	3 664	4 292	37 744
Profit (loss) for the period					-		28 268	28 268	28 268
Issue of share capital	16	11 353	232 027		243 380			-	243 380
Share issue costs			-9 744		-9 744			-	-9 744
Actuarial deviations on net pension obligations					-		-3 176	-3 176	-3 176
Recording of option agreement	23			166	166			-	166
Gains/(losses) on cash flow hedges (fair value)	20				-	-69		-69	-69
Translation difference					-	-1 559	-	-1 559	-1 559
Equity as at 31.12.2006	16	17 223	249 864		267 253	-1 001	28 756	27 755	295 008

PROFORMA INCOME STATEMENT 01.01 - 31.12 - unaudited (in NOK 1 000)

GROUP

	NOTE	2006	2005
OPERATING INCOME	24		
Sales income		528 087	315 962
OPERATING EXPENSES			
Cost of goods sold		333 304	198 110
Payroll expenses		73 736	54 836
Other operating expenses		49 689	43 391
Total operating expenses		456 728	296 337
Operating profit before depreciation and amortisation (EBITDA)		71 359	19 625
Ordinary depreciation and amortisation expenses		13 638	11 743
OPERATING PROFIT (EBIT)		57 721	7 883
FINANCIAL INCOME AND EXPENSES			
Net financial items		-2 900	-3 242
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		54 821	4 641
Tax on ordinary profit		11 659	1 544
NET PROFIT FOR THE YEAR		43 162	3 097
Earnings per share		3,08	0,23

The proforma statement shows the accounts for the AKVA group as if the merger with Polarcirkel and Wavemaster was made January 1 2005. The figures are based on historical information from the merged companies with the following correction: - amortisation on product rights and fixed assets arising as excess values from the merger

The financial statements for the different companies which are included in the proforma statement are based on uniform accounting principles, see information on accounting principles in disclosures. The figures are ment to provide a basis for comparison based on the Group's composition at the end of 2006. Pro forma financial information is encumbered with greater uncertainty than are the actual historical figures and will not necessarily reflect the revenues and profits that would have been realised if purchase and sales had actually be made at an earlier date.

NOTES > GROUP

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AKVA group ASA is a public limited company registered in Norway. The company's head office is located in Nordlysveien 4, N-4340 Bryne, Norway.

1.1 Basis for preparation

The consolidated financial statements of the AKVA group have been prepared in accordance with the international accounting standards published by the International Accounting Standards Board and the International Financial Reporting Standards as adopted by the European Union (EU) as per 31 December 2006.

The consolidated financial statements have been prepared on an historical cost basis, except for
- investments which are carried at fair value
- stocks and receivables which are carried at fair value if lower than historical cost

1.2 Transition to IFRS

The Group implemented IFRS (International Financial Reporting Standards) with effect on the opening balance at the transition date 1 January 2004. Further, to establish comparable figures the financial statement for 2004 was also restated according to IFRS.

IAS 39 was implemented from 1 January 2004. IFRS was also implemented for the parent company, AKVA group ASA.

1.3 Functional currency and Presentation currency

The Group presents its financial statements in NOK. This is also the Group's functional currency. For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency, translated at the rate applicable at the balance sheet date, and the income statement have been translated at the average rate for the period. Exchange differences are recognised in equity. When foreign subsidiaries are sold, the accumulated exchange differences relating to the subsidiary are taken to income.

1.4 Basis of consolidation

The Group's consolidated financial statements comprise AKVA group ASA and companies in which AKVA group ASA has a controlling interest. A controlling interest is normally attained when the Group owns, either directly or indirectly, more than 50% of the shares in the company and is capable of exercising control over the company. Minority interests are included in the Group's equity.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are consolidated from/until the date when the purchase/sale is carried out. Investments in associates (normally investments of between 20% and 50% of the companies' equity) in which AKVA group ASA exercises a considerable influence are accounted for by applying the equity method. The carrying value of the investments is reviewed when there are indications of a fall in value or when there is no longer any need for previously recognised impairment losses. When the Group's share of the loss exceeds the investment, the investment is carried at zero value.

If the Group's share of the loss exceeds the investment, this will be recognised to the extent that the Group has obligations to cover this loss.

All other investments are accounted for in accordance with IAS 39, Financial Instruments. Inter-company transactions and balances, including internal profits and unrealised gains and losses are eliminated in full. Unrealised gains that have arisen due to transactions with associates are eliminated against the Group's share in the associate. Unrealised losses are correspondingly eliminated, but only to the extent that there are no indications of a fall in the value of the asset that has been sold internally.

The consolidated financial statements are prepared on the assumption of uniform accounting policies for identical transactions and other events under equal circumstances.

1.5 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and which contain insignificant risk elements.

The cash and cash equivalent amount in the cash flow statement do not include overdraft facilities. See note 15 for information about unused overdraft facilities.

1.6 Trade receivables

Trade receivables are carried at amortised cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flows is recognised as a loss, discounted by the receivable amount's effective interest rate.

1.7 Hedging

As part of the international activity the Group's assets and liabilities as well as expected cash inflow and cash outlflow are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts.
The currency risk is managed by the parent company in cooperation with the subsidiaries
Before a hedging transaction is carried out, the Group's finance department assesses whether a derivative is to be used to a) hedge the fair value of an asset or liability, b) hedge a future cash flow from an investment, debt payment or future identified transaction or c) hedge a net investment in a foreign operation.

The Group's criteria for classifying a derivative as a hedging instrument are as follows: (1) the hedge is expected to be effective in that it counteracts changes in the fair value of or cash flows from an identified asset - a hedging efficiency within the range of 80-125% is expected, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation when the hedge is entered into that the hedge is effective, (4) for cash-flow hedges, the forthcoming transaction must be probable, and (5) the hedge is evaluated regularly and has proven to be effective.

NOTES > GROUP

(i) Fair value hedges:
Derivatives designated as hedging instruments are measured at fair value and changes in fair value are recognised in the income statement. Correspondingly, a change in the fair value of the hedged object is recognised in the income statement, as is the net gain or loss.
The hedge accounting is discontinued if:

(a) The hedging instrument expires or is sold, terminated or exercised, or
(b) The hedge no longer meets the criteria for hedge accounting stated above

Once the hedge accounting is discontinued, the adjustments made to the carrying amount of the hedged object are amortised over the remaining life using the effective interest rate.

(ii) Cash-flow hedges
Changes in the fair value of a hedging instrument that meet the criteria for cash flow hedge accounting are taken directly to equity. The ineffective part of the hedging instrument is recognised directly in the income statement.

If the hedge of a cash flow results in an asset or liability being recognised, all former gains and losses recognised directly in equity are transferred from equity and included in the initial measurement of the asset or liability. For other cash-flow hedges, gains and losses recognised directly in equity are taken to the income statement in the same period as the cash flow which comprises the hedged object is recognised in the income statement.

If the hedge no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. The cumulative gain or loss on the hedging instrument recognised directly in equity remains separately recognised in equity until the forecast transaction occurs.

If the hedged transaction is no longer expected to occur, any previously accumulated gain or loss on the hedging instrument that has been recognised directly in equity will be recognised in profit or loss.

1.8 Inventories
Inventories, including work in progress, are valued at the lower of cost and fair value less costs to sell after provisions for obsolete inventories. The fair value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale. Inventories are measured using the FIFO principle. Finished goods and work in progress include variable costs and fixed costs that can be allocated to goods based on normal capacity. Obsolete inventories have been fully recognised as impairment losses.

1.9 Non-current assets
Non-current assets are carried at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognised, and any gain or loss on the sale or disposal is recognised in the income statement.

The gross carrying amount of non-current assets is the purchase price, including duties/taxes and direct acquisition costs relating to making the non-current asset ready for use. Subsequent costs, such as repair and maintenance costs, are normally recognised in profit or loss as incurred. When increased future economic benefits as a result of repair/maintenance work can be proven, such costs will be recognised in the balance sheet as additions to non-current assets.

Depreciation is calculated using the straight-line method over the following periods:

Machinery and equipment	3 -5 years
Fixtures, fittings and vehicles	3-10 years

The depreciation period and method are assessed each year to ensure that the method and period used harmonise with the financial realities of the non-current asset. The same applies to the scrap value.

Operating leases
Leases for which most of the risk rests with the other contracting party are classified as operating leases. Lease payments are classified as operating costs and recognised in the income statement during the contract period.

1.10 Financial instruments
According to IAS 39, Financial Instruments: Recognition and measurement, financial instruments are classified in the following categories: held-to-maturity, at fair value through profit or loss, and available-for-sale. Financial instruments with fixed or determinable cash flows and a fixed maturity that the Group has the positive intention and ability to hold to maturity are classified as held-to-maturity investments.

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices are classified as financial assets at fair value through profit or loss. All other financial instruments, with the exception of loans and receivables originally issued by the company, are classified as available for sale. Financial instruments that are held to maturity are included in the non-current asset unless the maturity date is less than 12 months after the balance sheet date. Financial instruments at fair value through profit or loss are classified as current assets, and financial instruments that are available for sale are presented as current assets if the management has decided to sell the instrument within 12 months of the balance sheet date.

All purchases and sales of financial instruments are recognised on the transaction date. The transaction costs are included in the cost price.

Financial instruments that are classified as available for sale and at fair value through profit or loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for costs relating to the sale.

The gain or loss resulting from changes in the fair value of financial investments classified as available for sale are recognised directly in equity until the investment has been disposed of. The accumulated gain or loss on the financial instrument that has previously been recognised in equity will then be reversed and the gain or loss will be recognised in the income statement.

Changes in the fair value of financial instruments classified as financial instruments at fair value through profit or loss are recognised in the income statement and included in the net financial income/expenses.
Investments held to maturity are carried at amortised cost.

1.11 Intangible assets
Intangible assets are recognised in the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the asset which is owned by the company; and the asset's cost price can be reliably estimated. Intangible assets are recognised at their cost price. Intangible assets with indefinite useful lives are not amortised, but impairment losses are recognised if the recoverable amount is less than the cost price. The recoverable amount is calculated each year or if there are any indications of a fall in value. Intangible assets with a finite useful life are amortised and any need for impairment losses to be recognised is considered. Depreciation is carried out using the straight-line method over the estimated useful life. The amortisation estimate and method will be subject to an annual assessment based on the pattern of consumption of future economic benefits.

Patents and licences
Amounts paid for patents and licences are recognised in the balance sheet and depreciated using the straight-line method over the expected useful life. The expected useful life of patents and licences varies from 5 to 20 years.

Software
Expenses linked to the purchase of new computer programs are recognised in the balance sheet as an intangible non-current asset provided these expenses do not form part of the hardware acquisition costs. Software is depreciated using

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the straight-line method over 3 years. Expenses incurred as a result of maintaining or upholding the future usefulness of software are expenses as incurred unless the changes in the software increase the future economic benefit from the software.

1.12 Goodwill

(i) Goodwill

Excess value on the purchase of operations that cannot be allocated to assets or liabilities on the acquisition date is classified in the balance sheet as goodwill. In the case of investments in associates, goodwill is included in the cost price of the investment.

The identifiable assets and liabilities on the transaction date are to be recognised at fair value on the transaction date.

The minority's share of identifiable assets and liabilities is calculated on the basis of the minority's share of the fair value of the identifiable assets and liabilities.

Should further information on assets and liabilities as at the transaction date come to light after the acquisition has taken place, the assessment of the fair value of assets and liabilities may be altered until the date when the first annual financial statements have been authorised for issue.

Goodwill is not amortised, but an assessment is made each year as to whether the carrying amount can be justified by future earnings. If there are indications of any need to recognise impairment losses relating to goodwill, an assessment will be made of whether the discounted cash flow relating to the goodwill exceeds the carrying amount of goodwill. If the discounted cash flow is less than the carrying amount, goodwill will be written down to its fair value.

(ii) Negative goodwill

Negative goodwill upon the acquisition of operations is recognised in profit or loss after the acquired assets and liabilities have been re-identified and reassessed in order to ensure that the negative goodwill is not due to an error in the valuation of assets or liabilities.

1.13 Research and development

Expenses relating to research are recognised in the income statement when they are accrued. Expenses relating to development are recognised in the income statement when they are incurred unless the following criteria are met in full:

- the product or process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or process will be sold or used in the company's operations;
- the asset will generate future economic benefits; and
- sufficient technical, financial and other resources for completing the project are present.

When all the above criteria are met, the costs relating to development start to be recognised in the balance sheet. Costs that have been charged as expenses in previous accounting periods are not recognised in the balance sheet. Recognised development costs are depreciated on a straight-line basis over the estimated useful life of the asset.

The depreciation period will normally not exceed five years.

The fair value of the development costs will be estimated when there is an indication of a fall in value or that the need for previous periods' impairment losses no longer exists.

1.14 Provisions

Provisions are recognised when, and only when, the company has a valid liability (legal or estimated) as a result of events that have taken place and it can be proven probable (more probable than not) that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability. Any increase in the provisions due to time is presented as interest costs.

Contingent liabilities acquired upon the purchase of operations are recognised at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognised in the income statement.

1.15 Equity

(i) Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying financial reality.

Interest, dividends, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or revenue. Amounts distributed to holders of financial instruments which are classified as equity will be recognised directly in equity. When rights and obligations relating to how amounts are distributed from financial instruments depend on certain types of contingent events in the future and lie outside both the issuer's and holder's control, the financial instrument will be classified as a liability unless the probability of the issuer having to pay cash or other financial assets is remote at the time of issuance. In such case, the financial instrument is classified as equity.

(ii) Other equity

(a) Exchange differences reserve

Exchange differences arise in connection with currency differences when Foreign entities are consolidated.

Currency differences relating to monetary items (liabilities or receivables), which are in reality part of a company's net investment in a foreign entities are treated as exchange differences.

When a foreign operation is sold, the accumulated exchange differences linked to the entity are reversed and recognised in the income statement in the same period as the gain or loss on the sale is recognised.

(b)Hedge reserve

The hedge reserve includes the total net change in the fair value of the cash-flow hedge until the hedged cash flow arises or is no longer expected to arise.

1.16 Revenue recognition

Revenue is recognised when it is probable that transactions will generate future economic benefits that will accrue to the company and the size of the amount can be reliably estimated. Sales revenues are presented net of value added tax and discounts.

Revenues from the sale of goods are recognised in the income statement once delivery has taken place, the risk has been transferred and the company has established a receivable due by customer.

Revenues relating to projects are recognised in the income statement in line with the project's progress and when the project's results can be reliably estimated. Progress is measured as a percentage calculated as the number of hours spent on the project compared to the forecast total number of hours for the project. When the project's results cannot be reliably estimated, only revenues equal to the accrued project costs will be taken to revenue. Any estimated loss on a contract will be recognised in the income statement for the period when it is identified that the project will lead to a loss.

Interest is recognised in the income statement to the extent that it reflects the effective yield on the asset. Royalties will be recognised in the income statement in relation to the terms and conditions of the various royalty agreements. Dividends are recognised in the income statement when the shareholders' rights to receive dividend have been determined.

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1.17 Currency

Transactions in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the balance sheet date.

Foreign operations

Assets and liabilities in foreign subsidiaries, including goodwill and adjustments for fair value included in the consolidation are translated into NOK using the exchange rate at the balance sheet date. Revenues and costs from foreign operations are translated into NOK using the average exchange rate for the period. The exchange differences arising from the translation are recorded against the equity.

1.18 Employee benefits

Defined contribution plan

AKVA group ASA, Superior Systems AS and AKVA services AS have pension schemes based on contributions from the company to the employees. The companies' payments are recognised in the income statements for the year to which the contribution applies. The companies have no further commitments towards pensions when the agreed contributions are paid.

Defined benefit plans

In Polarcirkel AS the main pensions scheme is a defined benefit plan. In addition, the other Norwegian entities have uninsured pension liabilities related to future estimated obligations related to AFP (early retirement scheme covering all employees in Norway).

The pension liabilities are calculated by actuaries each year. The pension commitments and pension costs are determined using a linear accrual formula. A linear accrual formula distributes the accrual of future pension benefits in a straight line over the accrual period, and regards the employees' accrued pension rights during a period as the pension costs for the year. The introduction of a new defined benefit plan or any improvement to the present defined benefit plan leads to changes in the pension commitments. These are recognised as expenses in a straight line until the effect of the changes has been accrued. The introduction of new schemes or changes to existing schemes that take place with retroactive force so that the employees have immediately accrued a paid-up policy (or a change in a paid-up policy) is recognised in the income statement immediately. Gains or losses linked to reductions in or terminations of pension plans are recognised in the income statement when they arise. At year-end 2006 the group has changed the principle regarding actuarial gains and losses. Actuarial gains and losses at year-end are booked against the equity so that the full pensions liability is shown in the balance sheet at year-end.

The pension commitments are calculated on the basis of the present value of future cash flows.

The company's right of reimbursement regarding some or all of previous costs relating to the termination of a defined benefit plan is recognised in the income statement when, and only when, the reimbursement is certain. A separate asset is then recorded and measured at its fair value.

Severance pay

In some countries, the companies are obliged by law to provide severance pay for redundancies due to reductions in the workforce. The costs relating to severance pay are set aside once the management has decided on a plan that will lead to reductions in the workforce and the work of restructuring has started or the reduction in the workforce has been communicated to the employees.

Options

A equity-based option scheme for employees in senior positions has been implemented in 2006. The options are recorded in accordance with IFRS 2. See note 16 and 23 for details.

1.19 Loans

Borrowing costs are recognised in the income statement when they arise. Borrowing costs are capitalised to the extent that they are directly related to the purchase, construction or production of a non-current asset. Borrowing costs are capitalised when the interest costs are incurred during the non-current asset's construction period. The borrowing costs are capitalised until the date when the non-current asset is ready for use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognised.

Loans are recognised at the amount received, net of transaction costs. The loans are thereafter recognised at amortised costs using the effective interest rate method, with the difference between the net amount received and the redemption value being recognised in the income statement over the term of the loan.

1.20 Government grants

Grants from the authorities are not recognised until it is reasonably certain that the company will meet the conditions stipulated in connection with the receipt of the grants and that the grants will be granted. The recognition of grants is postponed and amortised over the period that the costs relating to that which the grants are intended for are incurred. Grants are recognised as deductions from the cost that the grant is meant to cover. Grants received to buy non-current assets are capitalised.

1.21 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all taxable temporary differences, with the exception of:

- goodwill for which amortisation is not deductible for tax purposes
- temporary differences relating to investments in subsidiaries, associates or joint ventures when the Group decides when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes to utilise the tax asset. At each balance sheet date, the Group carries out a review of its unrecognised deferred tax assets and the value it has recognised. The companies recognise formerly unrecognised deferred tax assets to the extent that it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce its deferred tax assets to the extent that it can no longer utilise these.

Deferred tax and deferred tax assets are measured on the basis of the decided future tax rates applicable to the companies in the Group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognised irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

The tax payable and deferred tax are recognised directly in equity to the extent that they relate to factors that are recognised directly in equity.

Tax payable and deferred tax/tax assets are calculated at the tax rate applicable to accrued, retained equity. The tax effects of dividend are taken into account when the company has incurred an obligation to distribute dividend.

1.22 Impairment of assets

Financial instruments

Financial instruments are reviewed at each balance sheet date in order to discover any decrease in value.

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Financial assets which are valued at amortised cost are written down when it is probable that the company will not recover all the amounts relating to contractual issues for loans, receivables or hold-to-maturity investments. The amount of the impairment loss is recognised in the income statement. Any reversal of previous impairment losses is recognised when a reduction in the need to write down the asset can be related to an event after the impairment loss has been recognised. Such a reversal is presented as income. However, an increase in the carrying amount is only recognised to the extent that it does not exceed what the amortised cost would have been if the impairment loss had not been recognised.

For financial assets that are classified as available for sale, the accumulated gain or loss that has been previously recognised directly in equity is recognised in the income statement for the period when objective information on the fall in value is available. That part of the debt instrument that can be recovered is valued at the fair value of the future cash flow discounted at a rate equal to the yield on an identical financial asset. A reversal of a previous impairment loss is recognised when there is new objective information on an event relating to a previous impairment loss. A reversal of a previous impairment loss is recognised directly in equity for equity instruments, but is recognised in the income statement for other financial assets.

Other assets

An assessment of impairment losses on other assets is made when there is an indication of a fall in value. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognised in the income statement. To the extent that the impairment loss relates to buildings that are recognised at revalued amounts, the impairment loss is recognised as a reduction in revaluation surplus to the extent that the impairment loss is not greater than the revaluation surplus for the building. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the amount that can be obtained from a sale to an independent third party minus the sales costs. The recoverable amount is determined separately for all assets but, if this is impossible, it is determined together with the entity to which the assets belong.

With the exception of goodwill, impairment losses recognised in the income statements for previous periods are reversed when there is information that the need for the impairment loss no longer exists or is not as great as it was. The reversal is recognised as revenue or an increase in other reserves. However, no reversal takes place if the reversal leads to the carrying amount exceeding what the carrying amount would have been if normal depreciation periods had been used.

1.23 Segments

For management purposes, the Group is organised into two business areas according to their range of products/services. These business areas comprise the basis for primary segment reporting. Financial information relating to segments and geographical divisions is presented in Note 3.

In the segment reporting, the internal gain on sales between the various segments is eliminated.

1.24 Contingent liabilities and assets

Contingent liabilities are defined as

(i) possible obligations resulting from past events whose existence depends on future events.
(ii) obligations that are not recognised because it is not probable that they will lead to an outflow of resources
(iii) obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the annual financial statements. Significant contingent liabilities are stated, with the exception of contingent liabilities where the probability of the liability occurring is remote.

A contingent asset is not recognised in the annual financial statements, but is stated if there is a certain level of probability that a benefit will accrue to the Group.

1.25 Events after the balance sheet date

New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date but which will affect the company's position in the future are stated if significant.

1.26 Use of estimates when preparing the annual financial statements

The annual financial statements have been prepared in accordance with IFRS (International Reporting Financial Standards). This means that the management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. This particularly applies to the recognition as revenue of long-term manufacturing contracts and assessment of goodwill. Future events may lead to these estimates being changed. Such changes will be recognised when new estimates can be determined with certainty.

NOTE 2 TRANSITION TO IFRS

2.1 Basis for transition

According to IFRS 1 "First-time adoption to International Financial Reporting Standards" the Group established its IFRS accounting policies as of 31 December 2005 and applied these retrospectively to determine the IFRS opening balance sheet at its date of transition, 1 January 2004.

The standard provided a number of optional exceptions to this general principle. The following options had an effect for AKVA group:

- Business Combinations (IFRS 3): the Group applied IFRS 3 retrospectively, but the only change was a reclassification of parts of the goodwill to intangible fixed assets according to IFRS 38.
- Employee benefits (IFRS 19): the Group elected to recognise all cumulative actuarial gains and losses in relation to employee benefit schemes at the date of transition. More specifically, the benefit scheme affected in AKVA group was the AFP pension scheme in the parent company.

- The Effects of Changes in Foreign Exchange Rates (IAS 21): the Group decided that all translation differences related to the recording of foreign investments should be eliminated and transferred to retained equity. This was only a reclassification within the equity.

The other options had no potential effects for the AKVA group.

All the details of the transition are disclosed in note 2 in the 2005 annual report.

For all acquisitions made in 2006 IFRS was implemented when consolidating the acquired companies into the group.

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NOTE 3 SEGMENT INFORMATION

Business segments

OPTECH
The business area's main products are AkvaMarina centralised feed system, AkvaSensor and the Fishtalk software. The feeding system transport feed from a central location or vessel trough flexible pipes to the cages. The technology is developed by AKVAsmart and is controlled by a control system, which toghether with AkvaSensor ensures optimal production control for the fish farmer. AKVA group is, through the Fishtalk software, the market leader in software for biological production control within fish farming.

INTECH
The business area's main products are Polarcirkel plastic cages, Wavemaster steel cages and Akvamaster feeding barges. The company also supply piping and working boats to the aquaculture and other industries.

	OPTECH		INTECH		Total	Total
	2006	2005	2006	2005	2006	2005
Operating income	196 123	125 345	159 837	20 757	355 961	146 102
Operating expenses	161 607	112 886	149 570	22 707	311 177	135 594
Operating profit before depreciation and amortisation (EBITDA)	34 516	12 459	10 267	-1 950	44 784	10 509
Depreciation and amortisation	7 829	5 809	2 053	-	9 882	5 809
Operating profit (EBIT)	26 687	6 649	8 214	-1 950	34 902	4 699
Assets	281 720	124 939	242 293	-	524 013	124 939
Liabilites	114 949	87 195	114 056	-	229 005	87 195
Investments in the period	6 009	7 904	39 344	-	45 353	7 904

2006 Geographical segments	**Norway**	**Chile**	**Canada**	**Scotland**	**Other**	**Group**
Operating income - external customers	167 962	129 130	26 453	13 433	18 983	355 961
Assets	367 201	112 498	28 959	14 856	499	524 013
Investments in the period	25 027	12 933	5 883	1 133	377	45 353

2005 Geographical segments	**Norway**	**Chile**	**Canada**	**Scotland**	**Other**	**Group**
Operating income - external customers	68 152	45 752	5 113	13 099	13 986	146 102
Assets	72 352	39 543	6 463	6 581	-	124 939
Investments in the period	5 210	2 694	-	-	-	7 904

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NOTE 4 WAGES AND REMUNERATIONS

(in NOK 1 000)

Wage costs	2006	2005	2004
Salaries	45 241	25 435	22 335
Payroll tax	6 337	6 058	5 391
Pension costs	1 408	1 376	1 780
Other benefits	6 726	2 690	1 338
Total	59 713	35 560	30 844

The average number of employees in full time equivalent	226	101	102

Remuneration to group management

	Salary	Pension	Other	Bonus	Options	Total
Knut Molaug (CEO)	1 082	41	159	394	31	1 707
Rolf Andersen (CFO)	691	37	4	260	17	1 009
Trond Severinsen (CMO)	776	40	109	67	14	1 006
Patrick Dempster (CTO)	1 067	-	40	42	14	1 163
Morten Nærland (GM Chile)	960	-	-	-	14	974
Johan Roger Smith-Nilsen (COO)	661	13	25	-	7	706

Upon retirement the CEO can claim 6 months of salary beyond the termination period.

The companies AKVA group ASA and AKVA services AS had a bonus program for all employees in 2006. According to the program a maximum bonus equivalent to 2 monthly salaries could be earned based on the EBIT of the companies. The CEO and the CFO also received a bonus in relation to the listing of the company in 2006

Fees to the Board of Directors	Position	Board fee
Steven Morell	Chairman of the Board	112
Arne Økland	Member of the Board	37
Thorhild Widvey	Member of the Board	33
Anne Breiby	Member of the Board	33
Ian Lozano	Member of the Board	37
Thore Michaelsen	Member of the Board	37
Kenneth Idland	Member of the Board	38
Jens Chr. Hernes	Member of the Board	38
Allan Troelsen	former Member of the Board	47
Gunnar Kluge	former Member of the Board	60
Åsmund Frøseth	former Member of the Board	12

Stock options

A new stock option plan was introduced in 2006. See details of stock options to group management in note 16 and also note 23.

Fees to auditor	2006	2005	2004
Audit	1 153	240	217
Tax services	140	232	50
Attestation services	10	12	6
Other service	699	22	44
Total	2 002	506	317
Hereof recorded against equity related to share issues	1 202	-	-

All fees to the auditor is excl. VAT.

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NOTE 5 GOVERNMENT GRANTS AND SUBSIDIES

(in NOK 1 000)

Government grants	2006	2005	2004
"Skattefunn"	1 618	1 565	1 565
The Research Council of Norway	327	421	421
Other	626	626	483
Total	2 571	2 612	2 469

NOTE 6 TAXES

(in NOK 1 000)

Tax expense	2006	2005	2004
Current taxes payable	2 068	554	1 048
Change in deferred taxes	3 211	247	-161
Total tax expense	5 279	801	887
Calculation of the basis for taxation			
Profit before tax	**33 547**	**2 752**	**3 280**
Permanent differences	-14 512	-703	-3 462
Change in temporary differences	-12 192	1 209	182
Tax base	6 842	3 258	-
Specification of temporary differences			
Current assets	-1 451	-20 924	-4 704
Fixed assets	-15 130	-12 697	-9 578
Provisions	-5 167	7 679	-2 544
Pension obligations	-12 541	-505	-273
Losses carried forward	-51 962	-55 024	-57 332
Other	-3 310	14	-1 582
Total	-89 561	-81 457	-76 013
Calculated deferred tax assets	-24 981	-23 055	-21 324
Deferred tax asset not recognised in balance sheet	6 551	7 258	5 610
Deferred tax asset	-18 430	-15 797	-15 714

The deferred tax asset recognised in the balance sheet is made probable due to future earnings and tax planning

Effective tax rate

	2006	2005	2004
Expected income taxes, statutory tax rate of 28%	9 390	771	918
Permanent differences (28%)	-4 063	-198	-969
Deviation between Norwegian and foreign tax rate	-753	-38	-77
Tax effect of share issue costs recorded against equity	3 790	-	-
Not capitalised deferred tax asset in subsidiaries	-3 084	267	1 015
Income tax expense	5 279	801	887
Effective tax rate in percent of profit before tax	15,7 %	29,1 %	27,0 %

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Expiry dates of Tax Loss Carry Forwards

2007	-49
2008	-1 100
2009	-1 752
2010	-
2011	-
2012	-
2013	-
2014	-
2015	-631
2016	-
Tax loss carryforwards without time restrictions	-48 431
Total	-51 962

NOTE 7 NET EARNINGS PER SHARE

	2006	2005	2004
Ordinary profit/ net income (in NOK 1000)	28 268	1 951	2 393
Number of ordinary shares outstanding per 31.12.	17 222 869	23 480 922	23 480 922
Weighted average number of ordinary shares	8 918 090	23 480 922	23 384 712
Earnings per share (NOK)	3,17	0,08	0,10

There were no dilutive instruments outstanding in 2006.

NOTE 8 INTANGIBLE ASSETS

(in NOK 1 000)

Group	Goodwill	Development costs	Patents & trademarks	Total 2006	Total 2005	Total 2004
Acquisition cost at 01.01.	3 009	6 627	17 978	27 614	23 028	3 143
Acquisition cost during the year	-	5 681	707	6 388	4 586	1 985
Additions related to investments in subsidiaries	90 686	474	17 300	108 460	-	-
Disposals during the year	-	-	-	-		-
Acquisition cost 31.12.	93 695	12 782	35 985	142 462	27 614	5 128
Accumulated amortisation at 01.01.	395	742	5 101	6 238	2 307	1 048
Acc. amortisation disposals during the year	-	-	-	-	-	-
Amortisation during the year	-	1 743	4 468	6 212	3 931	864
Acc.amortisation 31.12.	395	2 486	9 569	12 450	6 238	1 912
Net book value at 31.12.	93 300	10 296	26 416	130 012	21 377	3 217

Both the parent company and the subsidiaries use linear amortisation of all intangible assets except goodwill. The useful economic life for the intangible assets are estimated as: Development 3-5 years, Patents 20 years, trademarks 5 years and product rights 5-10 years.

Goodwill:
After the acquisition of Wavemaster and Polarcirkel, AKVA group is a leading provider with a strong market position in an industry which is based on renewable resources.

Development Costs:
The company has capitalised all direct costs related to development of software and other tangible products that are expected to create economic benefits and meet the requirements for capitalisation in IAS 38. See also note 9.

Patents & trademarks:
The acquisition cost is related to the acquisition of Superior Systems AS (2001), Vicass (2002), Cameratech (2004), Ocean Service Log (2004) and Wavemaster/Polarcirkel (2006)

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NOTE 9 RESEARCH AND DEVELOPMENT

During the year the group expensed NOK 4,6 mill (NOK 5,4 mill. in 2005) on research and development on new products and tehcnology as well as upgrades on existing products. The amount does not include capitalised development costs according to IAS 38 (see details in note 8).

NOTE 10 TANGIBLE ASSETS

(in NOK 1 000)

Property, plant and equipment	2006	2005	2004
Acquisition cost at 01.01.	19 361	16 553	9 841
Acquisitions during the year	1 683	3 316	448
Additions related to investments in subsidiaries	21 507	-	-
Disposals during the year	-3 673	-508	-
Acquisition cost 31.12.	38 878	19 361	10 289
Accumulated depreciation 01.01.	13 868	12 367	6 601
Depreciation during the year	3 670	1 880	1 242
Accumulated depreciation disposals during the year	-973	-380	-
Accumulated depreciation 31.12.	16 565	13 867	7 843
Net book value 31.12.	22 313	5 494	2 447

Both the parent company and the subsidiaries use linear depreciation for all tangible assets.

The useful economic life is estimated as:	years:
- Machinery and equipment	3-10

NOTE 11 SUBSIDIARIES AND OTHER LONG-TERM INVESTMENTS

(in NOK 1 000 unless stated otherwise)

Subsidiaries consolidated in the group accounts Company	Acquisition date	Location	Share ownership	Voting rights
AKVAsmart Canada Inc	1995	Canada	100 %	100 %
AKVAsmart Chile S.A.	1998	Chile	100 %	100 %
AKVAsmart Ltd.	1997	Scotland	100 %	100 %
AKVA Ltd*	1998	Scotland	100 %	100 %
Superior Systems AS	1997	Norway	100 %	100 %
AKVA AS	2001	Norway	100 %	100 %
Feeding Systems Chile Ltda	2003	Chile	100 %	100 %
Akvasmart AS	2004	Norway	100 %	100 %
CameraTech AS**	2004	Norway	100 %	100 %
AKVAsmart Ltd. (Turkey)	2005	Turkey	100 %	100 %
AKVA services AS	2006	Norway	100 %	100 %
Polarcirkel AS	2006	Norway	100 %	100 %
Wavemaster Ltd	2006	Ireland	100 %	100 %
Wavemaster Maestranza Chile SA***	2006	Chile	100 %	100 %
Integración de Tecnologías Medioambientales S.A.***	2006	Chile	100 %	100 %
Polarcirkel Chile Ltda****	2006	Chile	100 %	100 %
Wavemaster Canada Ltd	2006	Canada	100 %	100 %
Wavemaster Net Services Ltd	2006	Canada	100 %	100 %
Louvier Holding Inc	2006	Canada	100 %	100 %

* Subsidiary of AKVAsmart UK
** Subsidiary of Akvasmart AS
*** Subsidiary of AKVAsmart Chile SA
**** Subsidiary of Polarcirkel AS

NOTES > GROUP

Other long-term investments

	Currency	Share capital	Number of shares	Par value (NOK)	Book value	Owner-ship
Centre for Aquaculture Competence AS	NOK	450	150	1 000	153	33 %
Blue Planet AS	NOK	1 350	2	50 000	100	7 %
Total					253	

NOTE 12 STOCK

(in NOK 1 000)

	2006	2005	2004
Raw materials (at cost)	19 774	2 224	1 006
Work in progress (at cost)	15 576	-	-
Finished goods (at net realisable value)	60 995	26 213	18 288
Total	96 344	28 437	19 294
Write-down of obsolete stock 1.1	2 600	2 100	2 102
Write-down of obsolete stock during the year	-324	762	-2
Write-down of obsolete stock 31.12	2 276	2 862	2 100

NOTE 13 RECEIVABLES

(in NOK 1 000)

Receivables due in more than one year

	2006	2005
Other long-term receivables	1 181	190
Total	1 181	190

There are no loans to members of the Board or group management as of December 31

Accounts receivables

The recorded accounts receivables are shown net of estimated bad debt loss.
The estimated bad debt loss is:

	2006	2005	2004
Bad debt provision 1.1	942	722	1 219
Increase in bad debt provision related to acquisitions	500	-	-
Change in bad debt provision	259	257	-497
Bad debt provision 31.12.	1 700	979	722
Recorded bad debt cost during the year	133	199	513
Change in bad debt provision	259	257	-497
Total bad debt cost during the year	392	456	16

Payment terms

The normal payment term for the group is net 14 days for a regular sales order. For projects on-account invoicing is used normally with a 30% downpayment at signing.

NOTE 14 INTERCOMPANY BALANCES

See note 13 for parent company for details about intercompany balances

NOTES > GROUP

NOTE 15 BANK DEPOSITS

(in NOK 1 000)

	Group
Restricted bank deposits	2 246

In 2005 the Group had restriced bank deposits of MNOK 1,25.
The group has an overdraft limit of MNOK 35,6. MNOK 15,2 of this is utilised at the end of the year.

NOTE 16 SHAREHOLDERS

(in NOK 1 000)

Share capital

	Number of shares	Par value	Book value
Shares 01.01	23 480 922	0,25	5 870
Share issue 01.09.	30 498 212	0,25	7 625
Reverse split (4:1) 06.10.	-40 484 351		-
Shares after reverse split	13 494 783	1,00	13 495
Share issue 08.11.	3 714 286	1,00	3 714
Share issue 27.11.	13 800	1,00	14
Shares 31.12	17 222 869	1,00	17 223

All shares are ordinary shares with similar rights.

The 20 largest shareholders	Number of shares	Ownership in % of total shares
Helgeland Holding AS	2 678 023	15,5 %
Norsk Vekst ASA	1 720 840	10,0 %
Skagen Vekst	1 632 000	9,5 %
Goldman Sachs International	1 582 736	9,2 %
Sociedad de Inversiones ABSO	944 635	5,5 %
Sociedad de Inversiones F&A	944 635	5,5 %
Teigen, Frode	800 000	4,6 %
Reachmaster Ltd	674 739	3,9 %
Skandinaviska Enskilda Banken	493 332	2,9 %
Havbruksconsult AS	332 157	1,9 %
Molaug, Knut	309 028	1,8 %
Kluge, Gunnar	292 750	1,7 %
Ole Molaug Eiendom	292 692	1,7 %
SEB Private Bank SA Luxembourg	200 000	1,2 %
MP Pensjon	190 000	1,1 %
Deutsche Bank AG London	188 000	1,1 %
Banque Invik SA Luxembourg	177 000	1,0 %
Molaug, Ole	173 786	1,0 %
Sal Oppenheim Jr & Cie	157 800	0,9 %
State Street Bank and Trust Co.	152 264	0,9 %
Other	3 286 452	19,1 %
Total	17 222 869	100,0 %

Shares owned by members of the Board of Directors	Number of shares	Options
Jens Chr. Hernes	5 200	21 254
Kenneth Idland	7 872	-

Shares owned by group management	Number of shares	Options
Knut Molaug (CEO)	309 028	127 526
Rolf Andersen (CFO)	200	70 848
Trond Severinsen (CMO)	11 450	56 678
Patrick Dempster (CTO)	200	56 678
Morten Nærland (GM Chile)	6 500	56 678
Johan Roger Smith-Nilsen (COO)*	-	28 339

*Johan Roger Smith-Nilsen is a shareholder in Helgeland Holding AS which is the largest shareholder of AKVA group ASA as per 31 December 2006.

NOTES > GROUP

NOTE 17 PENSIONS

(in NOK 1 000)

The pension schemes in AKVA group ASA, Superior Systems AS and AKVA services AS are defined contribution plans where agreed contributions are expensed as paid. The companies have no further commitments towards pensions when the agreed contributions are paid. All pensions costs are included in payroll expenses in the profit and loss statement.

	2006	2005	2004
Contributions expensed during the year	1 161	871	1 065

The pension scheme in Polarcirkel AS is a defined benefit plan. The Norwegian legal entities also have uninsured pension liabilities related to future estimated obligations related to AFP (early retirement scheme covering all employees in Norway). A summary of the actuarial calculations of the total pension liability is shown below:

	2006	2005	2004
Service cost	856	68	107
Interest cost	704	19	18
Return on pension funds	-451	0	0
Recorded effect of deviations from estimates	0	0	0
Social security tax	67	12	7
Net pension cost	1 176	99	132

	2006	2005	2004
Estimated pension obligations at 31.12.	21 472	443	383
Pension plan funds (market value) at 31.12.	-9 113	0	0
Unrecognised effects of deviations from estimates	0	0	-28
Social security tax	879	62	50
Net benefit obligations	13 238	505	405

Changes in net liabilities:	2006	2005	2004
Net liability 1.1	505	405	273
Pension cost recognised in the income	1 176	99	132
Premium payments	-1 267	-	-
Business combinations	12 824	-	-
Net liability 31.12	13 238	505	405

Economical Assumptions:	2006	2005	2004
Discount rate	4,35 %	4,5 %	5,0 %
Expected wage growth	4,0 %	3,5 %	3,0 %
Expected social security base adjustment	4,0 %	3,0 %	3,0 %
Expected return on pension funds	5,4 %	5,5 %	6,0 %
Expected increase in pension	1,6 %	3,0 %	3,0 %
Expected turnover < 40 years	2,0 %	2,0 %	2,0 %
Expected turnover > 40 years	0,0 %	0,0 %	0,0 %

The actuarial calculations are based on assumptions of demographical factors normally used within the insurance industry.

According to Norwegian legislation the entities need to have a pension scheme for the employees.
The existing pension schemes meet the requirements in the legislation.

NOTES > GROUP

NOTE 18 LIABILITIES

(in NOK 1 000)

Long-term liabilities due in more than 5 years

	2006	2005
Liabilities to financial institutions	1 913	-
Total	1 913	-

	2006	2005
Liabilities secured with assets	39 294	24 641
		-
Secured assets:		-
Accounts receivable	73 715	28 767
Stock	44 804	12 978
Other assets	184 533	41 946
Total	303 052	83 691

Repayment of debt

The company's long-term debt as at December 31, matures as follows.

	Bank loan 1	Bank loan 2	Bank loan 3	Other	Total long-term debt
2007	6 445	5 073	467	315	12 300
2008	6 445	4 058	467	315	11 285
2009	6 348	4 058	467	130	11 004
2010	-	1 238	467	-	1 705
2011	-	619	467	-	1 086
2012	-	-	467	-	467
Subsequent to 2012	-	-	1 446	-	1 446
Total	19 238	15 045	4 251	760	39 294
Average interest rate	4,50 %	4,65 %	4,65 %	7,90 %	4,60 %

The part of the long-term debt due within one year is reclassified to short-term interest bearing debt.

NOTE 19 Specification of items that are grouped in the financial statement

(in NOK 1 000)

Financial Income	**2006**	**2005**	**2004**
Other interest income	632	118	122
Agio gain	1 079	481	-
Income from investments in subsidiaries	-	-	-
Other financial income	11	19	-
Total financial income	1 723	618	122

Other financial Expenses	**2006**	**2005**	**2004**
Interest expenses	2 310	2 236	2 070
Agio loss	-	0	182
Other financial expenses	768	329	105
Total financial expenses	3 078	2 565	2 357

Other operating expenses	**2006**	**2005**	**2 004**
Accomodation, materials, equipment and maintenance	10 415	5 424	4 599
Marketing, travelling and communication	12 395	7 059	5 786
Other operating expenses	8 654	2 077	1 779
Total other operating expenses	31 464	14 560	12 164

Other current liabilities	**2006**	**2005**	**2004**
Accrued costs	10 161	8 587	4 610
Accrued interests	-	-	-
Guarantee provisions	1 779	1 359	1 138
Other current liabilities	14 027	3 448	5 158
Total current liabilities	25 967	13 394	10 906

NOTES > GROUP

NOTE 20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(in NOK 1 000)

Currency risk
As part of the international activity the Group's assets and liabilities as well as expected cash inflow and cash outflow are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts.
The currency risk is managed by the parent company in cooperation with the subsidiaries

In order to hedge the value of the items in the balance sheet denominated in a foreign currency the Group had the following positions through forward contracts, all contracts with maturity in 2007:

Currency		Bought/sold	Net currency amount
American Dollar	USD	Sold	6 435
British Pounds	GBP	Sold	400
Canadian Dollar	CAD	Sold	100
Chilean Pesos	CLP	Sold	792 300
Norwegian Kroner	NOK	Bought	56 510

Profit and loss from the above currency contract are recorded directly via the income statement under financial items.
At the end of 2006 it was recorded an unrealised gain of NOK 1.536. The forward contracts are valued at estimated fair value.

As the Group has revenues and costs denominated in different currencies the net value of the expected future cash inflow and cash outflow is exposed to changes in the currency rates. Based on Group policy on these matters such riks is managed by using currency forward contracts in order to reduce the risk. At the end of 2006 the Group had the following positions in forward contracts in order to hedge expected future cash flow. The expected cash flows subject to hedging are expected to take place during the first half of 2007 and hence be recognized in the income statement during the same period. All currency contracts expire in 2007.

Currency		Bought/sold	Net currency amount
American Dollar	USD	Sold	1 250
Euro	EUR	Bought	6 060
Norwegian Kroner	NOK	Sold	27 358

At the end of 2006 it was recorded a loss of NOK 69 directly against the equity related to hedging of expected future cash flow. The forward contracts are valued at estimated fair value. When the expected cash flow is translated into an item in the balance sheet or actually takes place, the recorded profit loss booked directly against the equity is reversed and included in the income statement together with the actual cash item in question. Any non-effective part of the hedge is booked as currency loss or gain under financial items in the income statement.

Interest rate risk
The group's interest bearing debt is based on a floating interest rate which implies that interest payments over time will fluctuate according to the changes in the interest rate level. The major part of the interest bearing debt is in NOK.

Credit Risk
Part of the sale is credit sales where the company is exposed to credit risk towards the customer. The group has generally had low losses on outstanding receivables. For larger projects there are normally pre-payments from the customer and milestone payments along the progress of the project which reduce the credit risk towards the customers. To some extent the group uses trade finance instruments to reduce credit risk.

NOTE 21 LONG-TERM CONTRACTS

(in NOK 1 000)

Revenue and profits on long-term contracts are recognised using the percentage of completion method.
This method implies that profit is recognised according to the progress of the work, whereas any losses are fully recorded when incurred.

	2006	2005	2004
Total value of ongoing contracts	244 921	67 895	29 917
Total sales included from ongoing contracts 31.12.	140 405	29 777	19 694
Not invoiced work-in-progress included as accounts receivables	5 841	1 821	2 659
Remaining production on loss contracts	6 840	4 361	1 685

NOTES > GROUP

NOTE 22 OPERATIONAL LEASES

(in NOK 1 000)

The company has entered into several operating leases for offices, machinery and other equipment. The cost is as follows:

Operating leasing cost

	2006	2005	2004
Operational leasing costs	1 233	696	867
Rent costs on buildings	5 052	2 774	2 949
Total	6 286	3 470	3 816

The future minimum rents related to non-cancellable leases fall due as follows for the group:

	Within 1 year	1 - 5 years	After 5 years
Machinery and equipment	691	930	133
Vehicles	932	861	-
Offices and buildings	7 041	20 840	7 821
Payments from subleases	-24	-	-
Total	8 640	22 631	7 954

The main office lease agreement (headquarter) expires in 2011.
The agreement includes an option to extend the agreement for 5 years with the same conditions.

NOTE 23 OPTIONS TO EMPLOYEES

(in NOK 1 000)

The company has an option programme covering employees in selected senior positions. The option programme was established in connection with listing of the company at Oslo Stock Exchange in November 2006.

The options have a 5 years vesting period. One third of the options can be vested after 1, 2 and 3 years.
The options can be exercised at at vesting date or anytime later in the 5 year period. The first possible vesting date is in November 2007. The strike price for the options is equal to the IPO pricing of NOK 35 per share.

The fair value of the options has been calculated at grant date and charged to expenses over the period the options are earned (3 years). TNOK 166 has been charged to expenses in 2006 related to the option programme.

	2006
Total available options that can be issued	1 012 109
Available options not issued at year end	466 583
Options exercised in 2006	0
Outstanding options as per 31.12.	545 526

The fair value of the options has been estimated using the Black&Scholes option-pricing model.
The avareage fair value of the optiones granted.
The average fair value of the options granted in 2006 is 10,87.
The calculation is based on the following assumptions:

Strike price
The strike price is equal to the the stock exchange price at grant date.

Volatility
The expected volatility is based on historic volatility for peer group companies (35%).

The term of the option
In the calculation the expected average period to vesting is 3,5 years.

Dividend
The calculation is based on no dividend being paid in the vesting period.

Risk-free interest rate
The risk-free interest rate assumed when calculating the fair value was equal to the interest rate on goverment bonds at the time of the calculation.

NOTES > GROUP

NOTE 24 ACQUISITIONS

(in NOK 1 000)

For 2006 the following acquisitions have been made:

AKVA services AS
The acquisition date was 1 January 2006. The company is delivering professional services to the aquaculture industry. AKVA group purchased 100 % of the outstanding shares in the company. The only recorded asset in the company at acquisition date was cash amounting to TNOK 123. The equity was also TNOK 123. The agreed purchase price for the shares was TNOK 500. The difference in equity and the purchase price of TNOK 377 was recorded against goodwill.
There were no material costs related to the purchase.

Polarcirkel AS
The acquisition date was 1 September 2006. The company is delivering plastic cages, working boats etc to the aquaculture industry. AKVA group purchased 100% of the outstanding shares in the company. The agreed purchase price was MNOK 63. The purchase price was pad by issuing new shares in AKVA group ASA.

figures in NOK '000

Values at aqcuisition date	Purchase price	Acq. costs	Book value	Equity	Excess value
Acquisition of all shares	63 000	3 542	66 543	13 322	53 221

	Net income 2006
Net income in 2006 consolidation (from 01.09.06)	4 093

	Allocation of excess value
Fixed assets	650
IP Rights	3 300
Goodwill	49 271

A final allocation of the excess values will be done within a year from the acqusition date.
In addition, AKVA group made an IP purchase agreement with the owner of Polarcirkel AS to purchase IP rights not owned by Polarcirkel but relevant for the business of Polarcirkel AS. The amount paid for these IP rights was MNOK 7.

Wavemaster
The acquisition date was 1 September 2006. The purchase included the shares of several legal entities known as the Wavemaster group. The group is delivering steel cages to the aquaculture industry. AKVA group purchased 100% of the outstanding shares in all the legal units. The agreed purchase price was MNOK 50. The purchase price was pad by issuing new shares in AKVA group ASA. The shares of Wavemaster Maestranza Chile SA were purchased through the subsidiary AKVAsmart Chile SA by establishing a loan towards the share issue made in the parent company AKVA group ASA.

figures in NOK '000

Values at aqcuisition date	Purchase price	Costs	Book value	Equity	Excess value
Acquisition of all shares	52 511	1 014	53 525	11 042	42 483

	Net income 2006
Net income in 2006 consolidation (from 01.09.06)	7 025

	Allocation of excess value
Fixed assets	1 400
Goodwill	41 083

In addition, AKVA group made an IP purchase agreement with the owners of the Wavemaster group to purchase IP rights not owned by Wavemaster but relevant for the business of Wavemaster. The amount paid for these IP rights was MNOK 7.

The main intangible assets used by the company are covered in the IP purchase agreements. Some other, both tangible and intangible assets, owned by the acquired companies are identified.

In total, only a limited amount of the excess value is allocated to intangible assets or fixed assets. The most important patents, trademarks and designs are covered by the IP purchase agreement. Further, the most valuable asset of the company is the aquaculture know-how combined with product know-how among the company's employees. This asset is identified as goodwill and therefore explains the high percentage of goodwill in this transaction.

The measurement of the identifiable assets and liabilities has been carried out over a short time frame and is based on preliminary judgment of the management of AKVA group ASA. In this respect and in accordance with EU-IFRS 3, the measurement of the identifiable assets and liabilities is temporary, i.e. if additional information arises that effects the measurement, the fair value of identifiable assets and liabilities may change within the next 12 month period. This may in particular have material effect for the final valuation of goodwill, other intangible assets and deferred tax liabilities.

FINANCIAL STATEMENTS PARENT COMPANY

INCOME STATEMENT 01.01 - 31.12 (in NOK 1 000)

PARENT COMPANY

	NOTE	2006	2005	2004
OPERATING REVENUES				
Sales revenues		193 090	109 631	60 446
OPERATING EXPENSES				
Cost of goods sold	11	126 392	71 965	31 740
Payroll expenses	3,22	26 012	19 775	13 973
Other operating expenses	12,18,21	12 936	8 573	5 970
Total operating expenses		165 340	100 313	51 683
OPERATING PROFIT before depreciation and amortisation (EBITDA)		27 750	9 318	8 763
Depreciation and amortisation	7,9	3 149	2 322	2 106
OPERATING PROFIT (EBIT)		24 601	6 997	6 657
FINANCIAL INCOME AND EXPENSES				
Financial income	18	1 382	63	64
Group contributions		-	-	600
Other financial expenses	18	-1 738	-2 360	-2 601
Net financial items		-356	-2 297	-1 937
PROFIT BEFORE TAX		24 245	4 700	4 720
Taxes	5	9 466	1 105	5 091
NET PROFIT FOR THE YEAR		14 779	3 594	-371
Allocation of profit for the year				
Other equity/share premium reserve		14 779	3 594	-371
Total allocated		14 779	3 594	-371

ASSETS 31.12 (in NOK 1 000)

PARENT COMPANY

	NOTE	2006	2005
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax asset	5	14 905	20 582
Other intangible assets	7,23	18 227	4 265
Total intangible assets		33 132	24 847
Tangible fixed assets			
Machinery and equipment	9	1 436	1 909
Total tangible fixed assets		1 436	1 909
Long-term financial assets			
Investments in subsidiaries	10,23	121 432	31 582
Loans to group companies	13	32 554	-
Other long-term financial assets	10,12	363	253
Total long-term financial assets		154 349	31 835
Total fixed assets		188 917	58 591
CURRENT ASSETS			
Stock	11	17 890	12 978
Receivables			
Accounts receivables	12, 19, 20	20 456	15 974
Receivables - group companies	13	37 474	12 793
Prepayments to suppliers		910	919
Other receivables		894	3 018
Total receivables	12	59 734	32 704
Cash and cash equivalents	14	126 754	2 608
Total current assets		204 378	48 290
TOTAL ASSETS		393 295	106 881

EQUITY AND LIABILITIES 31.12 (in NOK 1 000)

PARENT COMPANY

	NOTE	2006	2005
EQUITY			
Paid-in capital			
Share capital	15	17 223	5 870
Share premium reserve		256 178	33 895
Other paid-in capital		166	-
Total paid-in capital		273 566	39 765
Retained earnings			
Other equity		18 651	3 872
Total retained earnings		18 651	3 872
Total equity		292 217	43 637
LIABILITIES			
Provisions			
Pension obligations	16	563	505
Total provisions		563	505
Other long term liabilities			
Liabilities to financial institutions	17	12 793	18 919
Other long term liabilities	17	2 384	1 250
Total other long term liabilities		15 177	20 169
Current liabilities			
Liabilities to financial institutions		21 683	11 452
Trade creditors		17 804	11 061
Trade creditors - group companies	13	1 065	29
Taxes payable	5	-	-
Public duties payable		3 260	-85
Prepayments from customers		33 283	11 841
Other current liabilities	18	8 243	8 272
Total current liabilities		85 338	42 570
Total Liabilities		101 078	63 244
TOTAL EQUITY AND LIABILITIES		393 295	106 881

Puerto Montt, 28 March 2007

Steven Morrell
Chairman of the Board

Thore Michaelsen

Ian Lozano

Anne Breiby

Thorhild Widvey

Arne Økland

Kenneth Idland

Jens Chr. Hernes

Knut Molaug
Chief Executive Officer

CASH FLOW STATEMENT 01.01-31.12 (in NOK 1 000)

PARENT COMPANY

	NOTE	2006	2005	2004
Cash flow from operating activities:				
Profit before taxes		24 245	4 700	4 720
Taxes		-	-	-
Depreciation	7, 9	3 149	2 322	2 106
Change in pension obligation	16	58	100	131
Changes in stock, accounts receivable and trade creditors		-26 280	-8 252	-7 892
Changes in other receivables and payables		19 334	9 218	1 309
Net cash flow from operating activities		20 506	8 087	374
Cash flow from investment activities				
Investments in fixed assets	7, 9	-2 791	-2 837	-2 455
Change in fixed assets from acquisitions with cash effect	7	-14 000	-	-
Other changes in investments from acquisitions	23	-7 151	-	-5 850
Net cash flow from investment activities		-23 942	-2 837	-8 305
Cash flow from financing activities				
Change in interest bearing debt		-11 849	-3 640	5 952
Change in loans to group companies		-1 811	-1 598	2 412
Increase of share capital and share premium fund		116 845	-	500
Change related to other financial activities		24 397	-1 393	1 074
Net cash flow from financing activities		127 582	-6 631	9 938
Net change in cash and cash equivalents		124 146	-1 381	2 007
Cash and cash equivalents at 01.01		2 608	3 989	1 982
Cash and cash equivalents at 31.12	14	126 754	2 608	3 989

STATEMENT OF CHANGES IN EQUITY (in NOK 1000)

PARENT COMPANY

	NOTE	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID IN CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL RETAINED EARNINGS	TOTAL EQUITY
Equity as at 01.01.04		5 841	33 424	-	39 265	-	671	671	39 936
Profit (loss) for the period					-		-393	-393	-393
Issue of share capital		29	471		500			-	500
Equity as at 31.12.2004		5 870	33 895	-	39 765	-	278	278	40 043
					-			-	-
Profit (loss) for the period					-		3 594	3 594	3 594
Equity as at 31.12.2005		5 870	33 895	-	39 765	-	3 872	3 872	43 637
Profit (loss) for the period					-		14 779	14 779	14 779
Recording of option agreement	22			166	166			-	166
Issue of share capital	15	11 353	232 027		243 380			-	243 380
Share issue costs (net after tax effect)			-9 744		-9 744				-9 744
Equity as at 31.12.2006	15	17 223	256 177	166	273 566	-	18 651	18 651	292 217

NOTES > PARENT COMPANY

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AKVA group ASA is a public limited company registered in Norway.
The company's head office is located in Nordlysveien 4, N-4340 Bryne, Norway.

AKVA group ASA uses the same accounting policies as used by the group. See note 1 in group accounts for details.

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing they are not impaired. Write down to fair value will be carried out if the impairment is not considered temporary, and a write down is deemed necessary according to IFRS. Impairments are reversed when the indication no longer exist.

NOTE 2 TRANSITION TO IFRS

2.1 Basis for transition

According to IFRS 1 ”First-time adoption to International Financial Reporting Standards” the the company established its IFRS accounting policies as of 31 December 2005 and applied these retrospectively to determine the IFRS opening balance sheet at its date of transition, 1 January 2004.

The standard provided a number of optional exceptions to this general principle. The following options had an effect for AKVA group ASA:

- Business Combinations (IFRS 3): the company applied IFRS 3 retrospectively, but the only change was a reclassification of parts of the goodwill to intangible fixed assets according to IFRS 38.

- Employee benefits (IFRS 19): the company elected to recognise all cumulative actuarial gains and losses in relation to employee benefit schemes at the date of transition. More specifically, the benefit scheme affected in AKVA group ASA was the AFP pension scheme in the parent company.

- The Effects of Changes in Foreign Exchange Rates (IAS 21): the group decided that all translation differences related to the recording of foreign investments should be eliminated and transferred to retained equity. This was only a reclassification within the equity.

The other options had no potential effects for the AKVA group ASA.

All the details of the transition are disclosed in note 2 in the 2005 annual report.

NOTE 3 WAGES AND REMUNERATIONS

(in NOK 1 000)

Wage costs	2006	2005	2004
Salaries	17 828	13 229	8 813
Payroll tax	4 202	3 730	2 907
Pension costs	1 060	627	1 164
Other benefits	2 922	2 189	1 089
Total	26 012	19 775	13 973
Average number of employees in full-time equivalents	43	37	33

See consolidated accounts note 4 about remuneration to GM (also CEO for the group) and fees to the Board of Directors.

AKVA group ASA had a bonus program for all employees in 2006. According to the program a maximum bonus equivalent to 2 monthly salaries could be earned based on the EBIT of the companies. The CEO and the CFO also received a bonus in relation to the listing of the company in 2006.

Stock options
A new stock option plan was introduced in 2006. See details of stock options in note 22.

Fees to auditor	2006	2005	2004
Audit	804	156	133
Tax services	100	122	13
Attestation services	10	12	6
Other service	693	19	36
Total	1 607	309	188
Hereof recorded against equity related to share issues	1 202	-	-

All fees to the auditor is excl. VAT.

NOTE 4 GOVERNMENT GRANTS AND SUBSIDIES

(in NOK 1 000)

Government grants	**2006**	**2005**	**2004**
”Skattefunn”	646	765	800
The Research Council of Norway	327	421	448
Total	973	1 186	1 248

NOTE 5 TAXES

(in NOK 1 000)

Tax expense	**2006**	**2005**	**2004**
Current taxes payable	-	-	-
Change in deferred taxes	9 466	1 105	5 091
Total tax expense	9 466	1 105	5 091
Calculation of the basis for taxation			
Profit before tax	24 245	4 700	4 720
Permanent differences	-15 152	-751	-2 289
Change in temporary differences	-9 093	-3 949	-2 431
Tax base	-	-	-

NOTES > PARENT COMPANY

Specification of temporary differences			
Current assets	-2 826	-3 033	-2 417
Fixed assets	-7 573	-21 300	-16 816
Provisions	-15 309	-15 209	-15 877
Pension obligations	-562	-505	-273
Losses carried forward	-26 961	-33 459	-42 070
Other	-	-	-
Total	-53 231	-73 506	-77 453
Calculated deferred tax assets	-14 905	-20 582	-21 687
Deferred tax asset not recognised in balance sheet	-	-	-
Deferred tax asset	-14 905	-20 582	-21 687

The deferred tax asset recognised in the balance sheet is made probable due to future earnings and tax planning

Effective tax rate	**2006**	**2005**	**2004**
Expected income taxes, statutory tax rate of 28%	6 789	1 316	1 322
Permanent differences (28%)	-4 243	-211	-641
Deviation between Norwegian and foreign tax rate	-	-	-
Tax effect of share issue costs recorded against equity	3 790	-	-
Deferred tax assets not recognised in balance sheet	3 130	-	4 410
Income tax expense	9 466	1 105	5 091
Effective tax rate in percent of profit before tax	39,0 %	23,5 %	107,9%

Expiry dates of Tax Loss Carry Forwards

2007	-
2008	-
2009	-
2010	-
2011	-
2012	-
2013	-
2014	-
2015	-
2016	-
Tax loss carryforwards without time restrictions	-26 961
Total	-26 961

NOTE 6 NET EARNINGS PER SHARE

(in NOK 1 000)

See details in consolidated accounts

NOTES > PARENT COMPANY

NOTE 7 INTANGIBLE ASSETS

(in NOK 1 000)

Parent company	Development costs	Patents & trademarks	2006 Total	2005 Total	2004 Total
Acquisition cost at 01.01.	3 222	4 154	7 376	5 127	3 143
Acquisition cost during the year	1 826	357	2 183	2 249	1 985
Changes related to investments i subsidiaries	-	14 000	14 000	-	-
Disposals during the year	-	-	-	-	-
Acquisition cost 31.12.	5 048	18 511	23 559	7 375	5 128
Accumulated amortisation at 01.01.	629	2 481	3 110	1 913	1 048
Acc. amortisation disposals during the year	-	-	-	-	-
Amortisation during the year	827	1 394	2 221	1 197	864
Acc.amortisation 31.12.	1 456	3 875	5 331	3 110	1 912
Net book value at 31.12.	**3 592**	**14 635**	**18 227**	**4 265**	**3 217**

The company uses linear amortisation of all intangible assets. The useful economic life for the intangible assets are estimated as: Development 3-5 years, Patents 20 years, trademarks 5 years and product rights 5-10 years.

Development Costs:
The company has capitalised all direct costs related to development of software and other tangible products that are expected to create economic benefits and meet the requirements for capitalisation in IAS 38. See also note 8.

Patents & trademarks:
The acquisition cost is related to the acquisition of Superior Systems AS (2001), Vicass (2002), Cameratech (2004), Ocean Service Log (2004) and Wavemaster/Polarcirkel (2006)

NOTE 8 RESEARCH AND DEVELOPMENT

(in NOK 1 000)

During the year the company expensed NOK 3,3 mill (NOK 2,1 mill. in 2005) on research and development on new products and tehcnology as well as upgrades on existing products. The amount does not include capitalised development costs according to IAS 38 (see details in note 7).

NOTE 9 TANGIBLE ASSETS

(in NOK 1 000)

Parent company

Property, plant and equipment	**2006**	**2005**	**2004**
Acquisition cost at 01.01.	10 877	10 289	9 841
Acquisitions during the year	608	588	448
Disposals during the year	-	-	-
Acquisition cost 31.12.	11 485	10 877	10 289
Accumulated depreciation 01.01.	8 968	7 843	6 601
Depreciation during the year	1 081	1 125	1 242
Accumulated depreciation 31.12.	10 049	8 968	7 843
Net book value 31.12.	1 436	1 909	2 445

The copany use linear depreciation for all tangible assets.

The useful economic life is estimated as:	Years:
- Machinery and equipment	3-10

NOTES > PARENT COMPANY

NOTE 10 SUBSIDIARIES AND OTHER LONG-TERM INVESTMENTS

(in NOK 1 000 unless stated otherwise)

Subsidiaries accounted for according to the cost method in the parent company accounts

Company name	Currency	Share capital	Number of shares	Par value (NOK)	Book value
AKVAsmart Chile S.A.	USD	239	1 000	239	3 000
AKVAsmart Canada Inc	CAD	125	125 000	1	100
AKVAsmart Ltd.	GBP	20	20 000	1	3 477
Superior Systems AS	NOK	500	500 000	1	20 380
AKVA AS	NOK	100	1 000	100	100
Feeding Systems Chile Ltda	USD	2			0
Akvasmart AS	NOK	110	10 000	11	5 750
AKVAsmart Ltd. (Turkey)	YTL	5	200	25	26
AKVA services AS	NOK	100	1 000	1	500
Polarcirkel AS	NOK	1 100	1 100 000	1	66 543
Wavemaster Ltd	EUR	30	1 000		10 562
Wavemaster Canada Ltd	CAD	1	510	0	6 371
Wavemaster Net Services Ltd	CAD	0	10	0	2 112
Louvier Holding Inc	CAD	0	2	0	2 511
Total					121 432

An inter company loan of KNOK 20.280 from AKVA group ASA to Superior Systems AS has been reclassified to investments in subsidiaries according to IAS 39 as no plan for instalments are agreed between the companies.

Other long-term investments

	Currency	Share capital	Number of shares	Par value (NOK)	Book value	Owner-ship
Centre for Aquaculture Competence AS	NOK	450	150	1 000	153	33 %
Blue Planet AS	NOK	1 350	2	50 000	100	7 %
Total					253	

NOTE 11 STOCK

(in NOK 1 000)

	2006	2005	2004
Raw materials (at cost)	2 152	2 224	1 006
Work in progress (at cost)	418	-	-
Finished goods (at net realisable value)	15 320	10 754	7 480
Total	17 890	12 978	8 486

	2006	2005	2004
Write-down of obsolete stock 1.1	2 600	2 100	2 102
Write-down of obsolete stock during the year	-324	500	-2
Write-down of obsolete stock 31.12	2 276	2 600	2 100

NOTES > PARENT COMPANY

NOTE 12 RECEIVABLES

(in NOK 1 000)

Receivables due in more than one year	2006	2005
Other long-term receivables	110	-
Total	**110**	**-**

There are no loans to members of the Board or group management as of December 31

Accounts receivables
The recorded accounts receivables are shown net of estimated bad debt loss.
The estimated bad debt loss is:

	2006	**2005**	**2004**
Bad debt provision 1.1	436	317	760
Increase in bad debt provision related to acquisitions	-	-	-
Change in bad debt provision	114	119	-443
Bad debt provision 31.12.	550	436	317
Recorded bad debt cost during the year	43	29	379
Change in bad debt provision	114	119	-443
Total bad debt cost during the year	157	148	-64

Payment terms
The normal payment term for the group is net 14 days for a regular sales order. For projects on-account invoicing is used normally with a 30% downpayment at signing.

NOTE 13 INTERCOMPANY BALANCES

(in NOK 1 000)

Receivables	**2006**	**2005**
Loans to group companies	32 554	-
Current receivables towards group companies	37 474	12 793
Total	70 028	12 793

Payables	**2006**	**2005**
Trade creditors towards group companies	1 065	29
Total	1 065	29

NOTE 14 BANK DEPOSITS

(in NOK 1 000)

	Parent company
Restricted bank deposits	1 826

In 2005 AKVA group ASA had restriced bank deposits of MNOK 1,25.
The group has an overdraft limit of MNOK 29,6. MNOK 15,2 of this is utilised at the end of the year.

NOTES > PARENT COMPANY

NOTE 15 SHAREHOLDERS

(in NOK 1 000)

Share capital	Number of shares	Par value	Book value
Shares 01.01	23 480 922	0,25	5 870
Share issue 01.09.	30 498 212	0,25	7 625
Reverse split (4:1) 06.10.	-40 484 351		-
Shares after reverse split	13 494 783	1,00	13 495
Share issue 08.11.	3 714 286	1,00	3 714
Share issue 27.11.	13 800	1,00	14
Shares 31.12	17 222 869	1,00	17 223

All shares are ordinary shares with similar rights.

The 20 largest shareholders	Number of shares	Ownership in % of total shares
Helgeland Holding AS	2 678 023	15,5 %
Norsk Vekst ASA	1 720 840	10,0 %
Skagen Vekst	1 632 000	9,5 %
Goldman Sachs International	1 582 736	9,2 %
Sociedad de Inversiones ABSO	944 635	5,5 %
Sociedad de Inversiones F&A	944 635	5,5 %
Teigen, Frode	800 000	4,6 %
Reachmaster Ltd	674 739	3,9 %
Skandinaviska Enskilda Banken	493 332	2,9 %
Havbruksconsult AS	332 157	1,9 %
Molaug, Knut	309 028	1,8 %
Kluge, Gunnar	292 750	1,7 %
Ole Molaug Eiendom	292 692	1,7 %
SEB Private Bank SA Luxembourg	200 000	1,2 %
MP Pensjon	190 000	1,1 %
Deutsche Bank AG London	188 000	1,1 %
Banque Invik SA Luxembourg	177 000	1,0 %
Molaug, Ole	173 786	1,0 %
Sal Oppenheim Jr & Cie	157 800	0,9 %
State Street Bank and Trust Co.	152 264	0,9 %
Other	3 286 452	19,1 %
Total	17 222 869	100,0 %

Shares owned by members of the Board of Directors	Number of shares	Options
Jens Chr. Hernes	5 200	21 254
Kenneth Idland	7 872	-

Shares owned by group management	Number of shares	Options
Knut Molaug (CEO)	309 028	127 526
Rolf Andersen (CFO)	200	70 848
Trond Severinsen (CMO)	11 450	56 678
Patrick Dempster (CTO)	200	56 678
Morten Nærland (GM Chile)	6 500	56 678
Johan Roger Smith-Nilsen (COO)*	-	28 339

*Johan Roger Smith-Nilsen is a shareholder in Helgeland Holding AS which is the largest shareholder of AKVA group ASA as per 31 December 2006.

NOTES > PARENT COMPANY

NOTE 16 PENSIONS

(in NOK 1 000)

The pension scheme in AKVA group ASA is a defined contribution plans where agreed contributions are expensed as paid. The companies have no further commitments towards pensions when the agreed contributions are paid. All pensions costs are included in payroll expenses in the profit and loss statement.

	2006	2005	2004
Contributions expensed during the year	639	522	776

AKVA group ASA also have uninsured pension liabilities related to future estimated obligations related to AFP (early retirement scheme covering all employees in Norway). A summary of the actuarial calculations of the total pension liability is shown below:

	2006	2005	2004
Service cost	38	68	107
Interest cost	13	19	18
Return on pension funds	0	0	0
Recorded effect of deviations from estimates	0	-	0
Social security tax	7	12	7
Net pension cost	58	99	132

	2006	2005	2004
Estimated pension obligations at 31.12.	493	443	383
Pension plan funds (market value) at 31.12.	0	-	0
Unrecognised effects of deviations from estimates	0	0	-28
Social security tax	70	62	50
Net benefit obligations	563	505	405
Changes in net liabilities:			
Net liability 1.1	505	405	273
Pension cost recognised in the income	58	99	132
Premium payments	-	-	-
Net liability 31.12	563	505	405

Economical Assumptions:	**2006**	**2005**	**2004**
Discount rate	4,35 %	4,5 %	5,0 %
Expected wage growth	4,0 %	3,5 %	3,0 %
Expected social security base adjustment	4,0 %	3,0 %	3,0 %
Expected return on pension funds	5,4 %	5,5 %	6,0 %
Expected increase in pension	1,6 %	3,0 %	3,0 %
Expected turnover < 40 years	2,0 %	2,0 %	2,0 %
Expected turnover > 40 years	0,0 %	0,0 %	0,0 %

The actuarial calculations are based on assumptions of demographical factors normally used within the insurance industry.

According to Norwegian legislation the entities need to have a pension scheme for the employees.
The existing pension schemes meet the requirements in the legislation.

NOTES > PARENT COMPANY

NOTE 17 LIABILITIES

(in NOK 1 000)

Long-term liabilities due in more than 5 years	2006	2005
Liabilities to financial institutions	-	-
Total	-	-

	2006	2005
Liabilities secured with assets	19 238	24 641
Secured assets:		
Accounts receivable	57 930	28 767
Stock	17 890	12 978
Other assets	175 816	41 946
Total	251 636	83 691

Repayment of debt
The company's long-term debt as at December 31, matures as follows:

	Long-term debt
2007	6 445
2008	6 445
2009	6 348
2010	-
2011	-
2012	-
Subsequent to 2012	-
Total	19 238
Average interest rate	4,50 %

The part of the long-term debt due within one year is reclassified to short-term interest bearing debt.

NOTE 18 Specification of items that are grouped in the financial statement

(in NOK 1 000)

Financial Income	**2006**	**2005**	**2004**
Other interest income	491	63	64
Agio gain	891	-	-
Other financial income	-	-	-
Total financial income	1 382	63	64

Other financial Expenses	**2006**	**2005**	**2004**
Interest expenses	1 609	1 804	1 979
Agio loss	0	469	539
Other financial expenses	129	87	83
Total financial expenses	1 738	2 360	2 601

Other operating expenses	**2006**	**2005**	**2004**
Accomodation, materials, equipment and maintenance	4 702	3 582	3 131
Marketing, travelling and communication	7 312	3 973	2 098
Other operating expenses	922	1 018	741
Total other operating expenses	12 936	8 573	5 970

Other current liabilities	**2006**	**2005**	**2004**
Accrued costs	1 376	3 820	2 956
Accrued interests	-	-	-
Guarantee provisions	1 004	1 004	800
Other current liabilities	5 863	3 448	2 690
Total current liabilities	8 243	8 272	6 446

NOTES > PARENT COMPANY

NOTE 19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(in NOK 1 000)

See consolidated accounts note 20 for more details about financial instruments and risk management.

NOTE 20 LONG-TERM CONTRACTS

(in NOK 1 000)

Revenue and profits on long-term contracts are recognised using the percentage of completion method. This method implies that profit is recognised according to the progress of the work, whereas any losses are fully recorded when incurred.

	2006	2005	2004
Total value of ongoing contracts	173 871	42 951	7 268
Total sales included from ongoing contracts 31.12.	95 494	17 225	3 205
Not invoiced work-in-progress included as accounts receivables	-	-	-
Remaining production on loss contracts	-	-	-

NOTE 21 OPERATIONAL LEASES

(in NOK 1 000)

The company has entered into several operating leases for offices, machinery and other equipment. The cost is as follows:

Operating leasing cost	**2006**	**2005**	**2004**
Operational leasing costs	919	468	563
Rent costs on buildings	2 184	1 684	1 557
Total	3 103	2 152	2 120

The future minimum rents related to non-cancellable leases fall due as follows for the group:

	Within 1 year	**1 - 5 years**	**After 5 years**
Machinery and equipment	558	398	-
Vehicles	712	719	-
Offices and buildings	2 184	8 736	-
Total	3 454	9 853	-

The main office lease agreement (headquarter) expires in 2011.
The agreement includes an option to extend the agreement for 5 years at the same conditions.

NOTES > PARENT COMPANY

NOTE 22 OPTIONS TO EMPLOYEES

(in NOK 1 000)

The company has an option programme covering employees in selected senior positions. The option programme was established in connection with listing of the company at Oslo Stock Exchange in November 2006.

The options have a 5 years vesting period. One third of the options can be vested after 1, 2 and 3 years. The options can be exercised at at vesting date or anytime later in the 5 year period. The first possible vesting date is in November 2007. The strike price for the options is equal to the IPO pricing of NOK 35 per share.

The fair value of the options has been calculated at grant date and charged to expenses over the period the options are earned (3 years). TNOK 166 has been charged to expenses in 2006 related to the option programme.

	2006
Total available options that can be issued	1 012 109
Available options not issued at year end	466 583
Options exercised in 2006	0
Outstanding options as per 31.12.	545 526

The fair value of the options has been estimated using the Black&Scholes option-pricing model. The avareage fair value of the optiones granted The average fair value of the options granted in 2006 is 10,87. The calculation is based on the following assumptions:

Strike price
The strike price is equal to the the stock exchange price at grant date.

Volatility
The expected volatility is based on historic volatility for peer group companies (35%).

The term of the option
In the calculation the expected average period to vesting is 3,5 years.

Dividend
The calculation is based on no dividend being paid in the vesting period.

Risk-free interest rate
The risk-free interest rate assumed when calculating the fair value was equal to the interest rate on goverment bonds at the time of the calculation.

NOTE 23 ACQUISITIONS

For 2006 the following acquisitions have been made:

AKVA services AS
The acquisition date was 1 January 2006. The company is delivering professional services to the aquaculture industry. AKVA group purchased 100 % of the outstanding shares in the company. The only recorded asset in the company at acquisition date was cash amounting to TNOK 123. The equity was also TNOK 123. The agreed purchase price for the shares was TNOK 500. The difference in equity and the purchase price of TNOK 377 was recorded against goodwill.

There were no material costs related to the purchase.

Polarcirkel AS
The acquisition date was 1 September 2006. The company is delivering plastic cages, working boats etc to the aquaculture industry. AKVA group purchased 100% of the outstanding shares in the company. The agreed purchase price was MNOK 63. The purchase price was pad by issuing new shares in AKVA group ASA.

figures in NOK 1 000

Values at aqcuisition date	**Purchase price**	**Acq.costs**	**Book value**	**Equity**	**Excess value**
Acquisition of all shares	63 000	3 542	66 543	13 322	53 221

	Net income 2006
Net income in 2006 consolidation (from 01.09.06)	4 093

NOTES > PARENT COMPANY

	Allocation of excess value in group accounts
Fixed assets	650
IP Rights	3 300
Goodwill	49 271

A final allocation of the excess values will be done within a year from the acqusition date.

In addition, AKVA group made an IP purchase agreement with the owner of Polarcirkel AS to purchase IP rights not owned by Polarcirkel but relevant for the business of Polarcirkel AS. The amount paid for these IP rights was MNOK 7.

Wavemaster
The acquisition date was 1 September 2006. The purchase included the shares of several legal entities known as the Wavemaster group. The group is delivering steel cages to the aquaculture industry. AKVA group purchased 100% of the outstanding shares in all the legal units. The agreed purchase price was MNOK 50. The purchase price was pad by issuing new shares in AKVA group ASA. The shares of Wavemaster Maestranza Chile SA were purchased through the subsidiary AKVAsmart Chile SA by establishing a loan towards the share issue made in the parent company AKVA group ASA.

figures in NOK 1 000

Values at aqcuisition date	Purchase price	Acq.costs	Book value	Equity	Excess value
Acquisition of all shares	52 511	1 014	53 525	11 042	42 483

	Net income 2006
Net income in 2006 consolidation (from 01.09.06)	7 025

	Allocation of excess value in group accounts
Fixed assets	1 400
Goodwill	41 083

A final allocation of the excess values will be done within a year from the acqusition date.

In addition, AKVA group made an IP purchase agreement with the owners of the Wavemaster group to purchase IP rights not owned by Wavemaster but relevant for the business of Wavemaster. The amount paid for these IP rights was MNOK 7.

The main intangible assets used by the company are covered in the IP purchase agreements. Some other, both tangible and intangible assets, owned by the acquired companies are identified. In total, only a limited amount of the excess value is allocated to intangible assets or fixed assets. The most important patents, trademarks and designs are covered by the IP purchase agreement. Further, the most valuable asset of the company is the aquaculture know-how combined with product know-how among the company's employees. This asset is identified as goodwill and therefore explains the high percentage of goodwill in this transaction. The measurement of the identifiable assets and liabilities has been carried out over a short time frame and is based on preliminary judgment of the management of AKVA group ASA. In this respect and in accordance with EU-IFRS 3, the measurement of the identifiable assets and liabilities is temporary, i.e. if additional information arises that effects the measurement, the fair value of identifiable assets and liabilities may change within the next 12 month period. This may in particular have material effect for the final valuation of goodwill, other intangible assets and deferred tax liabilities.

To the General Meeting of
AKVA group ASA

Auditor's report for 2006

We have audited the annual financial statements of AKVA group ASA as of 31 December 2006, showing a profit of NOK 14.779.000 for the Parent Company and a profit of NOK 28.268.000 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Parent Company and the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

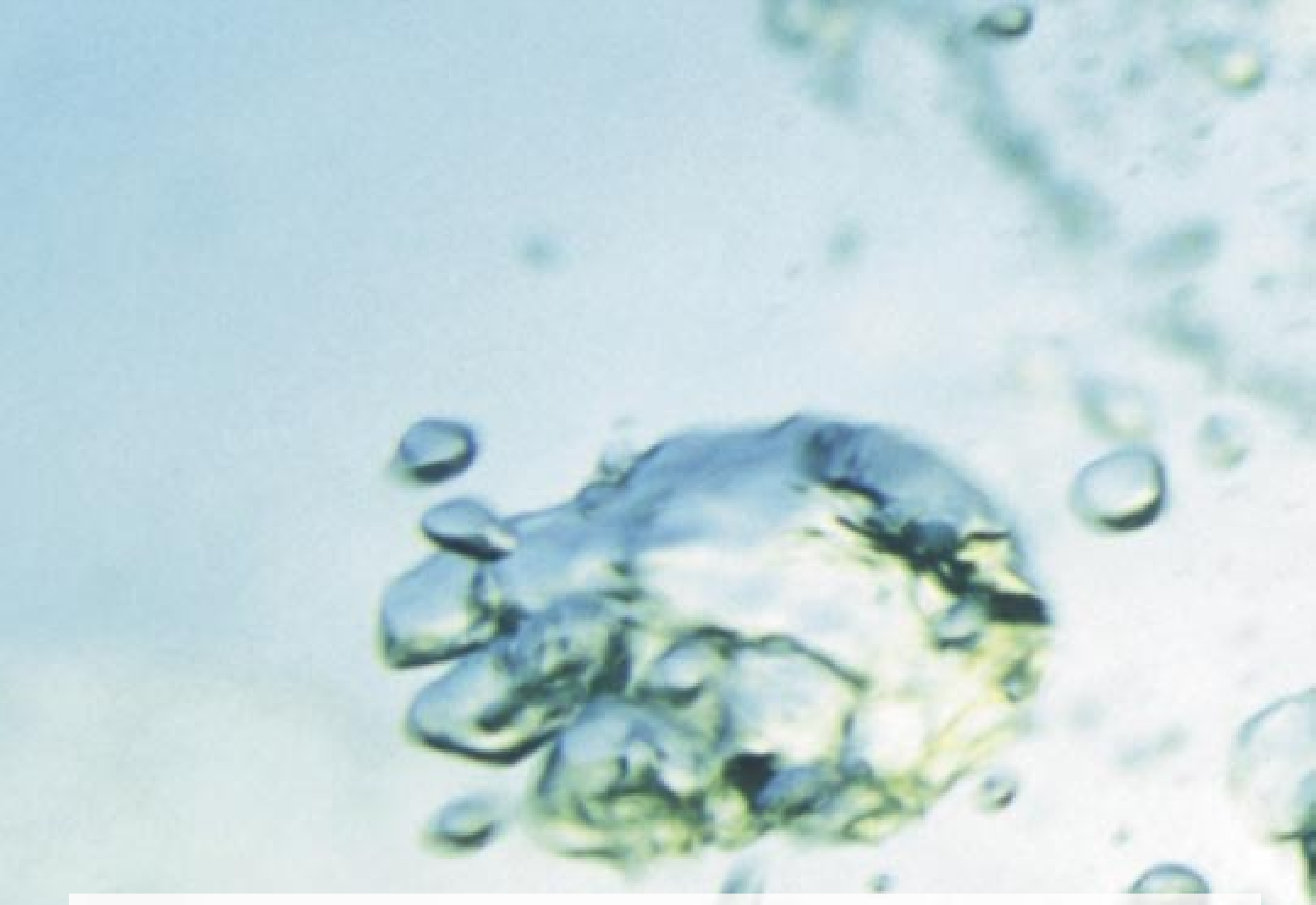
In our opinion,

- the financial statements of the Parent Company and the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2006, and the results of its operations and cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Stavanger, 28 March 2007
ERNST & YOUNG AS

Nicolai Homme
State Authorised Public Accountant
(Norway)
(sign.)

Note: The translation to English has been prepared for information purposes only.



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Design: **FASETT** Photo: Emile Ashley, Trond Severinsen, Getty Images Print: Gunnarshaug Circulation: 1500 Paper: Highland Offset 250/135 g