AKVA GROUP™

Annual Report 2009

AKVA group in brief

Our vision::
The global leader in aquaculture technology

AKVA group is the global leader in land-based and cage farming aquaculture technology; from single components to sustainable turn-key installations worldwide. With four renowned brands of aquaculture technology, including biological & technical expertise, consultancy, training and services, AKVA group's systems are suitable for most species.

AKVA group's complete range of products and software provides maximum reliability and cost-effectiveness, and includes: Turn-key Aquaculture Projects, Recirculation Systems, Plastic Cages, Steel Cages, Moorings, Nets, Net Cleaning, Workboats, Feed Barges, Feed Systems, Camera & Sensor Systems, Underwater Lights, Farming Software, Seafood Software.

AKVA group is proud to provide customers with the tools needed to ensure cost-effective and sustainable land-based and cage farming aquaculture worldwide.

AKVA GROUP™

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Turn-key Aquaculture Projects • Recirculation Systems • Plastic Cages • Steel Cages • Moorings • Nets • Net Cleaning
Workboats • Feed Barges • Feed Systems • Camera & Sensor Systems • Underwater Lights • Farming Software • Seafood Software

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Highlights 2009

- 2009 was a challenging year for AKVA group. Revenue was affected by restrictive investment policies in the salmon industry.

- Operating revenue was 599 MNOK, a reduction of 31% compared to 2008. The EBITDA for 2009 showed a loss of 11.5 MNOK.

- The organization was restructured to achieve a lower cost base and improved cost flexibility.

- The salmon industry in the northern hemisphere is set to show strong earnings in coming years, whilst the Chilean industry is expected to experience a gradual recovery. This combined with recent positive developments in Mediterranean markets bodes well for AKVA group going forward.

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Financial key figures (in NOK 1 000)

	2009	2008	2007*	2006*	2005*
Profitability					
Revenues	599 345	866 525	931 993	703 806	315 962
EBITDA	-11 527	52 746	90 669	84 437	19 625
EBIT	-42 392	23 274	66 434	63 318	7 882
Profit before tax	-52 003	10 792	65 555	59 153	4 641
Net profit	-39 128	5 517	53 610	45 667	3 097
Cash flow from operations**	34 463	-12 950	19 311	10 763	5 531
EBITDA margin	-1,9 %	6,1 %	9,7 %	12,0 %	6,2 %
EBIT margin	-7,1 %	2,7 %	7,1 %	9,0 %	2,5 %
Return on capital employed	-10,5 %	5,6 %	28,9 %	27,5 %	3,4 %
Return on equity	-13,8 %	1,7 %	17,0 %	20,3 %	2,0 %
Financial position					
Fixed assets	284 061	295 739	260 908	172 189	191 162
Current assets	327 277	380 472	423 868	351 824	143 750
Total assets	611 338	676 211	684 775	524 013	334 912
Equity	256 640	309 595	336 442	295 008	155 881
Long-term debt	156 212	129 099	109 414	46 621	53 827
Short-term debt	198 487	237 517	238 919	182 384	125 204
Total equity and liabilities	611 338	676 211	684 775	524 013	334 912
Gross interest-bearing debt	200 015	197 488	124 704	56 719	70 208
Cash and cash equivalents	76 429	64 210	98 044	141 463	15 055
Net interest-bearing debt	141 853	149 604	26 660	-84 744	55 153
Working capital	119 993	171 726	109 385	58 042	37 371
Equity ratio	42,0 %	45,8 %	49,1 %	56,3 %	46,5 %
Debt to-equity-ratio	77,9 %	63,8 %	37,1 %	19,2 %	45,0 %
Share data					
Earnings per share	-2,27	0,32	3,11	3,26	0,23
Diluted earnings per share	-2,27	0,32	3,10	3,26	0,23
Cash flow per share	0,70	2,22	4,71	4,99	1,07
Dividend per share	–	–	1,00	–	–
Shareholders´equity per share	14,90	17,98	19,53	21,05	11,55
Share price at year-end	20,00	20,50	38,90	35,00	n/a
Market capitalization at year-end	344 457	353 069	669 970	602 800	n/a
Number of shares outstanding at year-end	17 222 869	17 222 869	17 222 869	17 222 869	13 495 783
Average number of shares outstanding	17 222 869	17 222 869	17 222 869	14 016 000	13 495 783

* Proforma figures show the consolidated figures from AKVAsmart, Polarcirkel and Wavemaster as if the merger was made 1 January 2005 and the acquisition of Maritech was done as per 1 January 2006

** Legal figures (not pro forma)

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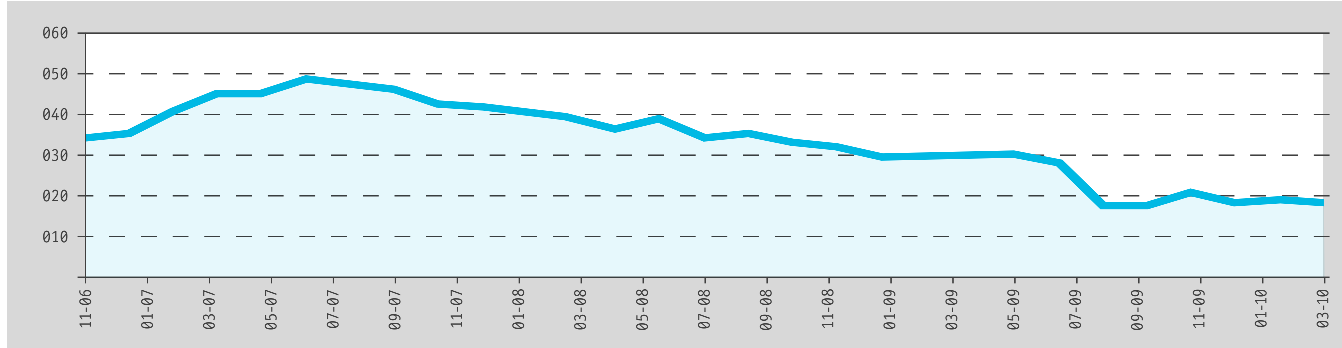
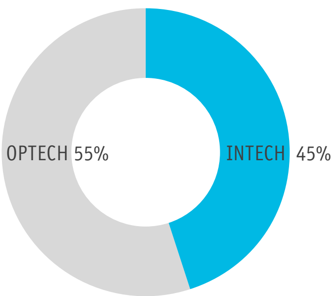
Financial key figures

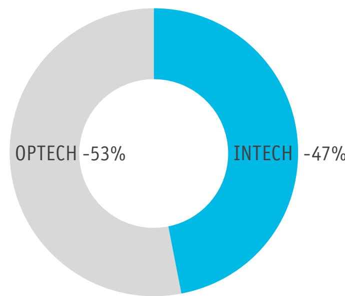
Share price development



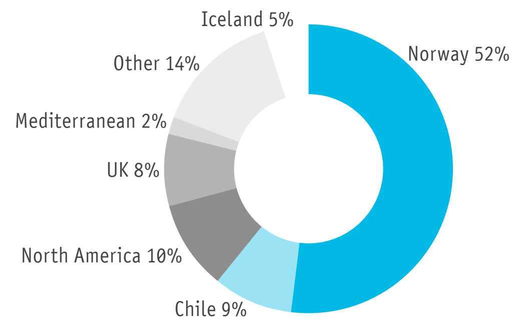
Revenues 2009



Profits 2009

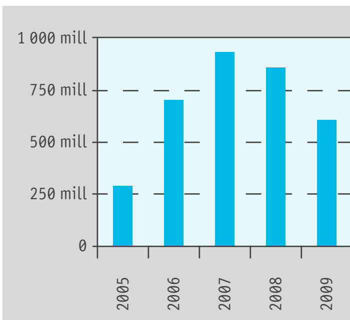


Geographic segments

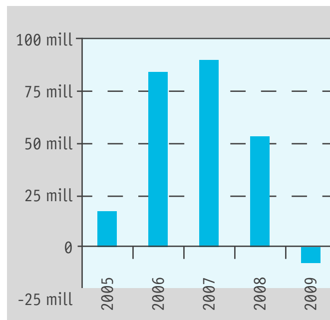


Pro forma figures

Revenues

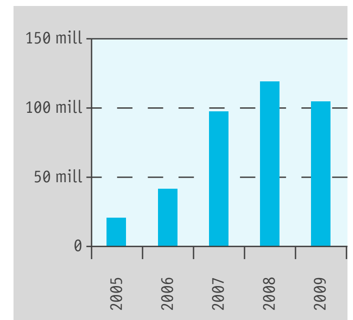


EBITDA



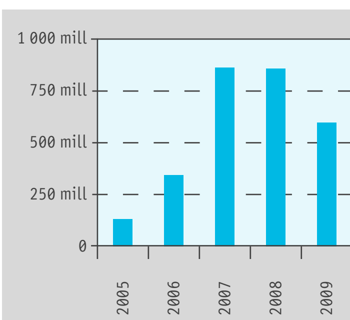
Earnings per share

Revenues other species

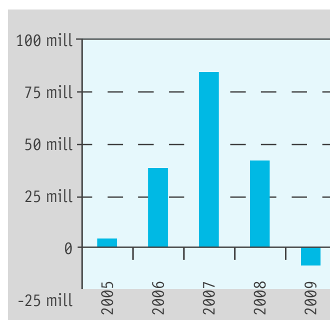


Legal figures

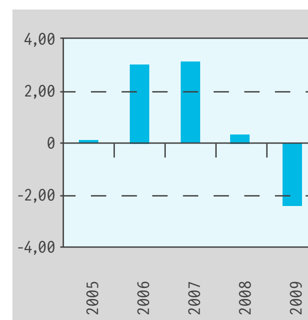
Revenues



EBITDA



Earnings per share



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A Challenging Year

2009 became a far more challenging year than first anticipated. We expected to see a reduction in volume – but a decline of more than 30% was clearly unforeseen. The continued drop in Chile was predictable – however, the contraction of the Norwegian market by one third measured relative to 2008, became a serious challenge to us. This was mainly caused by the global financial crisis that started in the second part of 2008, although the Norwegian salmon industry in 2009 posted one of the best years in history. Further to this, the reduction was not evenly spread among our product groups; some showed little or no change, whilst other were reduced by as much as 80%. The largest investment items, such as feed barges, were hardest hit by the slump.

In these challenging economic times, many questions have to be asked; how we can reduce costs; how fast; how do we secure core competence; where and when will the market recover, and through which products? We asked ourselves all of these, and followed up with further when, where, what, which and why questions. Nevertheless, as always such a situation also creates market opportunities, especially in the wake of the crisis. The question to ask is how do we position ourselves to grasp the opportunities as they arise?

As a result of all these deliberations, we have implemented a new organizational model. The new flat and market-focused organization with a simplified structure, secures lower cost base and increased flexibility. Based on strategic priorities, as well as short- and long term expectations, we have had to be clear on where to cut costs, and where not to. Therefore, due to the strong expectations and development within recirculation technology, we actually decided to increase our cost base throughout 2009. Consequently, we have won new contracts, and have successfully positioned ourselves to benefit from expected developments in 2010 and years to come. In addition to the cost increase in recirculation, we have safeguarded several of the main long-term commitments towards new markets through maintaining our efforts. A result of this could be seen in April this year when a major contract for delivery of 3 complete fish farms to Croatia was signed.

Another unexpected development was seen in the second half of 2009, when the industry came under serious scrutiny by the media in Norway due to a challenging sea lice situation. This led to a sudden change of focus for many of our customers, and thus delayed further decisions for larger new investments.

In the first quarter of 2010, we saw a normalized and strong development in the markets in the UK and Canada. There are also firm signs of positive developments in Chile and an improving situation in several other markets. Therefore, it may seem like a paradox that in the Norwegian market, where the salmon companies are experiencing extraordinary earnings, many companies are still holding back on important investments and delaying their decisions. The small and mid-sized companies are leaping ahead, investing and developing their businesses, whilst the larger companies still idle.

Going forward, we will continue to meet the needs and demands for cost effective, safe and sustainable aquaculture systems – living up to customer expectations as the market situation continues to improve. AKVA group is and will remain customer-oriented, and in 2010 will again show growth and uphold our position as the global leader in aquaculture technology.

Bryne, April 28th 2010
Knut Molaug, Chief Executive Officer

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Corporate management

Andrew Campbell

Managing Director
Latin America

Andrew Campbell (b. 1966), joined the AKVA group in 2000, and has been General Manager in Chile since 2006. From 1989-2000, he worked as a Production Manager in the salmon industry in New Zealand for the New Zealand Salmon Company Ltd. Andrew holds a bachelor of science degree from New Zealand's Victoria University, and is a New Zealand citizen with permanent residency in Chile.

Jone Gjerde

Director PRU-Hardware
& Chief Technicial Officer

Jone Gjerde (b. 1958) joined the AKVA group in 2007, having previously worked for the group as R&D Manager in 2001–2002. He has held several other management positions, including Vice President R&D at ABB Robotics and at Laerdal Medical AS. His professional background is in industrial automation technologies, and he has extensive experience of working in the automotive industry for many years at the company ABB. He is a Norwegian citizen and resides in Bryne, Norway.

Knut Molaug

Chief Executive Officer

Knut Molaug (b. 1960), has worked for AKVA group since 1983, becoming CEO in1988. He has held a number of positions in the fish-farming industry, including Chairperson of the organisation for Norwegian suppliers to the fish-farming industry, and Board Member of the Norwegian Research Council for aquaculture. Knut holds an engineering degree in computing and automation from Rogaland School of Engineering. He is a Norwegian citizen and resides in Bryne, Norway.

Stig Martin Bø

Sales Director Nordic

Stig Martin Bø (b. 1969) has a technical background with experience in mechanical work, including welding. He joined the AKVA group in 2001 as a Project Manager. In 2003 he became Sales Manager for Akvasmart and Wavemaster, and in 2008 he was promoted to sales director Nordic. He is a Norwegian national and lives outside Bryne, Norway.

Odd Martin Solem

Director PRU-Software

Odd Martin Solem (b. 1970) joined the AKVA group in 2008. Prior to that, he worked in the Norwegian software industry for companies including Abeo, Thales Communications and Ementor. He holds a masters degree in software engineering from Norges tekniske høgskole (the Norwegian University of Science and Technology). He is a Norwegian citizen and resides in Trondheim, Norway.

Wade Kaskiw

Managing Director
North America

Wade Kaskiw (b. 1969) has been Controller for the AKVA group in North America since 2007. He has a Certified General Accountants' Designation and a bachelor of commerce degree (honours) from Canada's Lakehead University. Prior to joining the AKVA group, Wade spent four years as a Controller for Marine Harvest Canada. He also has about ten years' accounting experience with the forest products industry. He is a Canadian citizen and resides in Campbell River, British Columbia.

Trond Severinsen

Director BU-Export
& Chief Marketing Officer

Trond Severinsen (b. 1964), joined the AKVA group in 1993 as General Manager for the company's operations in Canada – a role he held until 2003, when he became CMO. He has worked within sales, marketing and R&D related to technology for the fish-farming industry since early 1984. Trond had previously worked for Sea Farm Trading (1984–90), setting up their Canadian office in 1987. He later ran his own business until 1993. He is a Norwegian citizen and resides in Klepp, Norway.

Jørgen Scheel

Director PRU-Recirculation

Jørgen Scheel (b. 1968) has been Managing Director of the AKVA group Denmark since 2007, when his company became part of AKVA through the acquisition of UNI-Aqua. Previous to that, Jørgen was co-founder and Managing Director of UNI-Aqua. He has a masters degree in engineering from Aalborg University and holds several positions within international project and contract management. He is a Danish citizen and resides in Fredericia, Denmark.

Morten Nærland

Chief Financial Officer

Morten Nærland (b. 1966), joined AKVA group in 2001. He took the position as CFO in January 2010. Prior to this, he had the position as CFO in the period 2001-2006 and as General Manager in AKVA group Chile 2006-2009. He was a financial analyst at Pareto Securities/Garde from 1999–2001, a portfolio manager at Statoil from 1998–1999. Morten has a bachelors degree of business administration from Bodø University College and a post-graduate degree in finance from the Norwegian School of Economics and Business Administration (NHH). He is a Norwegian citizen and resides in Bryne, Norway.

David Thorburn

Managing Director UK

David Thorburn (b. 1960) joined the AKVA group in 2008. Prior to that, he had been in charge of Idema Aqua UK Ltd's UK operation. He has been involved in the aquaculture industry for over 20 years. He was educated at Carrick Academy in Ayrshire, and on leaving joined Digital Equipment as a Computer Technician. He then worked extensively as a Service Manager in Aberdeen's oil industry, where he first became interested in the aquaculture industry. David is a Scottish citizen and resides in Nairn near Inverness.

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Board of Directors' report 2009

The market situation for AKVA group was challenging throughout 2009. The global financial crisis meant customers in AKVA group's main markets in Norway, Scotland and Canada held back investments. Furthermore, the Chilean salmon industry faced severe challenges, which led to a significant decline in business volume in this market.

Total revenue for the company in 2009 was MNOK 599 – a reduction of 31% compared to 2008. Earnings before interest, tax, depreciation and amortisation (EBITDA) were MNOK –11.5, a significant reduction compared to 2008. Earnings per share (EPS) showed a loss of NOK 2.27 in 2009.

To focus the business in line with strategic objectives, the non-core businesses of Surefish Inc (USA) and Wavemaster Net Services Ltd (Canada) were sold in 2009.

A restructuring plan for the company was implemented to reduce operational costs. This restructuring involves, amongst other things, increased cost flexibility, simplifying group structure and a stronger customer focus in the organisation.

AKVA group – the business areas

AKVA group is the world's leading supplier of equipment and technology to the fish-farming industry. Its activities includes design, sale, purchase, assembly, installation, and service of all of the company's products as well as consulting services related to the business areas and the various products.

The company's main customer base is the global salmon-farming industry, but it is also a key strategic objective to expand AKVA's delivery activities with fish-farming species other than Salmon. The business volume in both these areas fell in 2009, though deliveries to the salmon industry fell by a greater proportion than those for other species.

The company's activity is divided into two business areas: Operational Technology (OPTECH) and Infrastructure Technology (INTECH).

The OPTECH business area's main products are the centralised feed system, sensors, cameras, the biomass estimation system, light systems, net cleaning systems (designed and assembled in Bryne and Hitra, Norway), software systems through the value chain (developed at the offices in Trondheim, Averøy, Iceland, Canada and Chile), and recirculation aquaculture systems (supplied from Fredericia, Denmark). These products enable the fish-farming industry to optimise and control the entire production cycle through the value chain.

The INTECH business area's main products are fish-farming cages and feeding barges. Our Polarcirkel polyethylene cages are produced at the facility in Mo i Rana, Norway and are one of the world's leading brands in this sector. Steel cages sold under the Wavemaster brand are market-leaders in Chile, Canada and the UK. Wavemaster's main production facility is located in Chile. The Wavemaster feed barges have a leading position in the salmon market and are always supplied together with centralised feed systems from OPTECH. The production of the feed barges is outsourced.

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

AKVA group's headquarter is located in Bryne, Norway. The company also has offices along the Norwegian coast and in Chile, Scotland, Canada, Turkey, Iceland, Denmark, Thailand, China, Malaysia and Vietnam in addition to representation in numerous other countries across the globe.

Continued Operations

In accordance with the Accounting Act § 3-3a we confirm that the Financial Statements have been prepared under the assumption of going concern.

Market challenges through 2009

For the salmon industry, 2009 was yet another year of change. The Chilean industry faced a dramatic sanitary situation that has created a very challenging environment for most of the industry. The sanitary situation and the financial challenges brought investment activity in the country more or less to a full stop. Although the Norwegian salmon industry had one of the best years ever in 2009, the global financial turmoil led to a sharp decline in investments across the board.

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A continuing trend in 2009 was structural changes in the industry leading to companies becoming larger. However, the severe financial issues at several large Chilean companies have also opened the door for new players entering the business in this region. AKVA's customers are growing larger and are thereby generally becoming more demanding clients, focusing on the entire value chain.

For AKVA, the above situation resulted in a significant reduction in business volume in 2009 compared to 2008. The revenues from the salmon segment in 2009 were MNOK 407, a reduction of 38% from 2008.

There were two sides to development within species other than salmon in 2009. The Norwegian cod industry experienced severe challenges in 2008 and 2009, with a near-complete halt in investment. As a consequence the total volume pertaining to species other than salmon fell by 19%. In markets outside Norway, the salmon industry's development continued to show a positive trend with growth of about 26%. In global markets, AKVA experienced positive development in several regions, which is expected to spur further deliveries going forward.

Revenue from species other than salmon was MNOK 102 in 2009, which is a decrease of 19% from 2008. Deliveries related to species other than salmon represented 17% (15%) of AKVA's revenues.

Financial accounts and acquisitions

All comments on the profit and loss figures in this report are based on reported figures, except where otherwise stated.

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

Profit and loss (consolidated)

Operating revenues for AKVA in 2009 were MNOK 599.3 (866.5) – a reduction of 31% compared to 2008.

EBITDA for 2009 was MNOK -11.5 (52.7). The reduction in EBITDA is mainly explained by lower business volumes in Chile and Norway, as well as extra costs on projects related to land-based recirculation. The reduction in Chile is related to the challenging fish-health situation there, while investments in the Norwegian industry have been cautious, following the international financial turmoil and the challenges linked to the sea lice issue in Norway.

Depreciation and amortisation in 2009 were MNOK 30.9 (29.5). The EBIT for 2009 was MNOK -42.4 (23.3). Net financial expenses were MNOK -9.6 (-12.5) and profit before tax was MNOK -52.0 (10.8). The calculated tax for 2009 is MNOK -12.9 (5.3), of which MNOK -14.6 is a change in deferred tax and MNOK 1.7 in current taxes. Net profit for the year was MNOK -39.1 (5.5).

INTECH had operating revenues in 2009 of MNOK 271.2 (467.4), a reduction of 42% from 2008, and showed an operating profit (EBITDA) of MNOK -5.5 (27.7). The reduction is related to a general drop in investments for INTECH products in all salmon-producing markets and must be seen in relation to the turmoil on the financial markets, as well as the sanitary situation in Chile.

OPTECH had operating revenues in 2009 of MNOK 328.2 (399.2), a reduction of 18% from 2008. The operating profit (EBITDA) was MNOK -6.1 (25.1). The fall is due to the same factors that caused the reduction for INTECH, but an increase in recirculation systems and the greater stability of the software business made the relative reduction smaller.

The result per share were NOK -2.27 in 2009 versus NOK 0.32 in 2008. The calculation is based on 17.222.869 average number of shares outstanding. The total number of outstanding shares was 17.222.869 at the end of 2009.

Balance sheet and cash flow (consolidated)

The total assets at the end of 2009 were MNOK 611.3 (676.2). The total liabilities amounted to MNOK 354.7 (366.6) and equity totalled MNOK 256.6 (309.6) giving an equity ratio of 42.0%.

The working capital in the consolidated balance sheet, defined as non-interest bearing current assets less non-interest bearing short-term debt, was MNOK 120.0 (171.7) at the end of 2009, which is a reduction of MNOK 51.7 from the beginning of the year. The reduction is mainly related to the lower business volume.

Equity during 2009 was negatively affected by currency translation differences of MNOK 14.6, of which

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MNOK 9.5 is related to revaluation of goodwill and other intangible assets, according to IFRS.

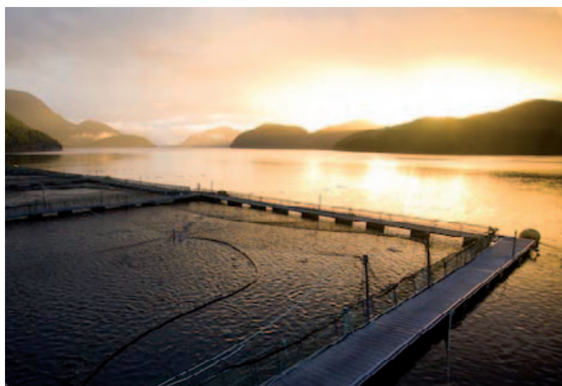
Gross interest bearing debt amounted to MNOK 200.0 (197.5) at the end of 2009. Cash and unused credit facilities amounted to MNOK 76.4.

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

A Waiver extending through the second quarter 2010 relating to the financial covenants of the major credit facilities and loans was agreed with the company's main bank in the fourth quarter.

The total calculated deferred tax assets on December 31, 2009 amounted to MNOK 31.7, whereof MNOK 24.8 was recognised in the balance sheet. The amount included in the balance sheet is only related to the Norwegian operations.

Net investments in 2009 amounted to MNOK 24.1 (24.6), including MNOK 15.7 (9.1) in capitalised R&D expenses, in accordance with IFRS. The 2008 net investment figure is adjusted for the acquisition that took place to show the underlying level.



Risks factors

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.

For AKVA group the financial risks are mainly related to currency risks, interest rate risks, credit risks and liquidity risks. A reduction in currency risks is sought through matching revenues and costs in the same currency, in combination with forward contracts. The group is also exposed to fluctuations in 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 partial pre-payment from the customers and payments according to the progress of the projects. The credit risk related to customer deliveries is thereby reduced.

AKVA is exposed to fluctuations in the prices of certain raw materials used in some of the main products. The alleviation of this risk is sought through continuous general awareness and specific attention during major contract negotiation periods, as well as by securing the pricing of raw materials immediately after signing firm contracts.

Product development

In 2009 the group invested MNOK 34.5 (25.8) in product development, of which MNOK 15.7 (9.1) was capitalised and MNOK 18.8 (16.7) 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 reasons, the result of its focus on product development.

Organisation and work environment

AKVA group had 428 employees at the end of 2009. In Norway the company employed 180 people. Women accounted for 14% of the Norwegian employees. The company finds it important to have a reasonable gender balance across the different levels of the organisation.

The group aims to strengthen continuously the competence of the employees and the company overall to maintain a position as the leading supplier of technology to the aquaculture industry. Through recruitment, the company seeks to employ people with high competence within all areas of its business.

Total sick leave in AKVA group ASA during 2009 amounted to 3.9% (2.50%). Short-term sick leave amounted to 1.2% (1.56%). No injuries or accidents were registered in the company during 2009.

The board considers the working environment in the company to be satisfactory and has not initiated any particular measures in this area during 2009.

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The purpose of the Anti-Discrimination Act is to promote equality, ensure equal opportunities and rights and prevent discrimination based on ethnicity, national origin, descent, skin colour, language, religion or belief.
The Group focuses on promoting the purpose of the Act within the Group's operations.

One of the aims of the company is to provide a workplace where there is no discrimination on the grounds of disability. The company works actively and purposefully to design and organize the workplace so that it is functional for as many as possible.

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. In the company's Akvasmart product range, certain products contribute to optimising the feed utilisation and thereby also reduce feed waste. In this way AKVA's products contribute to reducing environmental impact from the fish-farming industry.

Future outlook

Expectations for 2010 are dominated by uncertainty even if trading conditions are good for the salmon industry.

The order inflow has improved in Q1 2010 compared to 2009, but customers are still holding back on investments.

During 2009, AKVA delivered complete recirculation systems to customers in Chile and Norway, and has expectations of continued positive development within this product area.

It is expected that the salmon industry will continue to consolidate into larger entities, driven by the trend towards integration throughout the entire value chain. AKVA is well positioned to benefit from this development.

Allocation of profit

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

Transferred to other equity	NOK -21.616.261
Total applied	**NOK -21.616.261**

At the end of 2009, AKVA group ASA had equity of MNOK 300.6, comprised of MNOK 17.2 in share capital, MNOK 256.2 in share premium reserve, MNOK 2.2 in other paid-in capital and MNOK 25.0 in other equity. The parent company had no free equity at the end of 2009.

Bryne, April 28th 2010

Amund Skarholt
Chairperson of the Board

Thore Michalsen

Anne Breiby
Deputy Chairperson

Frode Teigen

Thorhild Widvey

Kjell A. Corneliussen

Knut Drange

Ingvild Andersen

Knut Molaug
Chief Executive Officer

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Board of Directors

Amund Skarholt

Amund Skarholt (b. 1948) resides in Oslo, Norway. He has wide business experience as Director for IBM ABS systems Europe (Paris, 1987-1990), Assistant CEO of IBM Norway (1990-1991), CEO of Securitas Norway (1991-1994), Deputy CEO of The Securitas Group (Stockholm, 1996-2001), Deputy CEO of The Securitas Group and operational responsibility of US operations (Chicago, 2001-2003), CEO of Bravida (2003-2005), CEO of Tomra Systems ASA (2005-2009). Mr. Skarholt was elected chairperson of the Board of Directors at the Annual General Meeting June 10th 2009.

Thorhild Widvey

Thorhild Widvey (b. 1956), lives in Oslo, Norway, earned a degree in Physical Education. She was a member of parliament 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 first elected to the Board of Directors at the general meeting September 25th 2006, and re-elected at the Annual General Meeting June 10th 2009.

Thore Michalsen

Thore Michalsen (b. 1944), lives in Mo i Rana, earned a degree in engineering from NTH (NTNU in Trondheim) in 1968. He is currently CEO in Eka Chemicals Rana AS and Eka Chemicals Norge AS, and has board positions in Helgeland Sparebank, Helgeland Marinfisk, Kunnskapsparken, also serves as a board member in several companies owned by Akzo Nobel. Mr. Michalsen was irst elected to the Board of Directors at the general meeting September 25th 2006, and re-elected at the Annual General Meeting June 10th 2009.

Anne Breiby

Anne Breiby (b. 1956), lives in Ålesund, Norway, earned a bachelors degree (1983) and a Cand. Scient degree (1985) in Fishery Biology. She worked as an aquaculture advisor in Nordland and for the Norwegian Fish Farming Association, prior to becoming a political advisor for the fisheries department. Later she was political advisor for the Labour party in fishery matters. She was the deputy Minister for the Ministry of Oil and Energy. Today she sits on a number of Boards of Norwegian private and public companies such as Folket-rygdfondet (Vice-Chair), Sparebanken Møre, Håg AS and Ulstein Mekaniske Verk. Holding ASA. Mrs. Breiby was elected to the Board of Directors at the general meeting September 25th 2006, and re-elected at the Annual General Meeting June 10th 2009

Frode Teigen

Frode Teigen (b. 1962) resides in Bangkok, Thailand. He is a private investor and is on the Board of several Norwegian companies. Mr. Teigen was elected Board Member at the Annual General Meeting June 10th 2009.

Kjell Arne Corneliussen

Kjell Arne Corneliussen (b. 1956), lives in Mo i Rana, Norway. He was educated in Plumbing and Management, and holds previous experience as a plumber and Head of Department for a plumbing wholeseller. Mr. Corneliussen has been employed with Polarcirkel AS since 1995, and is now Sales Manager for HDPE Pipes.

Knut Drange

Knut Drange (b. 1979), lives in Trondheim, Norway. He earned his Engineering Degree – Computer Science from the Norwegian University of Science and Technology in Trondheim. He has been employed with AKVA group since 2006, and is now project managing AKVA group's Fishtalk Value Chain Planner.

Ingvild S. Andersen

Ingvild Andersen (b. 1957), lives in Kvernaland and received her education in business and general office work at Sandnes Handelsskole (School of Commerce) and Stavanger Handelsgymnas (Commercial College). She joined the company in 1996 and is responsible for all international freight (export and import). Mrs. Andersen also performs a number of secretarial and accounting functions.

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Income statement 01.01.—31.12. (in NOK 1 000)

Group

	Note	2009	2008	2007
OPERATING REVENUES				
Sales revenues	2	599 345	866 525	860 824
OPERATING EXPENSES				
Cost of goods sold	11	329 157	505 518	536 555
Payroll expenses	3,21	198 347	209 006	156 811
Other operating expenses	8,12,17,20	83 369	99 255	80 667
Total operating expenses		610 872	813 779	774 034
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)		**-11 527**	**52 746**	**86 790**
Depreciation and amortisation	7,9	30 866	29 472	21 615
OPERATING PROFIT (EBIT)		**-42 392**	**23 274**	**65 176**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)				
Financial income	17,18	2 081	3 780	6 140
Financial expenses	17,18	-11 692	-16 262	-8 202
Net financial items		-9 611	-12 482	-2 063
PROFIT BEFORE TAX		**-52 003**	**10 792**	**63 113**
Taxes	5	-12 875	5 275	11 104
NET PROFIT FOR THE YEAR		**-39 128**	**5 517**	**52 009**
Earnings per share	6	**-2,27**	**0,32**	**3,02**
Diluted earnings per share	6	**-2,27**	**0,32**	**3,01**

Comprehensive Income statement (Amounts in NOK 1 000)

Konsern

	Note	2009	2008	2007
NET PROFIT FOR THE YEAR		**-39 128**	**5 517**	**52 009**
Other comprehensive income				
Translation differences on foreign operations		-14 629	-13 242	-8 118
Net movement on cash flow hedges		28	-2 538	639
Income tax effect		-8	711	-179
Total		**20**	**-1 827**	**460**
Actuarial deviations on net pension obligations		1 396	-554	–
Income tax effect		-391	155	–
Total		**1 005**	**-399**	**–**
Total other comprehensive income, net of tax		**-13 604**	**-15 468**	**-7 658**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-52 732	-9 951	44 351
Attributable to: Equity holders of the parent		-52 732	-9 951	44 351

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Assets 31.12. (in NOK 1 000)

Group

	Note	2009	2008
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	7	154 866	164 273
Other intangible assets	7	64 224	73 886
Total intangible assets		219 090	238 159
Tangible fixed assets			
Land and building	9	2 055	2 201
Machinery and equipment	9	37 016	39 308
Total tangible fixed assets		39 071	41 509
Long-term financial assets			
Deferred tax asset	5	24 831	13 610
Other long-term financial assets	10,12	1 069	2 461
Total long-term financial assets		25 900	16 071
Total fixed assets		**284 061**	**295 739**
CURRENT ASSETS			
Stock	11	116 248	142 406
Receivables			
Accounts receivables	12,18,19	125 391	171 100
Prepayments to suppliers		4 988	2 778
Other receivables		22 489	16 304
Total receivables		152 868	190 182
Cash and cash equivalents	13	58 161	47 883
Total current assets		**327 277**	**380 472**
TOTAL ASSETS		**611 338**	**676 211**

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Equity and Liabilitites 31.12. (in NOK 1 000)

Group

	Note	2009	2008
EQUITY			
Paid-in capital			
Share capital	14	17 223	17 223
Share premium reserve		249 864	249 864
Other paid in capital	21	1 728	1 951
Total paid-in capital		268 815	269 039
Other equity and reserves			
Translation differences		-36 725	-22 096
Other equity		-4 863	-5 888
Total other equity and reserves		-41 588	-27 984
Retained earnings			
Retained earnings		29 413	68 541
Total retained earnings		29 413	68 541
Total equity		**256 640**	**309 595**
LIABILITIES			
Provisions			
Pension obligations	15	1 846	2 414
Total provisions		1 846	2 414
Other long term liabilities			
Liabilities to financial institutions	16	150 651	120 837
Other long term liabilities		3 715	5 848
Total other long term liabilities		154 366	126 685
Current liabilities			
Liabilities to financial institutions		49 364	76 651
Trade creditors		48 213	54 220
Taxes payable	5	780	3 028
Public duties payable		9 114	14 678
Prepayments from customers		53 479	35 430
Other current liabilities	17	37 537	53 510
Total current liabilities		198 487	237 517
Total Liabilities		**354 698**	**366 616**
TOTAL EQUITY AND LIABILITIES		**611 338**	**676 211**

Bryne, 28 April 2010

Amund Skarholt
Styreleder

Thore Michalsen

Anne Breiby
Nestleder

Frode Teigen

Thorhild Widvey

Kjell A. Corneliussen

Knut Drange

Ingvild Andersen

Knut Molaug
Konsernsjef

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Cash flow statement 01.01.—31.12. (in NOK 1 000)

Group

	Note	2009	2008	2007
Cash flow from operating activities				
Profit before taxes		-52 003	10 792	63 113
Taxes		-1 063	-3 492	-2 772
Depreciation	7,9	30 866	29 472	21 615
Change in pension obligation	15	568	-738	351
Changes in stock, accounts receivable and trade creditors		65 860	-53 772	-83 583
Changes in other receivables and payables		-9 764	4 789	20 587
Net cash flow from operating activities		34 463	-12 950	19 311
Cash flow from investment activities				
Investments in fixed assets	7,9	-30 309	-27 880	-29 115
Proceeds from sale of fixed assets	7,9	6 213	3 186	1 413
Change in fixed assets from acquisitions with cash effect		–	-66 242	-93 427
Net cash flow from investment activities		-24 095	-90 936	-121 129
Cash flow from financing activities				
Change in interest bearing debt		2 527	72 784	66 084
Increase of share capital and share premium fund		–	–	–
Dividend payment		–	-17 223	–
Change related to other financial activities		-810	717	-6 948
Net cash flow from financing activities		1 717	56 279	59 136
Net change in cash and cash equivalents		12 084	-47 607	-42 683
Net foreign exchange difference		-1 807	-2 554	-736
Cash and cash equivalents at 01.01		47 883	98 044	141 463
Cash and cash equivalents at 31.12.	13	58 161	47 883	98 044

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Statement of changes in equity (in NOK 1 000)

Group

	Note	Share capital	Share premium reserve	Other paid-in capital	Total paid-in capital	Translation differences	Other equity	Total other equity	Retained earnings	Total equity
Equity as at 01.01.2007		17 223	249 864	166	**267 253**	-736	-4 122	**-4 858**	**28 238**	**290 633**
Gains/(losses) on cash flow hedges (fair value)		–	–	–	–	–	460	**460**	**–**	**460**
Translation difference		–	–	–	–	-8 118	–	**-8 118**	**–**	**-8 118**
Total other comprehensive income		–	–	–	–	-8 118	460	**-7 658**	**–**	**-7 658**
Profit (loss) for the period		–	–	–	–	–	–	**–**	**52 009**	**52 009**
Total comprehensive income		–	–	–	–	-8 118	460	**-7 658**	**52 009**	**44 351**
Recording of option agreement		–	–	1 459	**1 459**	–	–	**–**	**–**	**1 459**
Equity as at 31.12.2007		17 223	249 864	1 624	**268 712**	-8 854	-3 662	**-12 516**	**80 247**	**336 442**
Equity as at 01.01.2008		17 223	249 864	1 624	**268 712**	-8 854	-3 662	**-12 516**	**80 247**	**336 442**
Gains/(losses) on cash flow hedges (fair value)		–	–	–	–	–	-1 827	**-1 827**	**–**	**-1 827**
Translation difference		–	–	–	–	-13 242	–	**-13 242**	**–**	**-13 242**
Actuarial deviations on net pension obligations		–	–	–	–	–	-399	**-399**	**–**	**-399**
Total other comprehensive income		–	–	–	–	-13 242	-2 226	**-15 468**	**–**	**-15 468**
Profit (loss) for the period		–	–	–	–	–	–	**–**	**5 517**	**5 517**
Total comprehensive income		–	–	–	–	-13 242	-2 226	**-15 468**	**5 517**	**-9 951**
Dividend payment		–	–	–	–	–	–	**–**	**-17 223**	**-17 223**
Recording of option agreement		–	–	327	**327**	–	–	**–**	**–**	**327**
Equity as at 31.12.2008		17 223	249 864	1 951	**269 039**	-22 096	-5 888	**-27 984**	**68 541**	**309 595**
Equity as at 01.01.2009		17 223	249 864	1 951	**269 039**	-22 096	-5 888	**-27 984**	**68 541**	**309 595**
Gains/(losses) on cash flow hedges (fair value)	18	–	–	–	**–**	–	20	**20**	**–**	**20**
Translation difference		–	–	–	**–**	-14 629	–	**-14 629**	**–**	**-14 629**
Actuarial deviations on net pension obligations		–	–	–	**–**	–	1 005	**1 005**	**–**	**1 005**
Total other comprehensive income		–	–	–	**–**	-14 629	1 025	**-13 604**	**–**	**-13 604**
Profit (loss) for the period		–	–	–	**–**	–	–	**–**	**-39 128**	**-39 128**
Total comprehensive income		–	–	–	**–**	-14 629	1 025	**-13 604**	**-39 128**	**-52 732**
Recording of option agreement	21	–	–	-223	**-223**	–	–	**–**	**–**	**-223**
Equity as at 31.12.2009	14	17 223	249 864	1 728	**268 815**	-36 725	-4 863	**-41 588**	**29 413**	**256 640**

In 2008 the shareholders received a dividend of NOK 1.00 per share

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Income statement 01.01.—31.12. unaudited (in NOK 1 000)

Group

	Note	2009	2008	2007 pro forma
	22			
OPERATING INCOME				
Sales income		599 345	866 525	931 993
OPERATING EXPENSES				
Cost of goods sold		329 157	505 518	564 115
Payroll expenses		198 347	209 006	186 606
Other operating expenses		83 369	99 255	90 602
Total operating expenses		610 872	813 779	841 323
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)		**-11 527**	**52 746**	**90 669**
Ordinary depreciation and amortisation expenses		30 866	29 472	24 236
OPERATING PROFIT (EBIT)		**-42 392**	**23 274**	**66 434**
FINANCIAL INCOME AND EXPENSES				
Net financial items		-9 611	-12 482	-879
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		**-52 003**	**10 792**	**65 555**
Tax on ordinary profit		-12 875	5 275	11 944
NET PROFIT FOR THE YEAR		**-39 128**	**5 517**	**53 610**
Earnings per share		-2,27	0,32	3,11
Diluted earnings per share		-2,27	0,32	3,10

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Segment information 01.01.—31.12. unaudited (in NOK 1 000)

Group

Optech	2009	2008	2007 pro forma
Operating income	328 159	399 163	414 471
Operating expenses	334 232	374 084	374 963
Operating profit before depreciation and amortisation (EBITDA)	**-6 074**	**25 079**	**39 508**
Depreciation and amortisation	23 071	21 728	17 473
Operating profit (EBIT)	**-29 145**	**3 351**	**22 035**

Intech	2009	2008	2007 pro forma
Operating income	271 187	467 362	517 522
Operating expenses	276 640	439 695	466 361
Operating profit before depreciation and amortisation (EBITDA)	**-5 453**	**27 667**	**51 161**
Depreciation and amortisation	7 794	7 744	6 762
Operating profit (EBIT)	**-13 247**	**19 923**	**44 399**

Total	2009	2008	2007 pro forma
Operating income	599 345	866 525	931 993
Operating expenses	610 872	813 779	841 323
Operating profit before depreciation and amortisation (EBITDA)	**-11 527**	**52 746**	**90 669**
Depreciation and amortisation	30 866	29 472	24 236
Operating profit (EBIT)	**-42 392**	**23 274**	**66 434**

The pro forma statement shows the accounts for the AKVA group as if the acquisition of Maritech was made 1 January 2006. The acquisition of Uni Aqua A/S and Idema Aqua AS are included from 1 October 2007 and 1 June 2008 respectively.

The figures are based on historical information from the acquired companies with the following corrections:
- amortisation on product rights and fixed assets arising as excess values from the merger

The financial statements for the different companies included in the pro forma statement are based on uniform accounting principles, see information on accounting principles in disclosures. The figures are meant to provide a basis for comparison based on the Group's composition at the end of 2009. 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.

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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 (IFRS) as adopted by the European Union (EU) as per 31 December 2009.

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 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.

1.3 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.

1.4 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 13 for information about unused overdraft facilities.

1.5 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.

1.6 Hedging
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 to be 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.

(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

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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.

1.7 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.

1.8 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.

1.9 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.

1.10 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 the straight-line method over 3 years.

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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.

1.11 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.

1.12 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.

1.13 Legal obligation

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.

1.14 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.

1.15 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.

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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. The progress of these projects are decided by the cost incurred compared to total budgeted cost 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.

1.16 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.

In the beginning of 2008 AKVA group Chile changed functional currency from USD to CLP (Chilean Pesos). The reason for this change was that the company experienced that most of its local costs were in CLP and that more of the sales were quoted in CLP.

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.

When translating foreign currencies into NOK the group is using the mid rate on the balance date listed by Norges Bank, the Central Bank of Norway. Norges Bank has however not quoted the exchange rate between NOK and ISK since mid December 2008. The rate used for NOK vs ISK at the balance date in the consolidation is the rate quoted by the Central Bank of Iceland. Neither does Norges Bank quote the exchange rate between NOK and CLP. This exchange rate is calculated based on the quoted rates of NOK per USD and CLP per USD by Norges Bank and the Central Bank of Chile respectively.

1.17 Employee benefits

Defined contribution plan

All group companies 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

The Norwegian entities have uninsured pension liabilities related to future estimated obligations of 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. 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

The group has an equity-based option scheme for employees in senior positions. The options are recorded in accordance with IFRS 2. See notes for details.

1.18 Loans

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

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. 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.

1.19 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 same period the costs which the grants are intended for are incurred. Grants

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are recognised as deductions from the cost that the grant is meant to cover. Grants received to buy non-current assets are capitalised.

1.20 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.

1.21 Impairment of assets

Financial instruments

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

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.

1.22 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 2.

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

1.23 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.

1.24 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.

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1.25 Use of estimates when preparing the annual financial statements
The annual financial statements have been prepared in accordance with IFRS (International Financial Reporting 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 of revenue of long-term manufacturing contracts (note 19) and assessment of goodwill (notes 7 and 22). Future events may lead to these estimates being changed. Such changes will be recognised when new estimates can be determined with certainty.

1.26 IFRS and IFRIC Interpretations not yet effective
The group has not applied the following IFRS and IFRIC interpretations that have been issued but are not yet effective:

Amendments to IFRS 2 Share-based Payments – Group Cash-settled Share-based payment Transactions
The amendment to IFRS 2 provides more guidance on the accounting for group cash-settled share-based payment transactions. In addition, the definition of share based payment is somewhat modified. This amendment supersedes IFRIC 8 and IFRIC 11. This amendment is effective for annual periods beginning on or after 1 January 2010, but the amendment is not yet approved by the EU. The Group expects to apply the amendment as of 1 January 2010.

IFRS 3 (revised) Business Combinations
Compared to the existing IFRS 3, the revised IFRS 3 incorporates certain amendments and clarifications related to the use of the purchase method. This includes issues such as goodwill in business combinations achieved in stages, minority interests and contingent considerations. Transactions costs other than share and debt issuance costs will be expensed as incurred. IFRS 3 (R) is effective for annual periods beginning on or after 1 July 2009. The Group expects to implement IFRS 3 (R) as of 1 January 2010.

IFRS 9 Financial Instruments
IFRS 9 replaces the classification and measurement rules in IAS 39 Financial Instruments- Recognition and measurement for financial instruments. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value.
IFRS 9 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2013.

IAS 24 (revised) Related Party Disclosures
The revised IAS 24 clarifies and simplifies the definition of a related party, compared to the current IAS 24. The revised standard also provides some relief for government-related entities to disclose details of all transactions with other government-related entities (as well as with the government itself). IAS 24 (R) is effective for annual periods beginning on or after 1 January 2011, but the revised standard is not yet approved by the EU. The Group expects to implement IAS 24 (R) as of 1 January 2011.

IAS 27 (revised) Consolidated and Separate Financial Statements
The revised IAS 27 provides more guidance on accounting for changes in ownership interest in a subsidiary and the disposal of a subsidiary, compared to the current IAS 27. According to the revised standard the entity measures the interest retained in a former subsidiary at fair value upon loss of control of the subsidiary, and the corresponding gain or loss is recognised through profit and loss. The revised standard also includes a change in the requirements relating to the allocation of losses in a loss-making subsidiary. IAS 27 (R) requires total comprehensive income to be allocated between the controlling and the non-controlling party, even if this results in the non-controlling interest having a deficit balance. IAS 27 (R) is effective for annual periods beginning on or after 1 July 2009. The Group plans to implement IAS 27 (R) as of 1 January 2010.

Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
The amendment to IAS 32 Financial Instruments - Presentation provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. Application of the amendment is retrospective and will result in the reversal of profits or losses previously recognised. The amendment is effective for annual periods beginning on or after 1 February 2010. The Group expects to implement the amendments as of 1 January 2011.

Amendments to IAS 39 Financial instruments – Recognition and measurement - Eligible Hedged Items
The amended IAS 39 clarifies the principles for determining whether a hedged risk or portion of cash flows is eligible for designation for certain risks or components of the cash flow. The approved changes gives primarily additional guidance for hedging a one-sided risk (hedging with options) and hedging of inflation risk, but also clarifies that designated risks and cash flows must be identifiable and can be reliable measured. The amendment is effective for annual periods beginning on or after 1 July 2009. The Group plans to implement the amendments as of 1 January 2010.

IFRIC 12 Service concession arrangements
IFRIC 12 deals with public services related to infrastructure provided by private sector when public authorities regulates or controls which services that shall be provided, to whom the services shall be provided and at what price. The interpretation describes how such arrangements shall be accounted for. The interpretation is effective for annual periods beginning on or after 29 March 2009. The Group plans to implement IFRIC 12 from 1 January 2010.

Amendments to IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum funding Requirement
The amendment to IFRIC 14 intends to correct an unintended consequence of IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This amendment will allow entities to recognise a prepayment of pension contributions as an asset rather than an expense. The amendment is effective for annual periods beginning on or after 1 January 2011, but the amendment is not yet approved by the EU. The Group expects to implement the amendment as of 1 January 2011.

IFRIC 15 Agreements for the construction of real estate
The interpretation addresses the divergence in accounting treatment for real estate projects, and also provides guidance on whether a project is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue. The interpretation is effective for annual periods beginning on or after 1 January 2010. The Group plans to implement IFRIC 15 as of 1 January 2010.

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IFRIC 16 Hedges of a net investment in a foreign operation

The interpretation addresses issues relating to the accounting of a hedge of the foreign currency exposure arising from a net investment in a foreign entity. The interpretation clarifies what types of hedges that might qualify for hedge accounting and what types of foreign currency risks that might be hedged. The interpretation is effective for annual periods beginning on or after 1 July 2009. The Group plans to implement IFRIC 16 as of 1 January 2010.

IFRIC 17 Distributions of non-cash assets to owners

The interpretation provides guidance on how to account for distributions of non-cash assets to its owners and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. The interpretation applies prospectively and is applicable for annual periods beginning on or after 1 July 2009. The Group plans to implement IFRIC 17 as of 1 January 2010.

IFRIC 18 Transfers of Assets from Customers

The interpretation provides guidance on accounting for transfers of assets which an entity receives from a customer for the acquisition or construction of such items. These items of plant, property and equipment must then be used to connect the customer to a network, or provide the customer ongoing access to a supply of goods and services, or both. The interpretation is effective for annual periods beginning on or after 1 November 2009. The Group plans to implement IFRIC 18 as of 1 January 2010.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
The interpretation clarifies the accounting treatment of financial liabilities that, as a result of a renegotiation of the terms of the financial liability, are fully, or partially, extinguished with equity instruments. The interpretation is effective for annual periods beginning on or after 1 July 2010, but the interpretation is not yet approved by the EU. The Group expects to implement IFRIC 18 as of 1 January 2011.

Annual improvements project

The IASB issued amendments to its standards and the related Basis for Conclusions in its annual "improvements to IFRSs". The improvement project is an annual project that provides a mechanism for making necessary but non-urgent amendments. These amendments are not yet approved by the EU.

IFRS 2 Share-based Payment:

Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2 even though they are outside of scope of IFRS 3 (R).

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:

Clarifies that the disclosures required in respect of non-current assets or disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.

IFRS 8 Operating Segments:

Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

IAS 1 Presentation of Financial Statements:

The terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

IAS 7 Statement of Cash Flow:

Explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.

IAS 17 Leases:

The amendment removes the specific guidance on classifying land as a lease so that only the general guidance remains.

IAS 18 Revenue:

More guidance is added to determine whether an entity is acting as a principal or as an agent.

IAS 36 Impairment of Assets:

Clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes.

IAS 38 Intangible Assets:

Clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives.

IAS 39 Financial Instruments – Recognition and Measurement:

Clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.
Clarifies that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date, applies only to binding forward contracts, and not derivative contracts where future actions by either party are still to be taken.
Clarifies that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

IFRIC 9 Reassessment of Embedded Derivatives:

The scope paragraph is amended to clarify that the interpretation does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation:

The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

The Group does not expect that implementation of the amendments listed above will have a material effect on the financial statement of the Group on the date of implementation.

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Note 2
Segment information

Business segments

OPTECH (Operational technology)

The business area's main products are centralised feed, sensor, lightning, net cleaning, software and recirculation systems. The feeding system transport feed from a central location or vessel through flexible pipes to the cages. The technology is developed by AKVA group and is controlled by a control system, which toghether with sensor ensures optimal production control for the fish farmer. Lighting and net cleaning systems are used to optimize the production. AKVA group ASA is market leader within lighting and net cleaning systems. AKVA group is, through the Fishtalk software, the market leader in software to the fish-farming industry. The recirculation systems are used in relation to land-based fish-farming.

INTECH (Infrastructure technology)

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

	OPTECH			INTECH		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**
Operating income	328 159	399 163	343 302	271 187	467 362	517 522
Operating expenses	334 232	374 084	307 673	276 640	439 695	466 361
Operating profit before depreciation and amortisation (EBITDA)	**-6 074**	**25 079**	**35 629**	**-5 453**	**27 667**	**51 161**
Depreciation and amortisation	23 071	21 728	14 852	7 794	7 744	6 762
Operating profit EBIT)	**-29 145**	**3 351**	**20 777**	**-13 247**	**19 923**	**44 399**
Assets	409 372	407 603	400 612	207 163	268 608	284 164
Liabilities	327 822	269 298	231 331	32 073	97 318	117 003
Investments in the period	28 257	19 906	13 426	2 052	7 793	14 276

	TOTAL		
	2009	**2008**	**2007**
Operating income	**599 345**	**866 525**	**860 824**
Operating expenses	**610 872**	**813 779**	**774 034**
Operating profit before depreciation and amortisation (EBITDA)	**-11 527**	**52 746**	**86 790**
Depreciation and amortisation	**30 866**	**29 472**	**21 615**
Operating profit EBIT)	**-42 392**	**23 274**	**65 176**
Assets	616 535	676 211	684 775
Liabilities	359 895	366 616	348 333
Investments in the period	30 309	27 699	27 702

2009							
Geographical segments	Norway	Chile	Canada	Scotland	Iceland	Other	**Group**
Operating income - external customers	323 841	50 601	55 975	48 846	31 855	88 227	**599 345**
Assets	411 850	98 586	27 728	23 404	20 975	33 992	**616 535**
Investments in the period	17 225	5 941	–	6 037	368	738	**30 309**

2008							
Geographical segments	Norway	Chile	Canada	Scotland	Iceland	Other	**Group**
Operating income - external customers	446 878	183 999	65 352	49 216	46 447	74 634	**866 525**
Assets	378 014	170 951	43 955	35 859	24 075	23 357	**676 211**
Investments in the period	22 385	1 779	941	617	1 594	382	**27 699**

2007							
Geographical segments	Norway	Chile	Canada	Scotland	Iceland	Other	**Group**
Operating income - external customers	402 252	230 509	81 512	43 767	40 833	61 952	**860 824**
Assets	388 201	162 659	50 561	38 888	29 705	14 761	**684 776**
Investments in the period	21 074	3 758	796	375	1 313	386	**27 702**

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Note 3
Wages and remunerations

Wage costs	2009	2008	2007
Salaries	164 925	171 861	134 327
Payroll tax	14 222	14 739	13 071
Pension costs	6 952	8 582	-4 133
Other benefits	12 248	13 823	13 546
Total pay roll expenses	198 347	209 006	156 811
Number of employees at year end:	428	528	589
The average number of employees in full time equivalent in the group during the year is:	422	562	490

Remuneration to group management 2009	Salary	Pension	Other	Bonus	Options	Total
Knut Molaug (CEO)	1 326	49	175	–	40	**1 590**
Trond Severinsen (CMO)	935	49	143	–	18	**1 145**
Jone Gjerde (COO)	1 039	49	11	–	17	**1 116**
Patrick Dempster (GM North America)	1 101	–	52	–	18	**1 171**
Morten Nærland (CFO)	1 118	–	–	–	18	**1 136**
Odd Martin Solem (GM AKVA group Software)	620	44	7	–	13	**684**
Stig Martin Bø (Sales Manager Nordic)	711	37	137	–	5	**890**
Jørgen Scheel (GM AKVA group Denmark)	855	26	10	–	–	**890**
David Thorburn (GM AKVA group Scotland)	539	38	88	–	–	**665**
Andrew Campbell (GM AKVA group Chile)	912	–	99	–	7	**1 018**
Rolf Andersen (former CFO)	1 084	49	11	–	22	**1 166**

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

The Norwegian group companies had a bonus program for all employees in 2009. According to the program a maximum bonus equivalent to 2 monthly salaries could be earned based on the EBIT of the companies.

Loan and pledge
The group has not given any loans or pledges to members of the Board or group management as of December 31.

Stock options
A stock option plan was introduced in 2006. The remuneration related to options is a calculated theoretical amount based on the time value in the option period. There has been no exercises of options in 2009, neither any payments in connection with the option plan. See details of stock options to group management in note 14 and also note 21.

Remuneration to group management 2008	Salary	Pension	Other	Bonus	Options	Total
Knut Molaug (CEO)	1 334	47	179	150	27	1 737
Rolf Andersen (CFO)	1 081	47	27	150	15	1 320
Trond Severinsen (CMO)	899	47	176	150	12	1 284
Jone Gjerde (COO)	999	47	25	–	13	1 084
Patrick Dempster (GM North America)	1 055	–	35	–	12	1 102
Morten Nærland (GM Chile)	1 075	–	–	–	12	1 087

Fees to the Board of Directors	Position	2009	2008	2007
Amund Skarholt	Chairperson of the Board	125	-	-
Anne Breiby	Deputy Chairperson of the Board	190	168	125
Thorhild Widvey	Member of the Board	125	125	125
Frode Teigen	Member of the Board	63	-	-
Thore Michalsen	Member of the Board	140	140	140
Ingvild Andersen	Member of the Board	30	28	-
Kjell A. Corneliussen	Member of the Board	30	18	-
Knut Drange	Member of the Board	30	18	-
Steven Morell	Former Chairperson of the Board	125	250	250
Arne Økland	Former member of the Board	70	140	140
Kenneth Idland	Former member of the Board	-	15	30
Jens Christian Hernes	Former member of the Board	-	15	30
Ian Lozano	Former member of the Board	-	-	117

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Establishment of salaries and other remuneration to executive management

The remuneration of the executive management is based on the principle that the base salary shall promote value creation in the company and contribute to coincident interests between owners and the executive management.

As the leading aquaculture technology supplier, AKVA group needs to offer salaries and remunerations that ensure the most competent management is recruited. It is the policy of the Board of Directors that in order to recruit the most competent management, the company has to offer salaries and remunerations which are satisfactory to the management and are able to compete in an international market.

The Board of Directors has established a remuneration comittee which shall act as a preliminary organ in relation to the Boards role in the establishment of remuneration to the Chief Executive Officer and other members in the group management.

It is the company's policy that the remuneration of the executive management principally is based on a fixed monthly salary which reflects the tasks and responsibility of the employment. This remuneration is established on an individual basis. The fixed monthly salary is determined amongst other of the following factors:

Experience and competence of the executive manager
- Responsibility
- Competition from the market

Total variable remuneration shall not in normal cases exceed the value of the fixed remuneration. AKVA group has a bonus programme for all employees in Norway. AKVA group introduced in 2006 a stock option plan. Stock options are granted to the executive management and other senior employees.

The agreed pension plan is the same for the executive management as for the rest of the Norwegian employees.

Salary payments after termination of employment is normally related to confidentiality and restrictive competitor agreements in which these payments shall only compensate for the constraints to the resigned employers permission to enter into a new employment agreement. Agreements of payment after termination of employement shall as a basis be reduced with salaries from other employees. AKVA group ASA does not use agreements of salary payments after termination of employment without a distinct reason.

Fees to auditor	2009	2008	2007
Audit	1 323	1 794	1 690
Tax services	220	430	190
Attestation services	32	20	20
Other services	498	527	1 760
Total	2 073	2 771	3 660
Hereof recorded against acquisition cost of purchased companies	–	568	1 483
Hereof recorded against equity related to share issues	–	–	–

Fee to auditor also includes the fee to auditors of other acquired companies in 2008. All fees to the auditor is excluded of VAT.

Note 4
Government grant and subsidies (in NOK 1 000)

Offentlige tilskudd	2009	2008	2007
Government grants	1 284	1 809	1 411
"Skattefunn"	2 137	1 801	85
The Research Council of Norway	2 378	1 274	798
Total	5 799	4 844	2 294

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Note 5
Taxes (in NOK 1 000)

Tax expense	2009	2008	2007
Current taxes payable	610	1 915	5 963
Adjustment related to previous year	1 138	403	-363
Change in deferred taxes	-14 624	2 957	5 504
Total tax expense	-12 875	5 275	11 104
Calculation of the basis for taxation:			
Profit before tax	-52 003	10 792	63 113
Permanent differences	16 385	1 047	4 571
Change in temporary differences	-12 908	-5 253	-40 225
Tax base	-48 526	6 586	27 460
Specification of temporary differences:			
Current assets	-5 640	-3 805	-2 557
Fixed assets	50 850	-485	-4 046
Provisions	-2 504	-4 447	-1 939
Pension obligations	-1 655	-2 250	-1 512
Losses carried forward	-113 321	-68 298	-94 406
Other	-46 757	409	9 670
Total	-119 028	-78 875	-94 790
Calculated deferred tax assets	-31 661	-21 164	-25 988
Deferred tax asset not recognised in balance sheet	6 830	7 553	5 218
Deferred tax asset	-24 831	-13 610	-20 770

The group has a tax loss carry forward of MNOK 113.3 whereof all is available indefinitely for offset against future taxable profits of the companies in which the losses arose. The deferred tax asset recognised in the balance sheet is made probable due to future earnings in the subsidiaries and tax planning.

Effective tax rate	2009	2008	2007
Expected income taxes, statutory tax rate of 28%	-14 561	3 022	17 672
Permanent differences (28%)	4 588	293	1 280
Deviation between Norwegian and foreign tax rate	-3 757	-778	-1 550
Tax effect of share issue costs	-	–	–
Excess(-)/insufficient(+) provisions in former years	1 138	403	-363
Change in non-capitalised deferred tax asset	-284	2 336	-5 935
Income tax expense	-12 875	5 275	11 104
Effective tax rate in percent of profit before tax	24,8 %	48,9 %	17,6 %

Expiry dates of Tax Loss Carry Forwards	
2010	–
2011	–
2012	–
2013	–
2014	–
2015	–
2016	–
2017	–
2018	–
Tax loss carryforwards without time restrictions	-113 321
Total	-113 321

About 2/3 of the tax loss carryforwards without time restrictions and recorded as a deferred tax asset is related to Norwegian tax jurisdiction. The companies included in the group are expected to have positiv earnings in the coming years and the tax loss carry forwards can be offset against these profits.

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Note 6
Net earnings per share (in NOK 1 000)

	2009	2008	2007
Ordinary profit / net income	-39 128	5 517	52 009
Number of ordinary shares outstanding as of 31.12.	17 222 869	17 2 22 869	17 222 869
Weighted average number of ordinary shares	17 222 869	17 222 869	17 222 869
Earnings per share (NOK)	-2,27	0,32	3,02
Diluted number of shares	17 222 869	17 222 869	17 271 167
Diluted earnings per share	-2,27	0,32	3,01

The diluted number of shares is calculated based on the stock option plan introduced in 2006 and on the number of options in the money at the end of the year. At 31.12.2009 diluted number of shares was equal to number of ordinary shares. See note 21 Options to employees.

Note 7
Intangible assets (in NOK 1 000)

2009	Goodwill	Development costs	Product rights, patents & trademarks	Total
Acquisition cost at 01.01.	164 668	43 127	112 783	320 578
Acquisition cost during the year	–	15 700	7	15 707
Revaluations	-7 804	–	-2 179	-9 983
Disposals during the year	-1 603	–	–	-1 603
Acquisition cost 31.12.	155 261	58 826	110 611	324 699
Accumulated amortisation at 01.01.	395	20 828	61 039	82 262
Amortisation during the year	–	-45	43	-2
Revaluations	–	9 846	9 454	19 299
Accumulated amortisation disposals during the year	–	2 008	2 042	4 050
Accumulated amortisation 31.12.	395	32 637	72 577	105 609
Net book value at 31.12.	154 866	26 190	38 034	219 090

2008	Goodwill	Development costs	Product rights, patents & trademarks	Total
Acquisition cost at 01.01.	138 672	32 735	95 722	267 129
Additions related to investments in subsidaries	33 245	1 100	19 435	53 780
Acquisition cost during the year	–	9 136	1 035	10 171
Revaluations	-7 249	–	-3 410	-10 659
Disposals during the year	–	–	–	–
Acquisition cost 31.12.	164 668	42 970	112 783	320 422
Accumulated amortisation at 01.01.	395	15 010	47 689	63 094
Accumulated amortisation disposals during the year	–	–	–	–
Amortisation during the year	–	5 819	13 350	19 168
Accumulated amortisation 31.12.	395	20 828	61 039	82 262
Net book value at 31.12.	164 273	22 142	51 744	238 159

2007	Goodwill	Development costs	Product rights, patents & trademarks	Total
Acquisition cost at 01.01.	93 695	12 782	35 985	142 462
Additions related to investments in subsidaries	44 977	9 629	59 483	114 089
Acquisition cost during the year	–	10 324	254	10 578
Disposals during the year	–	–	–	–
Acquisition cost 31.12.	138 672	32 735	95 722	267 129
Accumulated amortisation at 01.01.	395	2 486	9 569	12 450
Accumulated amortisation acquired companies	–	7 841	29 049	36 890
Accumulated amortisation disposals during the year	–	–	–	–
Amortisation during the year	–	4 683	9 071	13 754
Accumulated amortisation 31.12.	395	15 010	47 689	63 094
Net book value at 31.12.	138 277	17 725	48 033	204 035

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Both the parent company and the subsidiaries use 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.

Goodwill:
After the acquisition of Wavemaster, Polarcirkel, Maritech, UNI Aqua and Idema, AKVA group is a leading provider with a strong market position in an industry which is based on renewable resources. See impairment test of goodwill below.

Development Costs:
The company has capitalised all direct costs related to development of software and 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), Polarcirkel/Wavemaster (2006), Maritech/UNI Aqua (2007) and Idema Aqua (2008).

Impairment test of goodwill:
Intangible assets with indefinite useful life and goodwill are not amortised. However, these assets are tested annualy for impairment. Goodwill acquired through business combinations have been allocated to the following cash-flow generating units:

Book value of goodwill:	2009	2008	2007
OPTECH			
Software and IT-services	22 657	27 638	39 921
Uni recirculation	16 552	19 458	10 049
Idema	26 621	26 621	0
INTECH			
Plastic cages	49 418	49 418	49 271
Steel cages	39 618	41 138	39 036
Total	154 866	164 273	138 277

The recoverable amount for the different cash-generating units is determined using cash flow projections from financial budgets approved by the Board of Directors. The after-tax discount rate applied to cash flow projections is in the range 10.1–10.4 %. C ash flow beyond a five year period are extrapolated using a 2.5% growth rate, which is a conservative estimate of the growth of the aquaculture industry.

Key assumptions used for calculations:

- Gross margin - the rates are only with immaterial changes based on achieved gross margins during the last three years
- Discount rates - 10.1–10.4%
- Raw material prices - it is expected that any change in the raw material prices during a reasonable time period will be reflected in product market prices and thus not have any material effect on achieved gross margins
- Market share during the period - the calculations are based on the assumption that market share will not change significantly from the date of the calculation
- Growth rate - the aquaculture industry is expected to have a high growth in the foreseeable future. The applied growth rate of 2.5% is a conservative estimate of this growth
- Currently, the salmon industry is an important basis of the revenues of the company. Due to the expected cyclicality of this industry the growth rate can vary significantly from year to year

Sensitivity to changes in assumptions IAS 36.134(f)
With regard to the assessment of value-in-use of the different cash flow generating units management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount short term. One possible exception may be Maritech Iceland. The current economic conditions in Iceland are challenging and add uncertainty about the development of the company. Despite this the company has been performing well into 2010 and there is no indication of a need to write down goodwill related to Iceland at the time of the approval of consolidated accounts. Furthermore, despite the current economic conditions in Iceland, the market position of Maritech Iceland is strong and the company is well positioned to benefit from improved market conditions long term. A growth of only 2% in revenues for Iceland after 2010 together with an increase of 3% in cost would result in impairment of the goodwill related to Maritech Iceland.

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Note 8
Research and development

During the year the group expensed MNOK 18.8 (MNOK 16.8 in 2008 and MNOK 8.9 in 2007) on research and development on new products and technology 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 fixed asset (in NOK 1 000)

2009	Land and building	Machinery and equipment	Total
Acquisition cost at 01.01.	6 318	81 903	88 221
Additions during the year	-	16 707	16 707
Revaluations	-	-926	-926
Disposals during the year	-18	-23 805	-23 823
Acquisition cost 31.12.	6 300	73 880	80 180
Accumulated depreciation 01.01.	4 117	42 596	46 713
Depreciation during the year	128	11 438	11 566
Revaluations	–	-204	-204
Accumulated depreciation disposals during the year	4 245	36 864	41 109
Accumulated depreciation 31.12.	2 055	37 016	39 071
Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:	> 10	3–10	

2008			
Acquisition cost at 01.01.	5 182	65 331	70 513
Additions related to investments in subsidiary during the year	2 098	4 509	6 607
Additions during the year	213	16 782	16 995
Disposals during the year	-1 175	-4 718	-5 893
Acquisition cost 31.12.	6 318	81 903	88 221
Accumulated depreciation 01.01.	3 979	32 539	36 518
Accumulated depreciation acquired companies	55	1 465	1 520
Depreciation during the year	86	10 219	10 304
Accumulated depreciation disposals during the year	-3	-1 626	-1 629
Accumulated depreciation 31.12.	4 117	42 596	46 713
Balanseført verdi per 31.12.	2 201	39 308	41 509
Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:	> 10	3-10	

2007			
Acquisition cost at 01.01.	–	38 878	38 878
Additions related to investments in subsidiary during the year	5 182	11 327	16 509
Additions during the year	–	18 561	18 561
Disposals during the year	–	-3 436	-3 436
Acquisition cost 31.12.	5 182	65 331	70 513
Accumulated depreciation 01.01.	–	16 564	16 564
Accumulated depreciation acquired companies	3 894	8 725	12 619
Depreciation during the year	85	7 776	7 861
Accumulated depreciation disposals during the year	–	-526	-526
Accumulated depreciation 31.12.	3 979	32 539	36 518
Balanseført verdi per 31.12.	1 203	32 792	33 995
Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:	> 10	3-10	

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Note 10
Subsidiaries and other long-term investments (in NOK 1 000 unless stated otherwise)

Subsidiaries consolidated in the group accounts Company	Acquisition yeard	Location	Share ownership	Voting rights
AKVA group North America Inc.	1995	Canada	100 %	100 %
AKVA group Scotland Ltd.	1997	Skottland	100 %	100 %
AKVA group Software AS	1997	Norge	100 %	100 %
AKVA group Chile S.A.	1998	Chile	100 %	100 %
AKVA Ltd [1]	1998	Skottland	100 %	100 %
AKVA AS	2001	Norge	100 %	100 %
Feeding Systems Chile Ltda	2003	Chile	100 %	100 %
AKVAsmart Ltd. (Turkey)	2005	Tyrkia	100 %	100 %
Helgeland Plast AS	2006	Norge	100 %	100 %
Wavemaster Ltd	2006	Irland	100 %	100 %
Maritech ehf	2007	Island	100 %	100 %
Maritech Chile Ltda	2007	Chile	100 %	100 %
AKVA group Denmark A/S	2007	Danmark	100 %	100 %
AKVA group SEA	2008	Thailand	100 %	100 %
Idemaqua Chile Ltda	2008	Chile	100 %	100 %

[1] Subsidiary of AKVA group Scotland Ltd.

During the year Idema Aqua AS and Maritech International AS were merged into AKVA group ASA. At the same time AKVAsmart AS, CameraTech AS, AKVA Services AS and AKVA group Maritech AS (former Maritech AS) were merged into AKVA group Software AS (former Superior Systems AS). Idema Aqua UK Ltd and Maritech UK Ltd were both merged into AKVA group Scotland in 2009.
In Chile the companies Wavemaster Maestranza Chile S.A. and Integración de Tecnologías Medioambientales S.A. were merged into AKVA group Chile S.A. in 2009. The companies Surefish Inc and Wavemaster Net Services Ltd were both sold in 2009.

Other long-term investments	Currency	Share capital	Number of shares	Par value (NOK)	Book value	Ownership
Centre for Aquaculture Competence AS	NOK	450	150	1000	153	33 %
Blue Planet AS	NOK	1 350	2	50 000	100	7 %
Total					253	

Note 11
Stock (in NOK 1 000)

	2009	2008	2007
Raw materials (at cost)	45 273	28 691	21 873
Work in progress (at cost)	8 510	15 483	23 673
Finished goods (at net realisable value)	62 465	98 233	73 205
Total	116 248	142 406	118 750
Write-down of obsolete stock 1.1	1 017	700	2 276
Write-down of obsolete stock during the year	-52	317	-1 576
Write-down of obsolete stock 31.12	965	1 017	700

The write down of obsolete stock at year end is related to finished goods.

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Note 12
Receivables (in NOK 1 000)

Receivables due in more than one year	2009	2008	2007
Other long-term receivables	816	2 208	1 854
Total	816	2 208	1 854

Accounts receivables

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

	2009	2008	2007
Bad debt provision 1.1	5 767	4 163	1 700
Increase in bad debt provision related to acquisition	–	135	559
Charge for the year	1 796	3 392	2 797
Utilised	-1 747	-1 923	-893
Unused amounts reversed	–	–	–
Bad debt provision 31.12.	5 816	5 767	4 163
Recorded bad debt cost during the year	1 747	1 923	893
Change in bad debt provision	49	1 468	1 904
Total bad debt cost during the year	1 796	3 392	2 797

Of the recorded bad debt cost during the year all was covered by bad debt provision.
Reference is made to note 18 for more details of credit and currency risk related to accounts receivables.

As of 31.12. the group had the following ageing profile of outstanding accounts receivables:

	Total	Not due	Due < 30 days	Due 31–60 days	Due 61–90 days	Due > 91 days
2009	125 391	80 602	21 931	3 124	15 802	3 950
2008	171 100	81 920	33 922	13 388	33 496	8 374
2007	188 217	117 897	33 272	14 989	17 647	4 412

Note 13
Bank deposits (in NOK 1 000)

	2009	2008	2007
Restricted bank deposits:	3 372	5 391	3 887
Overdraft limit	68 128	70 207	62 812
Utilised end of year	47 336	51 808	4 371

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Note 14
Shareholders (in NOK 1 000)

AKVA group ASA

The company's share capital is MNOK 17.2 divided into 17.2 shares, each with a par value of NOK 1.

The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

The 20 largest shareholders at 31.12.	Number of shares	Ownership in % of total shares
Frode Teigen	5 257 832	30,5 %
SN-Invest AS	1 817 023	10,6 %
Arendals Fossekompani ASA	1 720 840	10,0 %
Skagen Vekst	1 059 200	6,1 %
Sociedad de Inversiones ABSO S.A.	798 635	4,6 %
Sociedad de Inversiones F y A S.A.	783 235	4,5 %
State Street Bank and Trust Co. (Nom)	663 300	3,9 %
RBC Dexia Investor Services Bank (Nom)	640 500	3,7 %
State Street Bank and Trust Co. (Nom)	564 000	3,3 %
Six Six AG	421 400	2,4 %
Havbruksconsult AS	332 157	1,9 %
Knut Molaug	313 928	1,8 %
Ole Molaug Eiendom AS	292 692	1,7 %
MP Pensjon	190 000	1,1 %
Gunnar Kluge	173 150	1,0 %
DnB NOR SMB Verdipapirfond	170 000	1,0 %
Ole Molaug	167 192	1,0 %
Danske Invest Vekst	126 800	0,7 %
Anne Helga Nedrebø	101 750	0,6 %
Ingrid Havrevoll	99 750	0,6 %
Other shareholders	1 529 485	8,9 %
Total	17 222 869	100,0 %

Shares owned by members of the Board of Directors	Number of shares	Options
Frode Teigen	5 257 832	–
Anne Breiby (Kjerby AS)	5 000	–
Ingvild S. Andersen	1 276	–
Kjell Arne Corneliussen	200	–

Shares owned by group management	Antall aksjer	Opsjoner
Knut Molaug (CEO)	313 928	127 526
Trond Severinsen (CMO)	14 950	56 678
Jone Gjerde (COO)	1 000	56 678
Patrick Dempster (GM North America)	200	56 678
Morten Nærland (CFO)	–	56 678
Odd Martin Solem (GM AKVA group Software)	–	14 170
Stig Martin Bø (Sales Manager Nordic)	–	10 627
Jørgen Scheel (GM AKVA group Denmark)	–	–
David Thorburn (GM AKVA group Scotland)	–	–
Andrew Campbell (GM AKVA group Chile)	–	21 254
Rolf Andersen (former CFO)	2 100	70 848

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Note 15
Pensions (in NOK 1 000)

The pension schemes in all the Norwegian legal entities 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.

Contribution plans	2009	2008	2007
Contributions expensed during the year	3 061	3 365	2 410

Benefit plans

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

Benefit plans	2009	2008	2007
Service cost	299	220	266
Interest cost	95	89	58
Return on pension funds	–	–	–
Recorded effect of deviations from estimates	–	–	–
Social security tax *	44	32	-23
Net pension cost	437	340	301

* The negative amount is related to reduced Social security tax rate in Northern Norway from 2006 to 2007

Actual return on plan assets, ref IAS 19.120A, is not applicable. See comments about AFP pension scheme below.

Benefit obligations	2009	2008	2007
Estimated pension obligations at 31.12.	1 696	2 209	1 532
Pension plan funds (market value) at 31.12.	–	–	–
Unrecognised effects of deviations from estimates	–	–	–
Social security tax	150	205	144
Net benefit obligations	1 846	2 414	1 676

Changes in the present value of the defined benefit obligation are as follows	2009	2008	2007
Defined benefit obligation at 01.01.	2 414	1 676	13 238
Interest cost	95	89	58
Current service cost	342	252	243
Benefits paid	–	–	–
Business combinations	–	–	–
Changed pension scheme in group companies	-1 006	397	-11 863
Defined benefit obligation at 31.12.	1 846	2 414	1 676

According to IAS 19.120A the company shall inform of the changes in the fair value of plan assets. Since the group has no other defined benefit plans other than an unsecured early retirement scheme (AFP) there are no plan assets.

The group expects to contribute MNOK 0.9 to its defined benefit pensions plan in 2010.

A listing of the major categories of plan assets as a percentage of the fair value of total plan assets, ref IAS 19.120A, is not applicable for the group since the benefit plans are related to unsecured AFP pension scheme and hence there are no plan assets.

Economical assumptions	2009	2008	2007
Discount rate	4,40 %	4,30 %	5,10 %
Expected wage growth	4,25 %	4,50 %	4,50 %
Expected social security base adjustment	4,00 %	4,25 %	4,25 %
Expected increase in pension	4,00 %	4,25 %	4,25 %
Expected turnover < 40 years	2,00 %	2,00 %	2,00 %
Expected turnover > 40 years	0,00 %	0,00 %	0,00 %

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.

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Note 16
Liabilities (in NOK 1 000)

Long-term liabilities due in more than 5 years	**2009**	**2008**	**2007**
Liabilities to financial institutions	55 118	34 040	39 265
Total	55 118	34 040	39 265

	2009	**2008**	**2007**
Liabilities secured with assets	199 839	145 428	115 293

Secured assets:	**2009**	**2008**	**2007**
Accounts receivable	125 391	70 000	65 785
Stock	116 248	65 000	51 914
Other assets	250 000	314 744	247 635
Total	491 639	449 744	365 334

Repayment of debt

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

	Long-term debt
2010	–
2011	19 226
2012	25 377
2013	25 377
2014	25 377
2015	25 377
Subsequent to 2015	29 916
Total	150 651
Average interest rate	6,03 %

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

Note 17
Specification of items that are grouped in the financial statement (in NOK 1 000)

	2009	**2008**	**2007**
Financial income			
Other interest income	1 418	3 156	4 567
Agio gain	612	–	–
Other financial income	51	623	1 573
Total financial income	2 081	3 780	6 140
Financial Expenses			
Interest expenses	10 199	12 244	7 604
Agio loss	–	2 082	283
Other financial expenses	1 493	1 936	315
Total financial expenses	11 692	16 262	8 202
Other operating expenses			
Accommodation, materials, equipment and maintenance	34 775	37 308	31 570
Marketing, travelling and communication	23 945	35 208	34 784
Other operating expenses	24 649	26 738	14 313
Total other operating expenses	83 369	99 255	80 667
Other current liabilities			
Accrued costs	13 970	11 719	12 142
Guarantee provisions	4 057	3 066	2 417
Other current liabilities	19 511	38 725	31 723
Total other current liabilities	37 537	53 510	46 282

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Note 18
Financial instruments and risk management (in NOK 1 000)

Determination of fair value

The fair value of financial assets classified as "available for sale" and "financial assets at fair value through profit or loss" is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The fair value of currency swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the abovementioned derivatives, the fair value is confirmed by the financial institution with which the group has entered into the contracts.

The following of the group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities, long-term debts and "hold-to-maturity" investments.

The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions.

The fair value of loan notes have been calculated using market interest rates.

The fair value of financial assets and liabilities recognised at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the balance sheet date. This applies to
- Loans to employees, refer to Note 3.
- Deposits to lessors under operating leases, refer to Note 20.

The fair value of "hold-to-maturity" investments (with the exception of deposits mentioned above) is determined using available market prices.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

	2009		2008	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	58 161	58 161	47 883	47 883
Trade receivables	125 391	125 391	171 100	171 100
Other non-current assets	27 477	27 477	19 082	19 082
Other long-term financial assets	816	816	2 208	2 208
Financial liabilities				
Bank overdraft	47 336	47 336	51 808	51 808
Trade and other payables	85 750	85 750	107 730	107 730
Interest-bearing loans and borrowings:				
Bank loans	152 678	152 678	145 680	145 680
Forward currency contracts	-2 475	-2 475	21 902	21 902

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 2010:

Currency (amounts in 1000)		**Bought/sold**	**Net currency amount** (amounts in 1000)
American Dollar	USD	Sold	4 000
Danish Kroner	DKK	Sold	5 000
British Pound	GBP	Sold	1 000
Canadian Dollar	CAD	Sold	–
Euro	EUR	Sold	200
Chilean Pesos	CLP	Sold	2 610 850
Norwegian Kroner	NOK	Bought	71 980

Profit and loss from the above currency contract are recorded directly via the income statement under financial items.
At the end of the year a gain of NOK 2 564 thousand was recorded as an unrealised gain. The forward contracts are valued at estimated fair value.

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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 risk is managed by using currency forward contracts in order to reduce the risk. At the end of the year 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 2010 and hence be recognized in the income statement during the same period. All currency contracts expire in 2010.

Currency (amounts in 1000)		**Bought/sold**	**Net currency amount** (amounts in 1000)
American Dollar	USD	Bought	55
British Pound	GBP	Sold	341
Canadian Dollar	CAD	Sold	2 922
Euro	EUR	Bought	1 608
Chilean Pesos	CLP	Bought	550 784
Norwegian Kroner	NOK	Bought	802

At the end of the year it was recorded a gain of NOK 20 thousand 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.

In the long run it is not possible to hedge the effects of changing currency rates. Especially within OPTECH with the deliveries of feeding equipment and sensors the company have a dominant cost base in NOK and is therefore exposed to the strenghtening of the NOK. In 2009 the group had export sales of about MNOK 21 of these products. A 10 % strenghtening of the NOK would then decrease the earnings with about MNOK 2.1 before possible price increases in the market. About 1/3 of this exposure was related to sales in GBP (sales in UK) and 20% of this exposure was related to sales in USD and CLP (sales in Chile).

To decrease this exposure the group is working towards a more flexible cost structure for these products. The group has the same exposure in relation to other products but normally with a higher local cost base.

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. To reduce the interest rate risk it is the strategy of the group to have a balanced mix between equity and debt financing vs the market risk in its industry. With the net interest bearing debt at year end interest cost would have been MNOK 1.4 higher with a 1% higher interest rate during the year.

Credit risk

Part of the sale is credit sales where the group 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. For details of ageing of accounts receivables, see note 12.

Market risk

In 2009, about 75% of the revenues of the group came from customers producing salmon. To decrease the group's dependency of the salmon industry the group has launched a strategy to increase the share of revenues related to the aquaculture of other species than salmon to 50% within 2015. Due to the market variation in the different salmon markets the revenues can vary between years. Still, the aquaculture industry in general is expected to be a high-growth industry in the foreseeable future although the financial turmoil in the short run increases the uncertainty.

Based on the assumption that a change in sales will not affect the product gross margin and that other operating costs short term only will change 50% of the change in sales - a change in the revenues of the group would have had the following impact on net income (25% tax rate used):

Change in sales	**Change in net income/ equity (amounts in 1000)**
10 %	9 700
5 %	4 850
2 %	1 940
-2 %	-1 940
-5 %	-4 850
-10 %	-9 700

To further evaluate the group's sensitivity to changes in the different markets see more details in note 2 about market size.

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Capital structure and equity

The primary focus of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders value.

The group manages its capital structure and makes adjustment to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives policies or processes during the year 2009 and 2008.

The group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt.

The group includes within net debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes convertible preference shares, equity attributable to equity holders of the parent less the net unrealised gains reserve.

Amounts in NOK 1 000	2009	2008
Interest bearing debt	200 015	197 488
Less cash	58 161	47 883
Net debt	141 853	149 604
Equity	256 640	309 595
Total equity and net debt	398 494	459 200
Debt ratio	36 %	33 %

Note 19
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.

	2009	2008	2007
Total value of ongoing contracts	124 002	264 413	210 494
Total sales included from ongoing contracts 31.12.	44 316	197 122	110 949
Not invoiced work-in-progress included as accounts receivables	22 951	22 954	6 907
Remaining production on loss contracts	215	17 654	–

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Note 20
Operational leases (in NOK 1 000)

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

	2009	2008	2007
Operational leasing costs	6 571	5 814	2 006
Rent costs on buildings	12 151	13 747	9 953
Total	18 721	19 561	11 959

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	3 287	3 235	–
Vehicles	3 286	6 682	15
Offices and buildings	12 641	33 178	5 576
Payments from subleases	–	–	–
Total	19 214	43 096	5 591

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

Note 21
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. No new options have been granted during 2009.

The options have a 5-year vesting period. One third of the options can be vested after 1, 2 and 3 years. The options can be exercised at vesting date or anytime later in the 5-year period. The first possible vesting date was in November 2007. The strike price for the options is equal to the market price when the options are being granted. The strike price of the outstanding options varies between NOK 26.10 - 45.30 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). NOK 223 thousand has been charged to equity in 2009 related to the option programme.

	2009	2008	2007
Total available options that can be issued	1 012 109	1 012 109	1 012 109
Available options not issued at year end	370 938	314 260	445 328
Options vested during the year	–	–	–
Oustanding options as per 31.12.	641 171	697 849	566 781

The fair value of the options has been estimated using the Black&Scholes option-pricing model.
The average fair value of options granted is baes 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.

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Income statement 01.01.—31.12. (in NOK 1 000)

Parent company

	Note	2009	2008	2007
OPERATING REVENUES				
Sales revenues		162 452	288 724	288 283
OPERATING EXPENSES				
Cost of goods sold	10	119 110	195 105	209 863
Payroll expenses	2,21	55 039	52 293	42 736
Other operating expenses	7,11,17,20	34 141	29 769	24 004
Total operating expenses		208 290	277 167	276 603
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)		**-45 838**	**11 557**	**11 680**
Depreciation and amortisation	6,8	10 613	5 252	4 059
OPERATING PROFIT (EBIT)		**-56 451**	**6 305**	**7 621**
FINANCIAL INCOME AND EXPENSES				
Financial income	17	40 523	11 892	32 079
Financial expenses	17	-15 280	-12 665	-9 049
Net financial items		25 244	-773	23 030
PROFIT BEFORE TAX		**-31 207**	**5 532**	**30 651**
Taxes	4	-9 591	2 561	6 038
NET PROFIT FOR THE YEAR		**-21 616**	**2 971**	**24 613**
ALLOCATION OF PROFIT FOR THE YEAR				
Dividend		–	–	17 223
Group contribution		–	559	–
Other equity		-21 616	2 412	7 390
Total allocated		-21 616	2 971	24 613

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Assets 31.12. (in NOK 1 000)

Parent company

	Note	2009	2008
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax asset	4	15 427	4 826
Goodwill	6	53 000	–
Other intangible assets	6	40 113	19 971
Total intangible assets		108 540	24 797
Tangible fixed assets			
Machinery and equipment	8	12 570	5 555
Total tangible fixed assets		12 570	5 555
Long-term financial assets			
Investments in subsidiaries	9, 22	212 360	296 512
Loans to group companies	12	62 609	59 751
Other long-term financial assets	9, 11	641	585
Total long-term financial assets		275 611	356 848
Total fixed assets		**396 720**	**387 200**
CURRENT ASSETS			
Stock	10	52 784	35 311
Receivables			
Accounts receivables	11,18,19	48 139	28 445
Receivables - group companies	12	43 099	97 701
Prepayments to suppliers		9 933	889
Other receivables		3 990	1 123
Total receivables	11	105 160	128 158
Cash and cash equivalents	13	17 648	6 157
Total current assets		**175 592**	**169 626**
TOTAL ASSETS		**572 312**	**556 826**

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Equity and Liabilities 31.12. (in NOK 1 000)

Parent company

	Note	2009	2008
EQUITY			
Paid-in capital			
Share capital	14	17 223	17 223
Share premium reserve		256 178	256 178
Other paid in capital		2 175	1 951
Total paid-in capital		275 576	275 352
Retained earnings			
Other equity		25 015	30 833
Total retained earnings		25 015	30 833
Total equity		**300 591**	**306 185**
LIABILITIES			
Provisions			
Pension obligations	15	803	1 177
Total provisions		803	1 177
Other long term liabilities			
Liabilities to financial institutions	16	150 283	117 087
Other long term liabilities		1 026	1 405
Total other long term liabilities		151 308	118 492
Current liabilities			
Liabilities to financial institutions	16	46 732	51 876
Trade creditors		18 487	15 968
Trade creditors - group companies	12	3 635	5 804
Taxes payable	4	–	–
Public duties payable		1 903	5 025
Provision for dividend		–	–
Group contribution		–	776
Prepayments from customers		31 735	18 607
Other current liabilities	17	17 117	32 916
Total current liabilities		119 609	130 972
Total Liabilities		**271 721**	**250 641**
TOTAL EQUITY AND LIABILITIES		**572 312**	**556 826**

Bryne, 28 April 2010

Amund Skarholt
Styreleder

Thore Michalsen

Anne Breiby
Nestleder

Frode Teigen

Thorhild Widvey

Kjell A. Corneliussen

Knut Drange

Ingvild Andersen

Knut Molaug
Konsernsjef

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Cash flow statement 01.01.—31.12. (in NOK 1 000)

Parent company

	Note	2009	2008	2007
Cash flow from operating activities:				
Profit before taxes		-31 207	5 532	30 651
Taxes		-	-	-
Gain on disposal of shares and participations		-20 922	-	-
Depreciation	6,8	10 613	5 252	4 059
Change in pension obligation	15	-374	205	276
Changes in stock, accounts receivable and trade creditors		42 281	-9 119	-40 306
Changes in other receivables and payables		-25 974	12 487	-365
Net cash flow from operating activities		-25 583	14 357	-5 685
Cash flow from investment activities				
Investments in fixed assets	6,8	-48 705	-10 387	-5 085
Sale of tangible and intangible fixed assets		2 979	-	-
Change in fixed assets from MA's		33 015	-65 914	-109 276
Other items		-56	-	-
Net cash flow from investment activities		-12 767	-76 301	-114 361
Cash flow from financing activities				
Change in interest bearing debt		26 639	53 670	89 250
Change in loans to group companies	12	35 115	-19 277	-35 615
Increase of share capital and share premium fund		-	-	-
Payment of dividend		-	-17 223	
Change related to other financial activities		-11 912	-429	-8 983
Net cash flow from financing activities		49 842	16 742	44 652
Net change in cash and cash equivalents		11 491	-45 203	-75 394
Cash and cash equivalents at 01.01.		6 157	51 360	126 754
Cash and cash equivalents at 31.12.		17 648	6 157	51 360

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Statement of changes in equity (in NOK 1 000)

Parent company

	Note	Share capital	Share premium reserve	Other paid-in capital	Total paid-in capital	Other equity	Total retained earnings	Total equity
Equity as at 01.01.2007		17 223	256 178	166	**273 566**	21 164	**21 164**	**294 730**
Total income and expense recognised directly in equity		–	–	–	**–**	–	**–**	**–**
Profit (loss) for the period		–	–	–	**–**	24 613	**24 613**	**24 613**
Provision for dividend		–	–	–	**–**	-17 223	**-17 223**	**-17 223**
Total income and expense for the year		–	–	–	**–**	7 390	**7 390**	**7 390**
Recording of option agreement		–	–	1 459	**1 459**	–	**–**	**1 459**
Equity as at 31.12.2007		17 223	256 178	1 624	**275 025**	28 554	**28 554**	**303 579**
Equity as at 01.01.2008		17 223	256 178	1 624	**275 025**	28 554	**28 554**	**303 579**
Actuarial deviations on net pension obligations		–	–	–	**–**	-133	**-133**	**-133**
Total income and expense recognised directly in equity		–	–	–	**–**	-133	**-133**	**-133**
Profit (loss) for the period		–	–	–	**–**	2 971	**2 971**	**2 971**
Total income and expense for the year		–	–	–	**–**	2 838	**2 838**	**2 838**
Recording of option agreement		–	–	327	**327**	–	**–**	**327**
Group contribution		–	–	–	**–**	-559	**-559**	**-559**
Equity as at 31.12.2008		17 223	256 178	1 951	**275 352**	30 833	**30 833**	**306 185**
Change related to merger 1 January 2009						15 129	**15 129**	**15 129**
Equity as at 01.01.2009		17 223	256 178	1 951	**275 352**	45 962	**45 962**	**321 314**
Actuarial deviations on net pension obligations		-	-	-	**-**	670	**670**	**670**
Total income and expense recognised directly in equity		-	-	-	**-**	670	**670**	**670**
Profit (loss) for the period		-	-	-	**-**	-21 616	**-21 616**	**-21 616**
Total income and expense for the year		-	-	-	**-**	-20 946	**-20 946**	**-20 946**
Recording of option agreement	21	-	-	223	**223**	-	**-**	**223**
Group contribution		-	-	-	**-**	-	**-**	**-**
Equity as at 31.12.2009		17 223	256 178	2 175	**275 575**	25 015	**25 015**	**300 591**

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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 IFRS light as accounting policy. There are no material effects compared to the ordinary group IFRS accounting policy, except that provided dividends and group contributions from subsidiaries can be recognised as income in the parent company in the same year as provision is made in subsidiaries. See note 1 in group accounts for more details of the accounting policy.

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
Wages and remunerations (in NOK 1 000)

Wage costs	2009	2008	2007
Salaries	43 548	37 676	30 311
Payroll tax	6 484	5 914	5 976
Pension costs	2 374	2 428	2 085
Other benefits	2 633	6 275	4 364
Total	55 039	52 293	42 736
The average number of employees in full-time equivalent in the company during the year is:	82	67	50

See consolidated accounts note 3 about remuneration to CEO and executive management, and fees to the Board of Directors.

AKVA group ASA had a bonus programme for all employees in 2009. According to the programme a maximum bonus equivalent to 2 monthly salaries could be earned based on the EBIT of the companies.

Loan and pledge
The company has not given any loans or pledges to members of the Board or group management as of December 31 2009.

Stock options
A new stock option plan was introduced in 2006. See details of stock options in note 21 and in note 3 in consolidated accounts. For details of establishment of salary and other remuneration to executive management, see note 3 in consolidated accounts.

Fees to auditor	2009	2008	2007
Audit	410	332	434
Tax services	190	380	100
Attestation services	11	10	10
Other services	139	601	1 415
Total	750	1 323	1 959
Hereof recorded against acquisition cost of purchased companies	–	568	1 483
Hereof recorded against equity related to share issues	–	–	–

All fees to the auditor is excl. VAT.

Note 3
Government grants and subsidies (in NOK 1 000)

Government grants	2009	2008	2007
"Skattefunn"	556	489	151
The Research Council of Norway	2 137	1 801	85
Other	600	466	–
Total	3 293	2 756	236

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Note 4
Taxes (in NOK 1 000)

Tax expense	2009	2008	2007
Current taxes payable	–	–	–
Change in deferred taxes	-9 591	2 346	6 038
Tax on group contribution	–	215	–
Total tax expense	-9 591	2 561	6 038

Calculation of the basis for taxation	2009	2008	2007
Profit before tax	-31 207	5 532	30 651
Permanent differences	-22 707	3 617	-9 087
Change in temporary differences	-8 522	-8 373	-21 564
Group contribution	–		
Tax base	-62 436	776	–

Specification of temporary differences	2009	2008	2007
Current assets	-8 272	-1 519	-1 395
Fixed assets	38 604	-4 996	-6 753
Provisions	-11 071	-9 541	-15 506
Pension obligations	-803	-1 177	-839
Losses carried forward	-73 556	–	-1 116
Total	-55 098	-17 233	-25 609
Calculated deferred tax assets	-15 427	-4 825	-7 171
Deferred tax asset not recognised in balance sheet	–	–	–
Deferred tax asset	-15 427	-4 825	-7 171

Effective tax rate	2009	2008	2007
Expected income taxes, statutory tax rate of 28%	-8 738	1 549	8 582
Permanent differences (28%)	-6 358	1 012	-2 544
Merger effect	5 505	–	–
Tax effect of share issue costs	–	–	–
Not capitalised deferred tax asset in subsidiaries	–	–	–
Income tax expense	-9 591	2 561	6 038
Effective tax rate in percent of profit before tax	30,7 %	46,3 %	19,7 %

Expiry dates of Tax Loss Carry Forwards

Tax loss carryforwards without time restrictions	-73 556
Total	-73 556

Note 5
Net earnings per share

See details in note 6 in consolidated accounts.

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Note 6
Intangible assets (in NOK 1 000)

Parent company

2009	Goodwill	Development costs	Patents and trademarks	Total
Acquisition cost at 01.01.	–	14 306	18 511	32 817
Additions related to merger	19 661	8 701	51 393	79 755
Acquisition cost during the year	33 339	9 031	–	42 370
Disposals during the year	–	-7 601	-33 812	-41 412
Acquisition cost 31.12.	53 000	24 437	36 092	113 530
Accumulated amortisation at 01.01.	–	5 068	7 778	12 846
Accumulated amortisation merged companies	–	6 664	31 771	38 435
Accumulated amortisation disposals during the year	–	-6 664	-31 771	-38 435
Amortisation during the year	–	3 797	3 774	7 571
Accumulated amortisation 31.12.	–	8 865	11 552	20 417
Net book value at 31.12.	53 000	15 572	24 540	93 113

2008	Development costs	Patents and trademarks	Total
Acquisition cost at 01.01.	8 497	18 511	27 008
Acquisition cost during the year	5 809	1	5 810
Disposals during the year	–	–	–
Acquisition cost 31.12.	14 306	18 512	32 818
Accumulated amortisation at 01.01.	2 467	6 098	8 565
Accumulated amortisation disposals during the year	–	281	281
Amortisation during the year	2 601	1 400	4 001
Accumulated amortisation 31.12.	5 068	7 779	12 847
Net book value at 31.12.	9 238	10 733	19 971

2007	Development costs	Patents and trademarks	Total
Acquisition cost at 01.01.	5 048	18 511	23 559
Acquisition cost during the year	3 449	–	3 449
Disposals during the year	–	–	–
Acquisition cost 31.12.	8 497	18 511	27 008
Accumulated amortisation at 01.01.	1 456	3 875	5 331
Accumulated amortisation disposals during the year	–	–	–
Amortisation during the year	1 011	2 223	3 234
Accumulated amortisation 31.12.	2 467	6 098	8 565
Net book value at 31.12.	6 030	12 413	18 443

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.

Goodwill:
The change in goodwill in 2009 is partly related to the merger with Maritech International AS and Idema Aqua AS and partly to the transfer of the aquaculture business from Helgeland Plast AS to AKVA group ASA.

Development Costs:
The company has capitalised all direct costs related to development of software and tangible products that are expected to create economic benefits and meet the requirements for capitalisation in IAS 38. See also note 7.

Patents & trademarks:
The acquisition cost is related to the acquisition of Superior Systems AS (2001), Vicass (2002), Cameratech (2004), Ocean Service Log (2004), Polarcirkel/Wavemaster (2006), Maritech/UNI Aqua (2007) and Idema Aqua (2008)
The increase in 2009 is related to the merger with Maritech International AS and Idema Aqua AS.

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Note 7
Research and development

During the year the company expensed MNOK 7.0 (MNOK 6.0 in 2008 and MNOK 5.8 in 2007) on research and development on new products and technology as well as upgrades on existing products. The amount does not include capitalised development costs according to IAS 38 (see details in note 6).

Note 8
Tangible assets (in NOK 1 000)

Property, plant and equipment	2009	2008	2007
Acquisition cost at 01.01.	17 679	13 101	11 485
Additions related to merger	4 273		
Acquisitions during the year	6 335	4 578	1 616
Acquisition cost 31.12.	28 287	17 679	13 101
Accumulated depreciation 01.01.	12 125	10 874	10 049
Accumulated depreciation related to merger	552		
Depreciation during the year	3 041	1 251	825
Accumulated depreciation 31.12.	15 718	12 125	10 874
Net book value 31.12.	12 570	5 555	2 228
The company use linear depreciation for all tangible assets. The useful economic life is estimated as:			
- Machinery and equipment			3–10 years
- Buildings			25 years

Note 9
Daughter companies (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
AKVA group Chile S.A.	CLP	239	1 000	239	3 000
AKVA group North America Inc	CAD	125	125 000	1	8 982
AKVA group Scotland Ltd.	GBP	20	20 000	1	27 417
AKVA group Software AS	NOK	2 174	2 173 913	1	41 323
AKVA AS	NOK	100	1 000	100	100
Feeding Systems Chile Ltda	CLP	2	1 000	2	–
AKVAsmart Ltd. (Turkey)	TRY	5	200	25	45
Helgeland Plast AS	NOK	1 100	1 100 000	1	66 543
Maritech ehf	ISK	23	500 000	0,05	26 172
Maritech Chile Ltda	CLP	288	1 000 000	0,3	1 745
AKVA group Denmark A/S	DKK	1 128	1 010 000	1	28 421
Idemaqua Chile Ltda	CLP	180	1 000 000	0,2	6 864
AKVA group SEA	THB	1 734	100 000	17,3	1 748
Total					**212 360**

Other long-term investments:

Selskapets navn	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	

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Note 10
Stock (in NOK 1 000)

	2009	2008	2007
Raw materials (at cost)	14 763	1 727	1 528
Work in progress (at cost)	24	207	378
Finished goods (at net realisable value)	37 997	33 377	22 259
Total	52 784	35 311	24 165
Write-down of obsolete stock 1.1	500	500	2 276
Write-down of obsolete stock during the year	–	–	-1 576
Write-down of obsolete stock 31.12	500	500	700

Note 11
Receivables (in NOK 1 000)

Receivables due in more than one year	2009	2008	2007
Other long-term receivables	388	222	110
Total	388	222	110

Accounts receivables

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

	2009	2008	2007
Bad debt provision last year	1 019	696	550
Change related to merger 1.1	435	–	–
Change in bad debt provision	334	323	146
Bad debt provision 31.12.	1 788	1 019	696
Recorded bad debt cost during the year	188	66	127
Change in bad debt provision	334	323	146
Total bad debt cost during the year	522	389	273

Reference is made to note 18 for more details of credit and currency risk related to accounts receivables

Note 12
Intercompany balances (in NOK 1 000)

Parent company

Receivables	2009	2008	2007
Loans to group companies	62 609	40 474	32 554
Current receivables towards group companies	43 099	97 683	43 533
Total	105 708	138 157	76 087
Payables			
Trade creditors towards group companies	3 635	2 927	1 065
Total	3 635	2 927	1 065

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Note 13
Bank deposits (in NOK 1 000)

	2009	2008	2007
Restricted bank deposits	1 598	2 486	1 856
Overdraft limit	65 000	41 500	46 000
Utilised end of year	46 732	31 114	–

Note 14
Shareholders (in NOK 1 000)

AKVA group ASA

The company's share capital is MNOK 17.2 divided into 17.2 mill shares, each with a par value of NOK 1.
The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

The 20 largest shareholders	Number of shares	Ownership in % of total shares
Frode Teigen	5 257 832	30,5 %
SN-Invest AS	1 817 023	10,6 %
Arendals Fossekompani ASA	1 720 840	10,0 %
Skagen Vekst	1 059 200	6,1 %
Sociedad de Inversiones ABSO S.A.	798 635	4,6 %
Sociedad de Inversiones F y A S.A.	783 235	4,5 %
State Street Bank and Trust Co. (Nom)	663 300	3,9 %
RBC Dexia Investor Services Bank (Nom)	640 500	3,7 %
State Street Bank and Trust Co. (Nom)	564 000	3,3 %
Six Six AG	421 400	2,4 %
Havbruksconsult AS	332 157	1,9 %
Knut Molaug	313 928	1,8 %
Ole Molaug Eiendom AS	292 692	1,7 %
MP Pensjon	190 000	1,1 %
Gunnar Kluge	173 150	1,0 %
DnB NOR SMB Verdipapirfond	170 000	1,0 %
Ole Molaug	167 192	1,0 %
Danske Invest Vekst	126 800	0,7 %
Anne Helga Nedrebø	101 750	0,6 %
Ingrid Havrevoll	99 750	0,6 %
Other shareholders	1 529 485	8,9 %
Total	17 222 869	100,0 %

Shares owned by members of the Board of Directors	Number of shares	Options
Frode Teigen	5 257 832	–
Anne Breiby (Kjerby AS)	5 000	–
Ingvild S. Andersen	1 276	–
Kjell Arne Corneliussen	200	–

Shares owned by group management	Number of shares	Options
Knut Molaug (CEO)	313 928	127 526
Trond Severinsen (CMO)	14 950	56 678
Jone Gjerde (COO)	1 000	56 678
Patrick Dempster (GM North America)	200	56 678
Morten Nærland (CFO)	–	56 678
Odd Martin Solem (GM AKVA group Software)	–	14 170
Stig Martin Bø (Sales Manager Nordic)	–	10 627
Jørgen Scheel (GM AKVA group Denmark)	–	–
David Thorburn (GM AKVA group Scotland)	–	–
Andrew Campbell (GM AKVA group Chile)	–	21 254
Rolf Andersen (former CFO)	2 100	70 848

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Note 15
Pensions (in NOK 1 000)

The pension schemes in AKVA group ASA is a defined contribution plan where agreed contributions are expensed as paid. The company has 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.

Contribution plans	2009	2008	2007
Contributions expensed during the year	1 586	1 453	1 114

Benefit plans

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:

	2009	2008	2007
Service cost	216	141	218
Interest cost	44	38	24
Return on pension funds	–	–	–
Recorded effect of deviations from estimates	–	–	–
Social security tax	37	25	34
Net pension cost	297	204	276

Actual return on plan assets, ref IAS 19.120A, is not applicable. See comments about AFP pension scheme below.

Benefit obligation	2009	2008	2007
Estimated pension obligations at 31.12.	704	1 031	736
Pension plan funds (market value) at 31.12.	–	–	–
Unrecognised effects of deviations from estimates	–	–	–
Social security tax	99	145	104
Net benefit obligations	803	1 177	839

Changes in the present value of the defined benefit obligasion are as follows	2009	2008	2007
Defined benefit obligation at 01.01.	1 177	839	563
Interest cost	44	38	24
Current service cost	253	166	252
Benefits paid	–	–	–
Actuarial (gains)/losses on obligation	-671	133	–
Defined benefit obligation at 31.12.	803	1 177	839

According to IAS 19.120A the company shall inform of the changes in the fair value of plan assets. Since the company has no other defined benefit plan other than an unsecured early retirement scheme (AFP) there are no accrued plan assets.

The company expects to contribute MNOK 0.5 to its defined benefit pensions plan in 2010.

A listing of the major categories of plan assets as a percentage of the fair value of total plan assets is not applicable for the company since the benefit plan is related to an unsecured AFP pension scheme and hence there are no accrued plan assets.

Economical assumptions	2009	2008	2007
Discount rate	4,40 %	4,30 %	5,10 %
Expected wage growth	4,25 %	4,50 %	4,50 %
Expected social security base adjustment	4,00 %	4,25 %	4,25 %
Expected increase in pension	4,00 %	4,25 %	4,25 %
Expected turnover < 40 years	2,00 %	2,00 %	2,00 %
Expected turnover > 40 years	0,00 %	0,00 %	0,00 %

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.

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Note 16
Liabilities (in NOK 1 000)

Long-term liabilities due in more than 5 years	2009	2008	2007
Liabilities to financial institutions	55 118	34 040	39 265
Total	55 118	34 040	39 265
Liabilities secured with assets	197 015	137 849	115 293
Secured assets:			
Accounts receivables	37 630	50 000	50 000
Stock	52 784	25 000	25 000
Other assets	250 000	297 744	238 918
Total	340 414	372 744	313 918

Repayment of debt

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

	Long-term debt
2010	–
2011	19 033
2012	25 377
2013	25 377
2014	25 377
2015	25 377
Subsequent to 2014	29 741
Total	150 283
Average interest rate	6,30 %

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

Note 17
Specification of items that are grouped in the financial statement (in NOK 1 000)

Financial income	2009	2008	2007
Other interest income	1 922	11 892	4 384
Agio gain	-	-	-
Group contribution recognised as income	17 744	-	-
Other financial income	20 857	-	27 695
Total financial income	40 523	11 892	32 079

Financial expenses	2009	2008	2007
Interest expenses	8 842	11 833	5 065
Agio loss	5 908	492	3 627
Other financial expenses	530	340	357
Total financial expenses	15 280	12 665	9 049

Other operating expenses	2009	2008	2007
Accommodation, materials, equipment and maintenance	12 366	10 947	6 631
Marketing, travelling and communication	13 956	13 906	13 872
Other operating expenses	7 818	4 916	3 501
Total other operating expenses	34 141	29 769	24 004

Other current liabilities	2009	2008	2007
Accrued costs	–	–	1 035
Guarantee provisions	2 860	1 680	1 200
Other current liabilities	14 257	31 236	7 710
Total other current liabilities	17 117	32 916	9 945

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Note 18
Financial instruments and risk management

See consolidated accounts note 18 for more details about financial instruments and risk management.

Note 19
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.

	2009	2008	2007
Total value of ongoing contracts	111 603	92 074	210 494
Total sales included from ongoing contracts 31.12.	33 059	62 281	110 949
Not invoiced work-in-progress included as accounts receivables	–	6 907	6 907
Remaining production on loss contracts	–	–	–

Note 20
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	2009	2008	2007
Operational leasing costs	4 342	2 951	612
Rent costs on buildings	4 391	3 219	2 357
Total	8 733	6 170	2 969

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

	Inntil 1 år	1–5 år	Etter 5 år
Machinery and equipment	2 823	2 325	–
Vehicles	1 537	1 772	–
Offices and buildings	4 912	5 855	48
Total	9 272	9 952	48

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

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Note 21
Options to employees

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. No new options have been granted during 2009.

The options have a 5-year vesting period. One third of the options can be vested after 1, 2 and 3 years. The options can be exercised at vesting date or anytime later in the 5-year period. The first possible vesting date was in November 2007. The strike price for the options is equal to the market price when the options are being granted. The strike price of the outstanding options varies between 26.10 - 45.30 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). NOK 223 thousand has been charged to expenses in 2009 related to the option programme.

	2009	2008	2007
Total available options that can be issued	1 012 109	1 012 109	1 012 109
Available options not issued at year-end	370 938	314 260	445 328
Options vested during the year	–	–	–
Oustanding options as per 31.12.	641 171	697 849	566 781

The fair value of the options has been estimated using the Black&Scholes option-pricing model.
The average fair value of options granted 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 2-3 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 22
Merger

In 2009 AKVA group ASA merged with its two 100% owned subsidiaries Idema Aqua AS and Maritech International AS.
The merger is accounted based on continuity since the merger did not result in any changes in the ownership.

(All amounts in NOK 1 000)	2009	2008 (Pro forma figures)
Operating revenues	162 452	338 032
Operating profit before depreciation and amortization (EBITDA)	-45 838	24 740
Profit before tax	-31 207	22 300
Net profit for the year	-21 616	15 044

The pro forma statement shows the accounts for the AKVA group as if the merger with the subisidiaries Idema Aqua AS and Maritech International was made 1 January 2008.
The figures are based on historical information from the merged companies with the following corrections:
- transactions between the companies are eliminated

The figures are meant to provide a basis for comparison based on the Group's composition at the end of 2009. 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.

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Auditor's report

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
AKVA Group ASA

Auditor's report for 2009

We have audited the annual financial statements of AKVA Group ASA as of 31 December 2009, showing a loss of NOK 21 616 000 for the Parent Company and a loss of NOK 39 128 000 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 coverage of the loss. 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, comprehensive income, cash flows and changes in equity as well as the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income, comprehensive income, cash flows and changes in equity as well as the accompanying notes. Simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9 have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of 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 are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2009, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and the results of its operations, cash flows and 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 coverage of the loss is consistent with the financial statements and complies with law and regulations.

Stavanger, 28 April 2010
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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Articles of Association

§ 1

The company's name is AKVA group ASA.
The company is a public limited company.

§ 2

The company's registered office
is in Time, 4340 Bryne.

§ 3

The purpose of the company is to develop, produce, project, sell and market own and purchased products, and everything connected to such activity, including participation in other companies with similar activities.

The activities of the company shall in particular be directed towards technology for farming of fish and animals.

§ 4

The company's share capital shall be NOK 17.222.869 into 17.222.869 shares at NOK 1 each. The company's shares shall be registered in the Securities Registry within 1 – one – month.

§ 5

The Board of Directors shall be composed of 4 to 10 members, in accordance with a decision by the General Meeting. The Chairperson and one Board member jointly sign on behalf of the company.

§ 6

The ordinary General Meeting of the company shall consider the following:

1. The approval of the annual profit and loss statement and balance sheet.
2. Application of the profit, or settlement of the deficit according to the approved balancesheet, as well as the distribution of dividends.
3. The election of Board of Directors
4. Other issues that under Norwegian law are to be dealt with by the shareholders General Meeting.

§ 7

The company shall have nomination committee consisting of at least 3 members elected by the general meeting. The nomination committee shall prepared the general meeting's election of board members and propose candidates for nominations. The General Meeting may adopt instructions for the nomination committee's work.

§ 8

When documents concerning matters to be discussed at the general meeting are made available to the shareholders on the Company's website, the requirement in the Public Companies Act that such documents shall be sent to the shareholders shall not apply. This also applies to documents which, according to law, shall be included or enclosed to the notice of the general meeting.
A shareholder may nonetheless request hard copies of such documents to be sent to him. The Company cannot claim any form of compensation for sending the documents to the shareholders.

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Corporate governance

1. Implementation and reporting on corporate governance

The Board of Directors must ensure that the Company implements sound corporate governance.
The Board of Directors must provide a report on the Company's corporate governance in the annual report. The report must cover every section of the Code of Practice. If the Company does not fully comply with this Code of Practice, this must be explained in the report.
The Board of Directors should define the Company's basic corporate values and formulate ethical guidelines in accordance with these values.

AKVA has defined guidelines for corporate governance, and the Board has decided to follow the Norwegian Code of Practice for Corporate Governance. AKVA has defined its own corporate Code of Conduct and defined values upon which the Company should build its activity.
The Board of Directors has provided this report on the Company's corporate governance. The report covers every section of the Code of Practice, and will be a part of the annual report.

▸ *Deviation from the Recommendation: None*

2. Business

The Company's business should be clearly defined in its articles of association. The Company should have clear objectives and strategies for its business within the scope of the definition of its business in its articles of association. The annual report should include the business activities clause from the articles of association and describe the Company's objectives and principal strategies.

Paragraph 3 in the articles of association states: "The purpose of the Company is to develop, produce, project, sell and market own and purchased products, and everything connected to such activity, including participation in other companies with similar activities. The activities of the Company shall in particular be directed towards technology for farming of fish and animals." The full articles of association are included in the Annual Report. The strategic goals and objectives are described thoroughly in the report.

▸ *Deviation from the Recommendation: None*

3. Equity and dividends

The Company should have an equity capital at a level appropriate to its objectives, strategy and risk profile. The Board of Directors should establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy should be disclosed. Mandates granted to the Board of Directors to increase the Company's share capital should be restricted to defined purposes. If the Annual General Meeting is to consider mandates to the Board of Directors for the issue of shares for different purposes, each mandate should be considered separately by the meeting. Mandates granted to the Board should be limited in time to no later than the date of the next Annual General Meeting. This should also apply to mandates granted to the Board for the Company to purchase its own shares.

At year-end 2009 the Company had a consolidated equity of MNOK 256 which accounts for 42.0% of the total assets of the Company. The Board of Directors considers this satisfactory

Dividend policy:
The Company's main objective is to maximise the value of the investment made by its shareholders through both increased share prices and dividend payments.
The Company will strive to maintain an equity capital level that is appropriate for its objectives, strategy and risk profile, taking into consideration that it is operating in a cyclical industry. In view of the Company's planned expansion of its business, the Company will regularly evaluate the timing and amount of dividend payments in light of its objectives, strategic development outlook and risk profile. Dividend payments will be subject to approval by the shareholders at the Company's Annual General Meeting.

The dividend policy is disclosed on the Company's website.

Based on the challenging market situation during 2009 and in accordance with this dividend policy the Board of Directors propose to the Annual General Meeting that no dividend should be paid for 2009.
The Board of Directors was in the Annual General Meeting in 2009 granted the mandate to increase the Company's share capital for specific purposes. The following authorisations were given:

- *Strategic authorisation for the issuance of new shares*

The Board of Directors is authorised to increase the Company's share capital by issuing new shares. The total number of shares that may be issued equals about 8.7% of the present issued share capital.

- *Authorisation for the issuance of shares under the Company's share option plan*

The Board of Directors is authorised to increase the Company's share capital by issuing of shares in accordance

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with future option agreements. The total number of shares that may be issued equals about 5.8% of the present issued share capital.
Furthermore the Board of Directors was, in the Annual General Meeting of 2008, granted the right to acquire own shares. The price to be paid shall not exceed the ordinary stock exchange rate available on the date of purchase. The total number of shares that may be acquired equals about 5.0% of the issued share capital.

▶ *Deviation from the Recommendation: None*

4. Equal treatment of shareholders tand transactions with close associates

The Company should only have one class of shares.
Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital must be justified.
Any transactions the Company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the Company's shares, the Company should consider other ways to ensure equal treatment of all shareholders.
In the event of any not immaterial transactions between the Company and shareholders, members of the Board of Directors, executive personnel or close associates of any such parties, the Board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.
The Company should operate guidelines to ensure that members of the Board of Directors and executive personnel notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

Class of shares

AKVA Group has only one class of shares. The Articles of Association place no restriction on voting rights. All shares are equal.

Transactions between related parties

The Company is not aware of any other potential conflicts of interest between any duties to the Company of the members of the Board of Directors or the Company's management, and their private interests or other duties. The Board is aware of lease agreements with other companies that are controlled by major shareholders of AKVA; however, these are all based on arm's length market terms.

In order to avoid conflicts of interest, the Company has introduced guidelines pursuant to which members of the Board of Directors and the Company's management must act.
The members of the Company's Board of Directors and the Company's management meet all these requirements.

Guidelines for directors and key management personnel

The Corporate Code of Conduct in Section 5 – conflict of interest and integrity – discusses the topic and provides clear guidelines to all employees and management on this matter. Furthermore the Boards Instruction in Section 7 - Disqualification and conflict of interest – provides guidelines for the Board of Directors.

▶ *Deviation from the Recommendation: None other than as stated above*

5. Freely negotiable shares

The Company's shares must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability should be included in a Company's articles of association.

The shares are freely negotiable. The Articles of Association place no restrictions on negotiability.

▶ *Deviation from the Recommendation: None*

6. General meetings

The Board of Directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the Company, and that general meetings are an effective forum for the views of shareholders and the Board.

Such steps should include:
- making the notice calling the meeting and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the Company's website no later than 21 days prior to the date of the general meeting
- ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting
- setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible
- the Board of Directors and the person chairing the meeting making appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the Company's corporate bodies

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- ensuring that the members of the Board of Directors and the nomination committee and the auditor are present at the general meeting
- making arrangements to ensure an independent chairman for the general meeting

Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The Company should:
- provide information on the procedure for representation at the meeting through a proxy,
- nominate a person who will be available to vote on behalf of shareholders as their proxy
- to the extent possible prepare a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

The ordinary general meeting for 2009 was held on June 10th, and was in all material respect carried through in accordance with point 6 in the recommendation. Additionally an Extraordinary General Meeting was held on December 11th 2009. There have not been other general meetings in 2009/2010.

▶ *Deviation from the Recommendation:*
None other than as stated above

7. Nomination committee

The Company should have a nomination committee, and the general meeting should elect the chairperson and members of the nomination committee and should determine the committee's remuneration.
The nomination committee should be laid down in the Company's articles of association.
The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the Board of Directors and the executive personnel. At least one member of the nomination committee should not be a member of the corporate assembly, committee of representatives or the Board. No more than one member of the nomination committee should be a member of the Board of Directors, and any such member should not offer himself for re-election. The nomination committee should not include the Company's chief executive or any other executive personnel.
The nomination committee's duties are to propose candidates for election to the corporate assembly and the Board of Directors and to propose the fees to be paid to members of these bodies.
The nomination committee should justify its recommendations.
The Company should provide information on the membership of the committee and any deadlines for submitting proposals to the committee.

The Articles of Association provide for a Nomination Committee. The Nomination Committee shall evaluate and recommend candidates for Directors elected by the shareholders as well as Directors' remuneration, both for the Board of Directors and for the Nomination Committee itself. The Nomination Committee shall consider and recommend to the shareholders for resolution at the general meeting on the following matters:
- Candidates for election as members of the Board of Directors and the Chairman of the Board of Directors
- Candidates for election as members of the Nomination Committee and the Chairman of the Committee.
- The proposed remuneration of the Board of Directors and the members of the Nomination Committee.
- Any proposed amendments to the Nomination Committee Charter.

The Nomination Committee shall consist of three members elected by the shareholders at the general meeting. The Nomination Committee chairperson shall be a member of the Nomination Committee and shall be elected by the shareholders at the general meeting.
The nomination committee's work is based on the Nomination Committee Charter approved by the Annual General Meeting in May 2007.

Composition
The current nomination committee was elected for two years by the ordinary Annual General Meeting on June 10th 2009 and consists of:
- Haakon Skaarer, (Chair) CEO Enonic AS, representing Arendals Fossekompani ASA
- Lisbeth Flågeng, Deputy CEO of Helgeland Sparebank
- Kristian Falnes, portfolio manager, Skagen Funds.

None of which are members of the Board of Directors. The Nomination Committee is of the opinion that the composition reflects the common interest of the community of shareholders.

The work of the Committee
The Nominating Committee held 4 meetings in 2010.

▶ *Deviation from the Recommendation: None*

8. Corporate assembly and Board of Directors: composition and independence

The composition of the corporate assembly should be determined with a view to ensuring that it represents a broad cross-section of the Company's shareholders.
The composition of the Board of Directors should ensure that the Board can attend to the common interests of all shareholders and meets the Company's need for expertise,

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capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body. The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board should be independent of the Company's executive personnel and material business contacts. At least two of the members of the Board elected by shareholders should be independent of the Company's main shareholder(s). The Board of Directors should not include executive personnel. If the Board does include executive personnel, the Company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of Board committees to help ensure more independent preparation of matters for discussion by the Board, cf. Section 9. The chairman of the Board of Directors should be elected by the general meeting so long as the Public Companies Act does not require that the chairman must be appointed either by the corporate assembly or by the Board of Directors as a consequence of an agreement that the Company shall not have a corporate assembly. The term of office for members of the Board of Directors should not be longer than two years at a time. The annual report should provide information to illustrate the expertise of the members of the Board of Directors, and information on their record of attendance at Board meetings. In addition, the annual report should identify which members are considered to be independent. Members of the Board of Directors should be encouraged to own shares in the Company.

Composition of the Board of Directors
The Board of Directors consists of 8 members, and currently has the following composition: Amund Skarholt (Chairperson), Anne Breiby (Deputy Chairperson), Thore Michalsen, Thorhild Widvey, Frode Teigen, Ingvild Andersen, Knut Drange and Kjell Arne Corneliussen. The 3 latter directors have been elected by and from the employees. Further details of the individual directors can be found in the Annual Report.

▶ *Deviation from the Recommendation: None*

9. The work of the Board of Directors

The Board of Directors should produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The Board of Directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties. In order to ensure a more independent consideration of matters of a material character in which the chairman of the Board is, or has been, personally involved, the Board's consideration of such matters should be chaired by some other member of the Board. The Public Companies Act stipulates that large companies must have an audit committee. The entire Board of Directors should not act as the Company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent. The Board of Directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the Board who are independent of the Company's executive personnel. The Board of Directors should provide details in the annual report of any Board committees appointed. The Board of Directors should evaluate its performance and expertise annually.

Board responsibilities
The Board of Directors has the final responsibility for the organisation of the Company and supervising routine management and business activities. This involves that the Board is responsible for establishing control arrangements to secure that the Company operate in accordance with the adopted value norms and Code of Conduct as well as with the owners' expectations of good corporate governance. The Board of Directors primarily looks after the interests of all the shareholders, but is also responsible for the Company's other shareholders.

The Board's main tasks are to contribute to corporate competitiveness, and to ensure that the Company develops and adds value. Furthermore the Board of Directors shall contribute in the shaping of and in the implementation of the Company's strategy, employ the necessary control functions and in other ways ensure that the Company is well operated and organised. The Board sets the objectives for financial structure and adopts the Company's plans and budgets. Items of major strategic or financial importance for the Company are handled by the Board. The Board hires the CEO, defines his or her work instructions and authority and sets his or her wages. The Board produces each year an annual plan for its work as recommended.

Instructions to the Board of Directors
The Board's instructions were approved by the Board in a board meeting on 21 September 2006. The instructions cover the following points: Composition of the Board, the

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Board's duties, day-to-day management, Board meetings – conveyance and related issues, the Board's decisions, Board minutes, disqualification and conflict of interest, confidentiality obligation, convening general meetings, insider rules and ethical guidelines for conduct of business. The Board of Directors can decide to deviate from instructions in certain cases.

Financial Reporting

The Board of Directors receives regular financial reports on the Company's economic and financial status.

Legal Competence

To ensure that all legal aspects are considered in an adequate manner the Board has asked the Company's legal council to be present in the Board Meetings. Mr. Snorre Haukali of lawfirm Kluge has been present in all of the Board's meetings in 2009.

The Compensation Committee

The Charter for the Compensation Committee was approved by the Board in a Board meeting on September 21st, 2006. The Committee's tasks revolve around the CEO's terms of employment and the remuneration of the executive management including wage levels, bonus systems, options schemes, pension schemes, employment contracts etc. The Committee forwards recommendations to the Board of Directors for final approval.
Members: Thore Michalsen (Chair) and Thorhild Widvey. The Chairperson of the Board generally also participates in the meetings. The Committee had 3 meetings during 2009. The Compensation committee charter is available on www.akvagroup.com.

The Board's self-evaluation

The Board completes a self-evaluation annually in terms of efficiency, competence and the Board's duties in general. The evaluation is made available for the Nomination Committee.

▶ *Deviation from the Recommendation: None*

10. Risk management and internal control

The Board of Directors must ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal control and the systems should also encompass the Company's corporate values and ethical guidelines. The Board of Directors should carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The Board of Directors should provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

The Board of Directors and internal control

Management regularly presents performance reports that are sent for review of the Board. The quarterly financial statements are subject to review in Board meetings.

The Board's work plan

The Board of Directors has established an annual work plan that includes an annual review of compliance of external and internal laws and regulations, risk and the HSE-situation, financial risks and identification of risk related to the strategic goals and risk handling. By carrying out the established work plan, the Board controls that the Company has sound internal control and systems for risk management for the Company's activities, including systems suitable for controlling the compliance with the Company's corporate values and ethical guidelines.

▶ *Deviation from the Recommendation: None*

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.
The remuneration of the Board of Directors should not be linked to the Company's performance. The Company should not grant share options to members of its Board.
Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board.
Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

It is the Board's opinion that the size of the remuneration of the Board of Directors is in compliance with the criteria in the recommendation concerning the Board's responsibility, expertise etc.
Furthermore, the following goes for the remuneration:
• The remuneration is not linked to the Company's performance, and the Board members are not granted share options
• None of the Board members and/or companies with which they are associated, have taken on specific assignments for the Company in addition to their appointments as members of the Board.

▶ *Deviation from the Recommendation: None*

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12. Remuneration of the executive management

The Board of Directors is required by law to establish guidelines for the remuneration of the executive personnel. These guidelines are communicated to the Annual General Meeting.
The guidelines for the remuneration of the executive personnel should set out the main principles applied in determining the salary and other remuneration of the executive personnel. The guidelines should help to ensure convergence of the financial interests of the executive personnel and the shareholders.
Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, should be an incentive to good performance and be based on quantifiable factors over which the employee in question can have influence.

Guidelines and terms

The Compensation Committee has the responsibility to establish guidelines and recommendations with regards to the remuneration of the CEO and the executive management. Each year the Committee undertakes a thorough review of the remuneration and other salary to the CEO and the executive Management. The review is based upon market sampling of similar positions. The structure and level of the remuneration and incentive system for the CEO and the executive management is determined by the Board of Directors. The fixed remuneration and performance-based remuneration – including option scheme to the executive management and the Board of Directors – is described in the disclosures to the annual accounts.

In accordance with the Public Companies Act, the guidelines are communicated to the Annual General Meeting.

▶ *Deviation from the Recommendation: None*

13. Information and communications

The Board of Directors should establish guidelines for the Company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market. The Company should publish an overview each year of the dates for major events such as its Annual General Meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc. All information distributed to the Company's shareholders should be published on the Company's web site at the same time as it is sent to shareholders.

The Board of Directors should establish guidelines for the Company's contact with shareholders other than through general meetings

Annual and periodic accounts

The Company normally presents provisional annual accounts in late February. Complete financial statements, the Directors' Report and the annual report are sent to the shareholders and other stakeholders in April/May. Further to this the Company presents its accounts on a quarterly basis. The Financial calendar is published on the Company's website. All shareholders are treated equally as a matter of course.

Other market information

Open investor presentations are conducted in connection with the Company's quarterly reports. The quarterly presentation is also available as webcast and thus widely broadcasted. In the quarterly report the CEO reviews the result for the past period and comments on the development for the various products and market segments. Furthermore the CEO provides a summary of the market outlook and prospects for the near future. The CFO also participates in these presentations. Further to this the CEO and CFO maintains a dialog with and makes presentations to analysts and investors.

The Company considers it essential to keep owners and investors informed about its economic and financial development. Importance is also attached to securing that the same information is released to the whole market at the same time.

▶ *Deviation from the Recommendation: None*

14. Take-overs

The Board of Directors should establish guiding principles for how it will act in the event of a take-over bid.
During the course of a take-over process, the Board of Directors and management of both the party making the offer and the target Company have an independent responsibility to help ensure that shareholders in the target Company are treated equally, and that the target Company's business activities are not disrupted unnecessarily.
The Board of the target Company has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.
The Board of Directors should not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this. In the event of a take-over bid for the Company's shares, the Company's Board of Directors should not exercise mandates or pass any resolutions with the intention of

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obstructing the take-over bid unless this is approved by the general meeting following the announcement of the bid. If an offer is made for a Company's shares, the Company's Board of Directors should issue a statement evaluating the offer and make a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it should explain the background for not making such a recommendation. The Board's statement on a bid should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The Board should consider whether to arrange a valuation from an independent expert. If any member of the Board or executive personnel, or close associates of such individuals, or anyone who has recently held such a position, is either the bidder or has a particular personal interest in the bid, the Board should arrange an independent valuation in any case. This shall also apply if the bidder is a major shareholder. Any such valuation should be either appended to the Board's statement, be reproduced in the statement or be referred to in the statement. Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly.

The Board of Directors has established guidelines in the event of an offer for all or a substantial majority of the shares in AKVA Group ASA is made. The guidelines for such take-over bids are published on the Company's web pages.

▶ Deviation from the Recommendation: None.

15. Auditor

The auditor should submit the main features of the plan for the audit of the Company to the audit committee annually. The auditor should participate in meetings of the Board of Directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the Company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the Company. The auditor should at least once a year present to the audit committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement. The Board of Directors should hold a meeting with the auditor at least once a year at which neither the chief executive nor any other member of the executive management is present. The Board of Directors should establish guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit. The Board of Directors must report the remuneration paid to the auditor at the Annual General Meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

An outline of the work planned by the Auditor is presented to the Board of Directors every year. The Auditor is always present during the Board's discussion of the annual accounts. At this meeting the Board is briefed on the annual accounts and any other issues of particular concern to the Auditor. Part of the meeting is also executed without the presence of the CEO or other executive management. The Chairman of the Board also has an annual separate meeting with the Auditor.

▶ *Deviation from the Recommendation: None.*

16. Management and internal procedures

This point is not covered by the Corporate Governance Recommendation

CEO

The CEO is in charge of the routine management of the business, including responsibility for the Company being organised, run and further developed in accordance with legislation, the Articles of Association and decisions taken by the Board of Directors and the Annual General Meeting.

Executive Management

The executive management consists of 9 individuals. In addition to the Chief Executive Officer, the executive management consists of the Chief Financial Officer, the General Manager for PRU-Hardware (PRU=Product Responsible Unit), the General Manager for PRU-Software, the General Manager for PRU-Recirculation, the General Manager for BU Scotland (BU= Business Unit), the General Manager for BU North America, the General Manager for BU Latin America and the General Manager for BU export. The Corporate Managers meet monthly with a fixed agenda in addition to day-to-day contact on an operational basis and a number of other scheduled meetings and business reviews through the year.

Evaluations

Corporate Management evaluates its own work and working methods annually. The evaluation is submitted to the Boards Compensation Committee, and a condensed version of this is presented to the Board of Directors.

Intra-Group Boards

The Group's subsidiaries have their own Board of Directors, staffed by in-house managers.

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