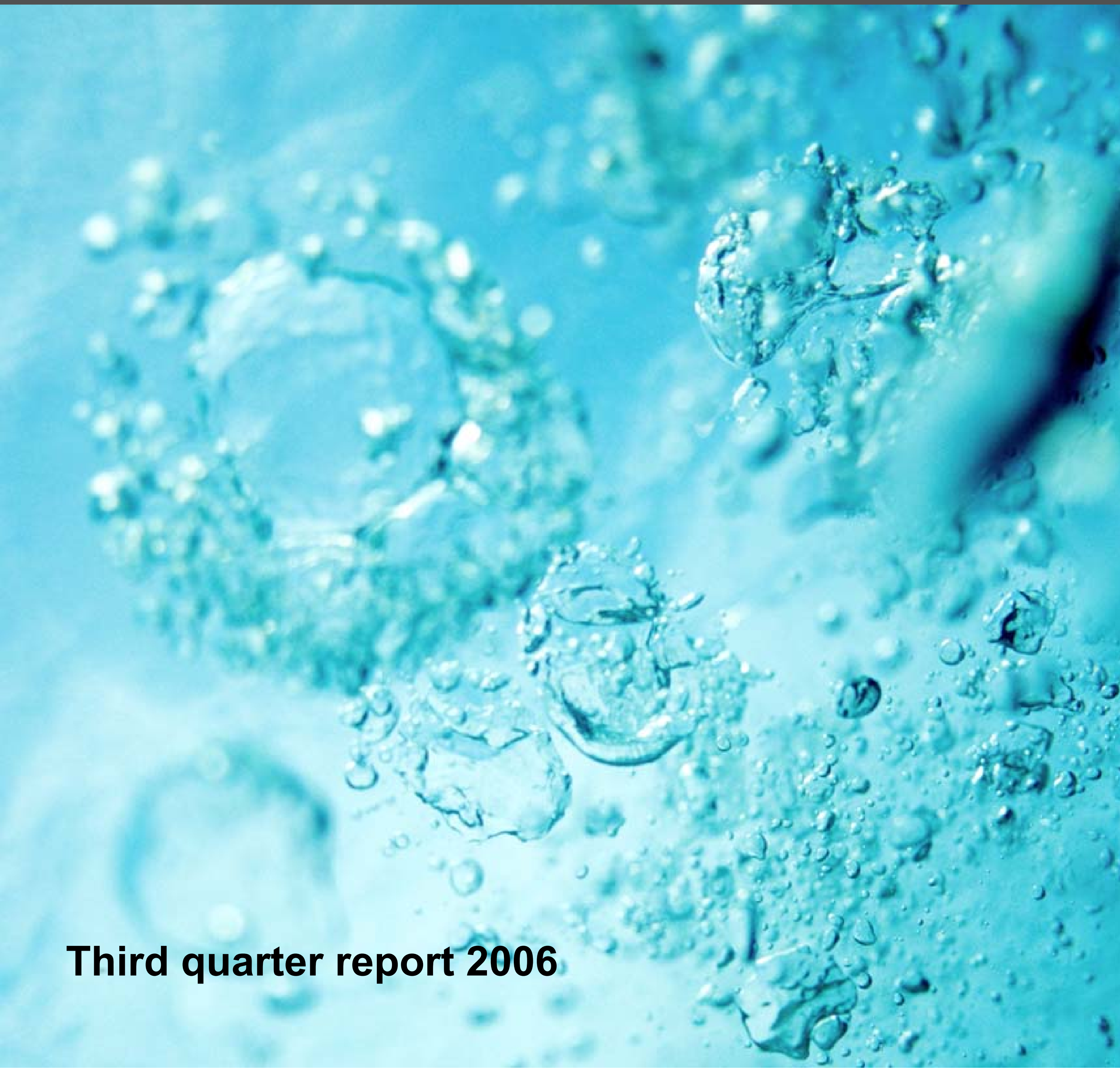
AKVA GROUP

Quarterly report
No. 3 -2006



Third quarter report 2006

WAVEMASTER polarCirkel fishtalk akvasmart

Highlights

- **AKVA group – approved for listing on Oslo Stock Exchange, IPO expected on November 10th.**

- **Operating revenues in the third quarter were NOK 130,1 million – up 86% from the same period last year. The period's EBITDA was NOK 15,3 million versus NOK 1,7 million in same period last year.**

- **Year to date operating revenues were NOK 375,7 versus 229,0 – up 64% from the same period last year. The periods EBITDA was NOK 55,4 million versus NOK 11,5 million in the same period last year.**

- **The company achieved record order inflow during 3rd quarter and into 4th quarter.**

- **The outlook for the remainder of 2006 and 1H 2007 is good.**

The third quarter was characterised by a continued strong market development in AKVA group's main markets. Further to this the consolidation on the customer side continued making AKVA group's customers larger.

The merger between Akvasmart, Helgeland Plast (Polarcirkel) and the Wavemaster Group was finalised in September and the company has now formally changed its name to AKVA group ASA. In September the company submitted an application for a listing on the Oslo Stock Exchange; the application was approved by the Board of Directors of Oslo Stock Exchange on 25 October, with the condition that the listing should take place prior to 8 December this year. On 31 October AKVA group announced a share issue and a secondary sale of shares comprising a total of up to 8.3 million shares in connection with its initial public offering (IPO) and planned listing on Oslo Børs. The application period will run from 31 October to 8. November 2006. The share issue carried out in connection with the IPO will comprise between 3.35 and 4.00 million new shares, with a target of raising a total of approximately NOK 132 million in new equity (before transaction costs) to AKVA group. In addition, existing shareholders offer for sale between approximately 1.0 and 4.94 million existing shares in connection with the IPO. The number of existing shares offered for sale depends on the final price per shares. The total offering is expected to be between approximately NOK 165 and NOK 330 million. First day of listing on Oslo Børs is expected to be 10 November 2006. The completion of the IPO is conditional upon the final approval of the board of AKVA group after the expiry of the application period.

Operationally the organisation is operating in high gear at all levels at the moment. Following the merger management experienced a large degree of enthusiasm by the employees in general towards the merger especially in the sales and marketing organisation. Consequently management expects to see positive results in the market place going forward.

Operations and profit (pro forma)
Operating revenue in the third quarter was NOK 130,1 million versus NOK 70,0 million in the corresponding period 2005, representing an increase of 86%. The growth is driven by growth in the Norwegian, Chilean and other markets. The growth in revenues has resulted in an improvement of the operational leverage of the group compared to last year and consequently the EBITDA level shows significant improvement. EBITDA in the third quarter was NOK 15.3 million versus NOK 1,7 million in the corresponding period 2005. The growth is related to both the OpTech and InTech business areas.

For the first nine months of 2006 operating revenues were NOK 375,7 million versus NOK 229,0 million for the corresponding period in 2005. EBITDA for the first nine months was NOK 55,4 million versus NOK 11,5 million in 2005. The improvement is a result of higher volumes and improved consolidated gross margin. Net interest expense in the first nine months was NOK 2,8 million versus NOK 2,6 million last year. Other financial expenses were NOK 0,4 million versus NOK 0,0 million last year. Net profit after taxes was NOK 30,9 million versus a net loss of NOK 1,1 million last year in the same period. The tax charges are mainly related to changes in deferred tax assets.

The group posted one-off costs of approximately NOK 3 million in the 3rd quarter which were costs in connection with the integration and merger of the three company groups. Adjusted for these one-off costs the EBITDA for the period would have been approximately NOK 18,3 million.

Farm Operations Technology (OpTech)
The operating revenue for Optech in the third quarter was NOK 50.1 million – up 87% from the third quarter the year before. The increase is mainly driven by the Norwegian and Mediterranean markets. EBITDA for the third quarter was NOK 9,0 million versus NOK 0,7 million in the third quarter 2005.

In the first nine months of 2006, OpTech had operating revenues of NOK 147,1 million versus NOK 94,0 million the same period last year. There was a general volume increase in all product categories. EBITDA was NOK 28,6 million versus NOK 7,3 million the same period last year. The improvement is mainly explained by the volume increase accompanied by a slight margin improvement. Operations within OpTech have in the first nine months of 2006 focused on strong project management and measures to reduce the cost of production, measures which are gradually paying off.

Infrastructure Technology (InTech).
The operating revenue for Intech in the third quarter was NOK 80.0 million – up 85% from the third quarter the year before. The increase is mainly driven by the Chilean and Canadian markets. EBITDA for the third quarter was NOK 6,3 million versus NOK 0,9 million in the third quarter 2005.

Operating revenues for InTech for the first nine months of 2006 were NOK 228,6 million with an EBITDA of NOK 26,9 million. The corresponding values for the same period last year were NOK 135,0 million and NOK 4,2 million, respectively. The EBITDA level was lower in the 3rd quarter than the 1st half of 2006 due primarily to a change in product mix that was ordered the customers for delivery. Historically, InTech has seen variation from quarter to quarter in EBITDA margin due to different product mix orders by the customers. Operations within InTech have focused on achieving economies of scale benefits in the main production facilities in Norway and Chile.

Balance sheet and cash flow (actual)
Working capital in the group balance sheet, defined as non-interest bearing current assets less non-interest bearing current liabilities was NOK 65,6 million at the end of the 3rd quarter, up from NOK 48,6 million as of 1st half 2006. The working capital will fluctuate in relation to ongoing projects, in particular those related to InTech. Net interest bearing debt was NOK 45 million at the end of the 3rd quarter, up from NOK 32,7 million at year end 2005. In general, the presented cash flow statement is affected by the changes in the balance sheet following the acquisition of Wavemaster Group and Helgeland Plast. These companies are included from 1 September 2006. The cash flow statement is therefore not showing pro forma changes in cash flow for the companies combined from 1 January. Net investments in the first nine months of 2006 amounted to NOK 20,5 million whereof NOK 2,4 million is capitalized R&D expenses in accordance with IFRS. The investments includes the purchase of IP-rights related to the acquisition of Wavemaster group and Helgeland Plast of MNOK 14 and the total investment therefore does not reflect the normal investment

level for the operations. The corresponding figures for the same period in 2005 were net investments of NOK 3,4 million and capitalised R&D expenses of NOK 2,6 million, respectively. Adjusted for the effect of the acquisition of Helgeland Plast and Wavemaster Group the net investments would have been NOK 6,5 million for the first nine months. Gross interest bearing debt amounted to NOK 64,3 million versus NOK 38,9 million at year end 2005. Cash and unused credit facilities amounted to NOK 35,5 million. Total assets and total equity amounted to NOK 399,9 million and NOK 167,8 million, respectively, implying an equity ratio of 42,0% at the end of the 3rd quarter. The corresponding figures at the end of 2005 were NOK 125,0 million and NOK 37,7 million, with an equity ratio of 30,2%.

Please note that the comments to the balance sheet and financing above is related to actual figures and not pro forma figures

Shareholder issues

Earnings per share in the third quarter were NOK 0,60 versus NOK -0,12 in the same period 2005. The calculation is based on 13.494.783 shares, being both the average and the end period number of shares outstanding.

Year to date earnings per share NOK 2,29 versus NOK -0,08 in the same period 2005. The calculation is based on 13.494.783 shares, being both the average and the end period number of shares outstanding.

Market and future outlook

The order backlog at the end of the third quarter 2006 was approximately NOK 184 million which was up NOK 39 million compared to last quarter. The order inflow since the end of the third quarter 2006 has continued even stronger. Even as the order inflow continues strong, the amount of sales prospects continues to show an increasing development in all major markets.

The general market outlook for the salmon farming industry is good at the moment. The salmon prices continued to be relatively strong in all markets throughout the third quarter, however with a downward correction of the prices seen in the Norwegian market in October. The prices in the North American market remain strong.

The general industry consensus seems to indicate continued healthy salmon prices for the remainder of 2006 and for 2007. Many salmon producers keep restructuring and investing to further reduce their cost of production in all regions. In Chile the salmon farming companies continue to invest into increased production capacity, mainly through the development of new farms in Region XI; AKVA group is the main provider of infrastructure and production technology for this expansion.

The Mediterranean customers in sea bass and sea bream farming are also experiencing a healthy market and AKVA group’s activity in this region keep expanding. Further to this the activities also in Turbot farming remain strong on the Iberian Peninsula.

Based on the above market considerations together with the anticipated economy of scale benefits and cost synergies from the merger the earnings outlook is good for the remainder of this year and the first half of 2007.

(Please note that all comments above to the financial information in this report, except for comments related to the balance sheet and cash flow, are based on pro-forma numbers as if the merger between AKVAsmart, Helgeland Plast and the Wavemaster group had taken place 1 January 2005)

Bryne, 2 November -2006

Board of Directors
AKVA group ASA

Main figures from financial accounts

***(Includes Wavemaster and Polarcirkel from 1 September 2006)**

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000)	2006 3Q	2005 3Q	2006 YTD	2005 YTD	2005 Total
DRIFTSINNTEKTER / OPERATING REVENUES	**81 225**	**31 329**	**204 338**	**105 649**	**146 102**
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	70 193	32 030	174 099	100 244	135 593
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	**11 032**	**-701**	**30 239**	**5 405**	**10 509**
Avskrivninger / Depreciation	2 554	1 318	6 212	4 224	5 810
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	**8 479**	**-2 019**	**24 026**	**1 181**	**4 699**
Netto rentekostnad / Net interest expense	-636	-446	-1 705	-1 363	-2 118
Andre finansielle poster / Other financial items	601	72	-5	-78	171
Sum finansielle poster / Net financial items	-35	-374	-1 711	-1 441	-1 947
RESULTAT FØR SKATT / PROFIT BEFORE TAX	**8 444**	**-2 393**	**22 316**	**-261**	**2 752**
Skattekostnad / Taxes	2 448	-235	6 336	601	801
RESULTAT ETTER SKATT / NET PROFIT	**5 996**	**-2 158**	**15 980**	**-862**	**1 951**
Resultat per aksje / Earnings per share	0,72	-0,37	2,39	-0,15	0,33
Gj.snitt antall utestående aksjer (i 1000)/ Average number of shares outstanding (in 1 000)	8 274	5 870	6 683	5 870	5 870

BALANSE / BALANCE SHEET (NOK 1 000)	2006 30.9.	2005 30.9.	2005 31.12.
Immaterielle eiendeler / Intangible fixed assets	138 150	35 721	37 175
Anleggsmidler / Fixed assets	25 778	2 966	5 494
Finansielle anleggsmidler/Long-term financial assets	1 548	502	443
ANLEGGSMIDLER / FIXED ASSETS	**165 477**	**39 189**	**43 111**
Varebeholdning / Stock	93 697	26 481	28 437
Kundefordringer / Trade receivables	103 748	25 388	35 810
Andre fordringer / Other receivables	17 656	10 123	11 382
Betalingsmidler / Cash and cash equivalents	19 337	4 686	6 199
OMLØPSMIDLER / CURRENT ASSETS	**234 438**	**66 679**	**81 828**
SUM EIENDELER / TOTAL ASSETS	**399 915**	**105 867**	**124 939**
Innskutt egenkapital / Paid in capital	146 452	33 176	33 451
Opptjent egenkapital / Retained equity	21 365	0	4 292
SUM EGENKAPITAL / TOTAL EQUITY	**167 817**	**33 176**	**37 744**
Annen langsiktig gjeld / Other long term debt	18 300	2 464	1 755
Langsiktig rentebærende gjeld / Long-term interest bearing debt	29 873	15 155	19 581
LANGSIKTIG GJELD / LONG-TERM DEBT	**48 173**	**17 619**	**21 336**
Kortsiktig rentebærende gjeld / Short-term interest bearing debt	34 472	15 486	19 325
Annen kortsiktig gjeld / Other current liabilities	149 453	39 586	46 534
KORTSIKTIG GJELD / SHORT-TERM DEBT	**183 925**	**55 072**	**65 859**
SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND DEBT	**399 915**	**105 867**	**124 939**

ENDRING EGENKAPITAL / CHANGES IN EQUITY (NOK 1 000)	2006 3Q	2005 3Q	2006 YTD	2005 YTD	2005 Total
Bokført egenkapital ved periodens begynnelse / Book equity at the beginning of the period	46 631	35 818	37 744	34 106	34 106
Periodens resultat / The period's net profit	5 996	-2 159	15 980	-862	1 951
Kapitalutvidelse / Capital increase	113 000	-	113 000	-	-
Endring i virkelig verdi av sikringsinstrumentet ved kontantstrømsikring /Gains/(losses) on cash flow hedges (fair value)	-	-74	196	-192	-196
Omregningsdifferanser / Translation differences	2 190	-409	897	124	1 882
Bokført egenkapital ved periodens slutt / Book equity at the end of the period	167 817	33 176	167 817	33 176	37 744

KONTANTSTRØMOPPSTILLING / CASH FLOW STATEMENT (NOK 1 000)	2006 3Q	2005 3Q	2006 YTD	2005 YTD	2005 Total
Netto kontanstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	-26 508	3 446	-7 225	7 369	5 741
Netto kontantstrøm fra investerinsaktiviteter / Net cash flow from investment activities	-17 586	-2 042	-20 515	-3 426	-7 833
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities	52 054	-51	40 879	-7 208	340
Netto kontantstrøm / Net cash flow	7 960	1 353	13 139	-3 265	-1 752
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of the period	11 377	3 332	6 199	7 951	7 951
Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period	19 337	4 686	19 337	4 686	6 199

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)	2006 3Q	2005 3Q	2006 YTD	2005 YTD	2005 Total
FARM OPERATION TECHNOLOGY (OpTech)					
DRIFTSINNTEKTER / OPERATING REVENUES	50 067	26 810	147 081	93 956	125 345
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	41 032	26 064	118 505	86 625	112 886
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	9 035	746	28 576	7 331	12 459
Avskrivninger / Depreciation	1 770	1 318	5 429	4 224	5 809
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	7 265	-572	23 147	3 107	6 650
INFRASTRUCTURE TECHNOLOGY (InTech)					
DRIFTSINNTEKTER / OPERATING REVENUES	31 158	4 519	57 257	11 693	20 757
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	29 161	5 966	55 594	13 620	22 707
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)	1 997	-1 447	1 663	-1 927	-1 950
Avskrivninger / Depreciation	784	-	784	-	-
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	1 214	-1 447	880	-1 927	-1 950

Main figures from financial accounts - Pro forma*

(Pro forma figures are showing AKVA group as if Wavemaster group and Helgeland Plast had been consolidated from 1 January 2005)

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000)	2006 3Q	2005 3Q	2006 YTD	2005 YTD	2005 Total
DRIFTSINNTEKTER / OPERATING REVENUES	**130 091**	**70 018**	**375 729**	**228 946**	**315 962**
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	114 804	68 309	320 293	217 456	296 337
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	**15 287**	**1 709**	**55 436**	**11 490**	**19 625**
Avskrivninger / Depreciation	3 569	2 754	10 147	8 453	11 743
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	**11 717**	**-1 045**	**45 289**	**3 037**	**7 882**
Netto rentekostnad / Net interest expense	-848	-836	-2 803	-2 643	-3 859
Andre finansielle poster / Other financial items	367	242	-448	8	617
Sum finansielle poster / Net financial items	-481	-594	-3 251	-2 635	-3 241
RESULTAT FØR SKATT / PROFIT BEFORE TAX	**11 236**	**-1 639**	**42 037**	**402**	**4 641**
Skattekostnad / Taxes	3 195	18	11 127	1 491	1 544
RESULTAT ETTER SKATT / NET PROFIT	**8 041**	**-1 657**	**30 910**	**-1 089**	**3 097**
Resultat per aksje / Earnings per share	0,60	-0,12	2,29	-0,08	0,23
Gj.snitt antall utestående aksjer (i 1000)/ Average number of shares outstanding (in 1 000)	13 495	13 495	13 495	13 495	13 495

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)	2006 3Q	2005 3Q	2006 YTD	2005 YTD	2005 Total
FARM OPERATION TECHNOLOGY (OpTech)					
DRIFTSINNTEKTER / OPERATING REVENUES	50 067	26 810	147 081	93 956	125 345
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	41 032	26 064	118 505	86 625	112 886
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	9 036	746	28 576	7 331	12 459
Avskrivninger / Depreciation	1 771	1 318	5 429	4 224	5 809
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	7 265	-572	23 147	3 107	6 650
INFRASTRUCTURE TECHNOLOGY (InTech)					
DRIFTSINNTEKTER / OPERATING REVENUES	80 023	43 208	228 648	134 990	190 617
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	73 773	42 245	201 788	130 831	183 451
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)	6 251	963	26 860	4 159	7 166
Avskrivninger / Depreciation	1 799	1 436	4 718	4 229	5 934
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	4 452	-473	22 142	-70	1 232

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