



Quarterly report

Nr 2 – 2008

Second quarter report 2008



Highlights

- **Operating revenue in 2Q was 260 MNOK. The period's EBITDA was 28.0 MNOK an improvement by 40% compared to 2Q last year.**
- **Operating revenue for 1H was 467 MNOK. The period's EBITDA was 44.3 MNOK a growth of 9% compared to 1H last year.**
- **The general outlook for the next 6 months remains steady, however the challenging fish health situation in Chile point towards continued uncertainty.**
- **The acquisition of Idema Aqua AS was finalised. AKVA is thereby taking the leading role also in net cleaning systems and light systems for the aquaculture industry.**

In this report all pro-forma accounts are presented as if Maritech were acquired 1 January 2006, unless otherwise stated. Idema Aqua is included from 1 June 2008. In the comments below on the financial accounts, the 2007 figures are presented in parentheses following the 2008 stated values when included.

Operations and profit (pro forma)

Operating revenues in 2Q were 259.8 MNOK (243.6) and the EBITDA was MNOK 28.0 (20.1). The increase is mainly determined by the Norwegian market. Operating revenues in 1H were 467.1 MNOK (458.8) and the EBITDA was MNOK 44.3 (40.7).

When comparing the revenues and operational results with 2007 the numbers are affected by the disposal of the Marel distribution that took place in September 2007. Adjusted for this the revenues showed a growth of about 12.5% and the EBITDA about 18.5%.

The results were negatively affected by the weakening of the USD affecting OPTECH margins negatively in Chile.

For 2Q depreciation and amortisation amounted to 6.5 MNOK (5.9). EBIT in the period was 21.6 MNOK (14.1). Net interest expense was -1.4 MNOK (0.1). Other financial income was -1.8 MNOK (0.2). Profit before tax for the second quarter was 18.3 MNOK (14.4). Net profit after allowing for taxes of 5.3 MNOK (3.6) was 13.0 MNOK (10.8). The increase in tax percentage compared to the same time last year is due to a reduction of the earnings in Chile, thus a relatively larger portion of the earnings are made in countries with a higher taxation rate.

For 1H depreciation and amortisation amounted to 12.5 MNOK (11.0). EBIT in the period was 31.8 MNOK (29.7). Net interest expense year to date was -2.6 MNOK (0.2). Other financial income was -2.1 MNOK (0.3). Profit before tax for the first half year was 27.1 MNOK (30.2). Net profit after allowing for taxes of 7.8 MNOK (6.6) was 19.2 MNOK (23.6).

AKVA group Chile has changed the accounting currency from USD to Chilean pesos (CLP). Prior to having instruments in place for CLP hedging a major depreciation of CLP versus USD lead to a one-off currency loss of about 1.6 MNOK in 2Q. Hedging is now established to minimise future currency exposure according to standard company policy.

Operations Technology (OPTECH)

The operating revenues for OPTECH in 2Q were 105.4 MNOK (108.7). The EBITDA for 2Q was 16.5 MNOK (9.5). For 1H the revenues were 198.1 MNOK (206.3) and the EBITDA was 22.3 MNOK (18.5).

2Q 2008 revenues compared to same period last year are affected by the disposal of the Marel distribution agreement done in September last year. Adjusted for this disposal the OPTECH business showed a growth of about 22% for 1H and

the earnings improved about 40%. The growth is mainly driven by the Norwegian market. In 1H margins are also affected by the continued weakening of the USD in 2008.

Operationally OPTECH has been focusing on customer service, product enhancement, organisational integration and general operational improvements.

Infrastructure Technology (INTECH)

The operating revenues in 2Q were 154.4 MNOK (134.8). The EBITDA in the period was 11.5 MNOK (10.6). For 1H the revenues were 269.0 MNOK (252.4) and the EBITDA was 22.0 MNOK (22.2). As for OPTECH the growth is mainly driven by the Norwegian market.

Operations in INTECH continue to focus on achieving economies of scale benefits in the main production facilities in Norway and Chile.

Operations and profit (legal accounts)

Operating revenue in 2Q increased strongly to 259.8 MNOK (226.2) representing an increase of 15%. The EBITDA in 2Q was 28.0 MNOK (19.1). Operating revenues in 1H were 467.1 MNOK (386.9) and the EBITDA was MNOK 44.3 (36.9). The growth in revenues is mainly explained by the acquisition of Maritech and growth in the Norwegian market.

Depreciation and amortisation in 2Q amounted to 6.5 MNOK (5.1). EBIT in the period was 21.6 MNOK (13.9). Net interest expense for the second quarter was -1.4 MNOK (0.0). Other financial expenses were -1.8 MNOK (-1.0). Profit before tax for 2Q was 18.3 MNOK (13.0). Net profit after allowing for taxes of 5.3 MNOK (2.8) was 13.0 MNOK (10.2).

Depreciation and amortisation in the first half of 2008 amounted to 12.5 MNOK (8.8). EBIT in the period was 31.8 MNOK (28.1). Net interest expense was -2.6 MNOK (0.4). Other financial expenses were -2.1 MNOK (-1.0). Profit before tax for 1H was 27.1 MNOK (27.5). Net profit after allowing for taxes of 7.9 MNOK (5.8) was 19.2 MNOK (21.6).

Balance sheet and cash flow

Working capital in the group balance sheet, defined as non-interest bearing current assets less non-interest bearing current liabilities was 164.5 MNOK up from 138.1 MNOK at the end of 1Q. The working capital increase is mainly explained by the high activity level in the Norwegian market in 1H and the acquisition of Idema in June. Net interest bearing debt amounted to 120.5 MNOK at end of 2Q vs. 52.2 MNOK in 1Q. Cash and unused credit facilities amounted to 102.2 MNOK. Total assets and total equity amounted to 714.2 MNOK and 335.5 MNOK, respectively, resulting in an equity ratio of 47.0% at the end of 2Q 2008. Net investments in 1H 2008 amounted to 9.6 MNOK whereof 3.8 MNOK is capitalized R&D expenses in accordance with IFRS.

**Shareholder issues**

Earnings per share for 2Q 2008 were NOK 0.76 (0.63) and for 1H 2008 NOK 1.12 (1.37), the calculation is based on 17,222,869 shares average.

Acquisition of Idema Aqua

In March the company signed a binding Letter of Intent to acquire 100% of the shares in the company Idema Aqua AS. The company is one of the leading suppliers of underwater net cleaning systems and lighting systems for the fish farming industry. The agreement was consummated 3 June and Idema Aqua is included in the accounts from June 2008.

Market and future outlook

The general market outlook towards the salmon farming industry in Norway remains satisfactory. However, due to the continued challenging fish health situation in the Chilean market, the market for INTECH products in this region is significantly affected by capital expenditure restrictions with most of the customers, which is also affecting the OPTECH business and is expected to continue for the remainder of 2008 and into 2009. The other salmon markets, Scotland and Canada are generally developing positively.


The strong growth towards other species than salmon continues to expand according to strategic objectives, and the further outlook for 2H 2008 is good within this area.

The order backlog was 305 MNOK (375) at the end of 2Q 2008, which is a weakening of 70 MNOK compared to the same time last year. The decline is mainly due to lower order inflow for INTECH in the Chilean market. Thus the general outlook for the next 6 months remains reasonably steady, however the challenging fish health situation in Chile point towards continued uncertainty.

Statement from the Board and Chief Executive Officer

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2008, which have been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Bryne, 19 August - 2008
Board of Directors, AKVA group ASA



Steven A. Morrell
(Chairperson)

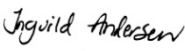

Thorhild Widvey


Thore Michaelsen


Anne Bréiby
(Deputy-chairperson)


Arge L. Økland


Knut Drange


Ingvild Andersen


Kjell Arne Corneliussen


Knut Molaug
(Chief Executive Officer)



Main figures from financial accounts - Pro forma

(Pro forma figures are showing AKVA group as if Maritech had been consolidated from 1 January 2007. Idema is included from June 2008)

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000)	2008 2Q	2007 2Q	2008 YTD	2007 YTD	2007 Total
DRIFTSINNEKTER / OPERATING REVENUES	259 809	243 567	467 116	458 768	931 993
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	231 783	223 508	422 770	418 031	841 323
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	28 026	20 059	44 346	40 737	90 669
Avskrivninger / Depreciation	6 460	5 921	12 501	11 050	24 236
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	21 567	14 138	31 846	29 687	66 434
Netto rentekostnad / Net interest expense	-1 427	77	-2 628	213	-1 749
Andre finansielle poster / Other financial items	-1 831	202	-2 142	338	870
Sum finansielle poster / Net financial items	-3 258	279	-4 770	551	-879
RESULTAT FØR SKATT / PROFIT BEFORE TAX	18 308	14 417	27 075	30 238	65 555
Skattekostnad / Taxes	5 299	3 634	7 853	6 666	11 951
RESULTAT ETTER SKATT / NET PROFIT	13 010	10 783	19 222	23 572	53 603
Resultat per aksje / Earnings per share	0,76	0,63	1,12	1,37	3,11
Gj.snitt antall utestående aksjer (i 1000) / Average number of shares outstanding (in 1 000)	17 223	17 223	17 223	17 223	17 223

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)	2008 2Q	2007 2Q	2008 YTD	2007 YTD	2007 Total
FARM OPERATION TECHNOLOGY (OPTECH)					
DRIFTSINNEKTER / OPERATING REVENUES	105 378	108 730	198 122	206 322	414 471
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	88 896	99 272	175 818	187 857	374 963
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	16 482	9 458	22 304	18 466	39 508
Avskrivninger / Depreciation	4 644	4 301	8 895	7 808	17 473
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	11 838	5 157	13 409	10 657	22 035
INFRASTRUCTURE TECHNOLOGY (INTECH)					
DRIFTSINNEKTER / OPERATING REVENUES	154 432	134 837	268 994	252 446	517 522
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	142 887	124 237	246 952	230 174	466 361
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)	11 545	10 601	22 042	22 272	51 161
Avskrivninger / Depreciation	1 816	1 620	3 606	3 242	6 762
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	9 729	8 981	18 436	19 030	44 399



BALANSE / BALANCE SHEET	2008	2007	2007
(NOK 1 000)	30.6.	30.6.	31.12.
Immaterielle eiendeler / Intangible fixed assets	258 186	223 950	224 805
Anleggsmidler / Fixed assets	38 889	28 524	33 995
Finansielle anleggsmidler/Long-term financial assets	2 389	1 253	2 107
ANLEGGSMIDLER / FIXED ASSETS	299 464	253 727	260 907
Varebeholdning / Stock	139 095	108 319	118 750
Kundefordringer / Trade receivables	187 587	157 918	188 217
Andre fordringer / Other receivables	24 601	18 656	18 857
Betalingsmidler / Cash and cash equivalents	63 433	127 625	98 044
OMLØPSMIDLER / CURRENT ASSETS	414 716	412 517	423 869
SUM EIENDELER / TOTAL ASSETS	714 180	666 244	684 776
Innskutt egenkapital / Paid in capital	267 087	267 253	267 253
Opptjent egenkapital / Retained equity	68 388	43 255	69 189
SUM EGENKAPITAL / TOTAL EQUITY	335 475	310 508	336 442
Annen langsiktig gjeld / Other long term debt	8 096	19 709	7 191
Langsiktig rentebærende gjeld / Long-term interest bearing debt	135 738	124 602	102 224
LANGSIKTIG GJELD / LONG-TERM DEBT	143 834	144 311	109 414
Kortsiktig rentebærende gjeld / Short-term interest bearing debt	48 165	32 338	22 480
Annen kortsiktig gjeld / Other current liabilities	186 707	179 088	216 439
KORTSIKTIG GJELD / SHORT-TERM DEBT	234 872	211 426	238 919
SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND DEBT	714 180	666 244	684 776

ENDRING EGENKAPITAL / CHANGES IN EQUITY	2008	2007	2008	2007	2007
(NOK 1 000)	2Q	2Q	YTD	YTD	Total
Bokført egenkapital ved periodens begynnelse / Book equity at the beginning of the period	344 196	301 177	336 442	295 008	295 008
Periodens resultat / The period's net profit	13 009	10 206	19 221	21 646	52 009
Endring i virkelig verdi av sikringsinstrumentet ved kontantstrømsikring /Gains/(losses) on cash flow hedges (fair value)	408	-1 412	408	-1 235	460
Utbytte/Dividend	-17 223	-	-17 223	-	-
Endring i regnskapsprinsipp for inntektsføring/Change in revenue recognition accounting principle	-	-	-	-4 986	-4 375
Bokføring av opsjonsavtale / Recording of option agreement	884	498	884	996	1 459
Omregningsdifferanser / Translation differences	-5 799	39	-4 258	-921	-8 118
Bokført egenkapital ved periodens slutt / Book equity at the end of the period*	335 475	310 508	335 475	310 508	336 442

KONTANTSTRØMOPPSTILLING / CASH FLOW STATEMENT	2008	2007	2008	2007	2007
(NOK 1 000)	2Q	2Q	YTD	YTD	Total
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	11 061	-14 564	-5 247	-14 102	20 415
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investment activities	-63 164	-96 402	-71 963	-100 870	-129 917
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities	12 022	93 987	42 599	101 134	66 084
Netto kontantstrøm / Net cash flow	-40 081	-16 980	-34 611	-13 838	-43 419
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of the period	103 514	144 605	98 044	141 463	141 463
Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period	63 433	127 625	63 433	127 625	98 044


Legale tall / Legal accounts:
Hovedtall fra regnskapet
Main figures from financial accounts

*(Includes Maritech from 1 May 2007, UNI Aqua from 1 October 2007 and Idema from 1 June 2008)

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000)	2008 2Q	2007 2Q	2008 YTD	2007 YTD	2007 Total
DRIFTSINNT EKTER / OPERATING REVENUES	259 818	226 228	467 116	386 983	860 824
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	231 792	207 106	422 770	350 128	774 034
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	28 026	19 122	44 346	36 854	86 790
Avskrivninger / Depreciation	6 461	5 136	12 502	8 764	21 615
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	21 566	13 986	31 845	28 090	65 176
Netto rentekostnad / Net interest expense	-1 427	36	-2 628	350	-3 037
Andre finansielle poster / Other financial items	-1 831	-1 026	-2 142	-972	975
Sum finansielle poster / Net financial items	-3 258	-990	-4 770	-622	-2 063
RESULTAT FØR SKATT / PROFIT BEFORE TAX	18 307	12 996	27 074	27 468	63 113
Skattekostnad / Taxes	5 299	2 790	7 853	5 822	11 104
RESULTAT ETTER SKATT / NET PROFIT	13 009	10 206	19 221	21 646	52 009
Resultat per aksje / Earnings per share	0,76	0,59	1,12	1,26	3,02
Gj.snitt antall utestående aksjer (i 1000) / Average number of shares outstanding (in 1 000)	17 223	17 223	17 223	17 223	17 223

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)	2008 2Q	2007 2Q	2008 YTD	2007 YTD	2007 Total
FARM OPERATION TECHNOLOGY (OPTech)					
DRIFTSINNT EKTER / OPERATING REVENUES	105 378	91 391	198 122	134 537	343 302
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	88 896	82 870	175 818	119 954	307 673
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)	16 482	8 521	22 304	14 583	35 629
Avskrivninger / Depreciation	4 644	3 516	8 895	5 522	14 852
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	11 838	5 005	13 409	9 060	20 777
INFRASTRUCTURE TECHNOLOGY (INTECH)					
DRIFTSINNT EKTER / OPERATING REVENUES	154 432	134 837	268 994	252 446	517 522
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	142 887	124 237	246 952	230 174	466 361
DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)	11 545	10 601	22 042	22 272	51 161
Avskrivninger / Depreciation	1 817	1 620	3 607	3 242	6 762
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	9 728	8 981	18 435	19 030	44 399



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