



Quarterly report
Nr 4 – 2008

Fourth quarter report 2008

Highlights

- **Operating revenue in 4Q was 192 MNOK which is 19% lower than same period last year. The period's EBITDA was -9.7 MNOK primarily negatively affected by reduced revenues.**
- **4Q profit was significantly affected by restructuring costs, losses related to a project and one-off write-downs of approximately 10 MNOK.**
- **A cost reduction program has been implemented to adapt to lower sales volumes, the full annual effect of these measures is 26 MNOK.**
- **Operating revenue for 2008 was 866 MNOK. The period's EBITDA was 52.7 MNOK, which is lower than last year.**
- **The market uncertainty has increased due to the global financial turmoil.**

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 4Q were 191.8 MNOK (236.6) and the EBITDA was MNOK -9.7 (27.9). Operating revenues YTD were 866.5 MNOK (932.0) and the EBITDA was MNOK 52.7 (90.7).

The 4Q operational result is affected by a loss related to a project of 4.3 MNOK, restructuring costs related to downscaling of the organisation of 3.2 MNOK and write-downs of inventory and receivables of 2.9 MNOK. Further, the comparable figures for 4Q 2007 included a 10 MNOK gain related to changes in the company's pension scheme.

For 4Q depreciation and amortisation amounted to 9.3 MNOK (7.0). EBIT in the period was -19.0 MNOK (20.9). Net interest expense was -2.4 MNOK (0.0). Other financial income was -1.2 MNOK (0.5). Profit before tax for the fourth quarter was -22.7 MNOK (21.4). Net profit after allowing for taxes of -4.7 MNOK (-0.5) was -17.9 MNOK (21.8).

The depreciation and amortisation YTD amounted to 29.4 MNOK (24.2). EBIT in the period was 23.3 MNOK (66.4). Net interest expense year to date was -9.1 MNOK (-1.7). Other financial expenses were -3.4 MNOK (0.9). Profit before tax YTD was 10.8 MNOK (65.6). Net profit after allowing for taxes of 5.2 MNOK (12.0) was 5.5 MNOK (53.6). The tax expenses were affected by tax loss carry forwards in certain countries with losses not being recorded as deferred tax asset in the balance sheet.

A cost reduction program has been implemented in OPTECH and INTECH. The combined effect of these measures are estimated to 26 MNOK on an annual basis compared to 2008 cost structure.

Operations Technology (OPTECH)

The operating revenues for OPTECH in 4Q were 96.8 MNOK (101.2). The EBITDA for 4Q was -5.7 MNOK (10.3). The revenues YTD were 399.2 MNOK (414.5) and the EBITDA was 25.1 MNOK (39.5).

Operationally OPTECH continue to focus on customer service, product enhancement, organisational integration and general operational improvements. Due to the general market situation OPTECH has a strong and continuous focus on cost reduction within all regions.

Infrastructure Technology (INTECH)

The operating revenues in 4Q were 95.0 MNOK (135.3). The EBITDA in the period was -4.0 MNOK (17.6). The revenues YTD were 467.4 MNOK (517.5) and the EBITDA was 27.6 MNOK (51.2).

Due to the current challenging situation in Chile the company has decided to further downscale the operations at the cage manufacturing factory in Chile. This will be done through a reduction of staff to adapt to a lower customer demand going forward.

The Norwegian operations in INTECH continue to focus on achieving economies of scale benefits in the main production facility.

Operations and profit (legal accounts)

Operating revenues in 4Q were 191.8 MNOK (236.9). The EBITDA in 4Q was -9.7 MNOK (27.9). Operating revenues YTD were 866.5 MNOK (860.8) and the EBITDA was MNOK 52.7 (86.8).

Depreciation and amortisation in 4Q amounted to 9.3 MNOK (6.7). EBIT in the period was -19.0 MNOK (21.2). Net interest expense for the fourth quarter was -2.4 MNOK (-1.4). Other financial expenses were -1.2 MNOK (1.9). Profit before tax for 4Q was -22.7 MNOK (21.7). Net profit after allowing for taxes of -4.7 MNOK (-0.5) was -17.9 MNOK (22.2).

Depreciation and amortisation YTD 2008 amounted to 29.4 MNOK (21.6). EBIT in the period was 23.3 MNOK (65.2). Net interest expense was -9.1 MNOK (-3.0). Other financial expenses were -3.4 MNOK (1.0). Profit before tax YTD was 10.8 MNOK (63.1). Net profit after allowing for taxes of 5.2 MNOK (11.1) was 5.5 MNOK (52.0).

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 171.7 MNOK down from 199.3 MNOK at the end of 3Q. The working capital decrease is explained by lower activity and reduction of receivables outstanding and inventory. Measures have been implemented to further reduce the working capital level.

Net interest bearing debt amounted to 149.6 MNOK at end of 4Q vs. 145.7 MNOK in 3Q. Cash and unused credit facilities amounted to 62.4 MNOK. Total assets and total equity amounted to 675.3 MNOK and 308.7 MNOK, respectively, resulting in an equity ratio of 45.7% at the end of 4Q 2008.

In addition to the net profit the equity is affected by a revaluation of goodwill related to the investment in Maritech ehf (Iceland) due to the depreciation of the Icelandic Kroner. The effect of this revaluation amounts to about 17 MNOK. Net investments (excl. effects of acquisitions) YTD 2008 amounted to 27.7 MNOK whereof 11.9 MNOK is capitalized R&D expenses in accordance with IFRS.

**Shareholder issues**

Earnings per share for 4Q 2008 were NOK -1.04 (1.27) and year to date in 2008 NOK 0.32 (3.11), the calculation is based on 17.222.869 shares average. Based on the current financial and market uncertainties the Board of Directors proposes not to pay dividend for 2008.

Market and future outlook

The current general economic outlook together with the challenging fish health situation in Chile increases the uncertainty about the market development for the remainder of 2009.

The continued challenging fish health situation in the Chilean market has created severe problems for the Chilean salmon industry. We do not expect to see a material improvement in the traditional business in this market for the next 2-4 years. Based on this development substantial cost reduction measures are being implemented in Chile. In November the Chilean authorities launched, together with the industry, a plan to counter the challenging sanitary situation. This plan involves significant business opportunities for AKVA group in recirculation technology.

The company will continue to meet the challenging situation by an uninterrupted cost reduction focus, protection of margins and reduced capital binding.

The general underlying investment demand from the salmon farming industry in Norway and the UK remains strong,

however due to the global financial turmoil there are continuous delays in decision making, thus the market expectancy from these markets is reduced. The market outlook for recirculation smolt production facilities has improved and is expected to lead to important deliveries going forward.

The business volume towards other species than salmon is showing good development and continues to expand according to strategic objectives. In February a strategic important contract to the Malaysian authorities was signed. Further inroads to such markets are expected during 2009.

The order backlog was 263 MNOK (383) at the end of 4Q 2008, which is a weakening of 120 MNOK compared to the same time last year. The decline is mainly related to lower order inflow from the Norwegian and Chilean market. The total prospects mass is at a higher level than the same time last year. However, at present the global financial turmoil is causing many market players to hold back on their investment plans.

Statement from the Board and Chief Executive Officer

We confirm that, to the best of our knowledge, the condensed set of financial statements for 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, 24 February - 2009
Board of Directors, AKVA group ASA



Steven A. Morrell
(Chairperson)

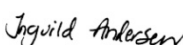

Thorhild Widvey


Thore Michaelsen


Anne Bréiby
(Deputy-chairperson)


Arne L. Økland


Knut Drange


Ingvild Andersen


Kjell Arne Corneliussen


Knut Molaug
(Chief Executive Officer)



Hovedtall fra regnskapet - Pro forma*

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 4Q | 2007 4Q | 2008 Total | 2007 Total |
|--|----------------|----------------|----------------|----------------|
| DRIFTSINNEKTER / OPERATING REVENUES | 191 788 | 236 565 | 866 525 | 931 993 |
| Driftskostnader eks. avskrivninger / Operating costs ex depreciations | 201 533 | 208 670 | 813 779 | 841 323 |
| DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA) | -9 745 | 27 895 | 52 746 | 90 669 |
| Avskrivninger / Depreciation | 9 295 | 7 018 | 29 472 | 24 236 |
| DRIFTSRESULTAT / OPERATING PROFIT (EBIT) | -19 040 | 20 877 | 23 274 | 66 434 |
| Netto rentekostnad / Net interest expense | -2 434 | 7 | -9 088 | -1 749 |
| Andre finansielle poster / Other financial items | -1 202 | 492 | -3 394 | 870 |
| Sum finansielle poster / Net financial items | -3 636 | 499 | -12 482 | -879 |
| RESULTAT FØR SKATT / PROFIT BEFORE TAX | -22 676 | 21 376 | 10 792 | 65 555 |
| Skattekostnad / Taxes | -4 770 | -473 | 5 275 | 11 951 |
| RESULTAT ETTER SKATT / NET PROFIT | -17 906 | 21 849 | 5 517 | 53 603 |
| Resultat per aksje / Earnings per share | -1,04 | 1,27 | 0,32 | 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 |

| FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000) | 2008 4Q | 2007 4Q | 2008 Total | 2007 Total |
|--|----------------|----------------|----------------|----------------|
| FARM OPERATION TECHNOLOGY (OPTECH) | | | | |
| DRIFTSINNEKTER / OPERATING REVENUES | 96 784 | 101 228 | 399 163 | 414 471 |
| Driftskostnader eks. avskrivninger / Operating costs ex depreciations | 102 529 | 90 928 | 374 084 | 374 963 |
| DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA) | -5 745 | 10 300 | 25 079 | 39 508 |
| Avskrivninger / Depreciation | 7 098 | 5 280 | 21 728 | 17 473 |
| DRIFTSRESULTAT / OPERATING PROFIT (EBIT) | -12 843 | 5 020 | 3 351 | 22 035 |
| INFRASTRUCTURE TECHNOLOGY (INTECH) | | | | |
| DRIFTSINNEKTER / OPERATING REVENUES | 95 005 | 135 338 | 467 362 | 517 522 |
| Driftskostnader eks. avskrivninger / Operating costs ex depreciations | 99 004 | 117 742 | 439 694 | 466 361 |
| DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) | -4 000 | 17 595 | 27 667 | 51 161 |
| Avskrivninger / Depreciation | 2 197 | 1 738 | 7 744 | 6 762 |
| DRIFTSRESULTAT / OPERATING PROFIT (EBIT) | -6 197 | 15 857 | 19 924 | 44 399 |



| BALANSE / BALANCE SHEET | 2008 | 2007 |
|--|----------------|----------------|
| (NOK 1 000) | 31.12. | 31.12. |
| Immaterielle eiendeler / Intangible fixed assets | 251 769 | 224 805 |
| Anleggsmidler / Fixed assets | 41 509 | 33 995 |
| Finansielle anleggsmidler/Long-term financial assets | 2 461 | 2 107 |
| ANLEGGSMIDLER / FIXED ASSETS | 295 739 | 260 907 |
| Varebeholdning / Stock | 142 406 | 118 750 |
| Kundefordringer / Trade receivables | 171 100 | 188 217 |
| Andre fordringer / Other receivables | 19 082 | 18 857 |
| Betalingsmidler / Cash and cash equivalents | 47 883 | 98 044 |
| OMLØPSMIDLER / CURRENT ASSETS | 380 472 | 423 869 |
| SUM EIENDELER / TOTAL ASSETS | 676 211 | 684 776 |
| Innskutt egenkapital / Paid in capital | 267 087 | 267 253 |
| Opptjent egenkapital / Retained equity | 42 508 | 69 189 |
| SUM EGENKAPITAL / TOTAL EQUITY | 309 595 | 336 442 |
| Annen langsiktig gjeld / Other long term debt | 8 262 | 7 191 |
| Langsiktig rentebærende gjeld / Long-term interest bearing debt | 126 159 | 102 224 |
| LANGSIKTIG GJELD / LONG-TERM DEBT | 134 421 | 109 414 |
| Kortsiktig rentebærende gjeld / Short-term interest bearing debt | 71 329 | 22 480 |
| Annen kortsiktig gjeld / Other current liabilities | 160 866 | 216 439 |
| KORTSIKTIG GJELD / SHORT-TERM DEBT | 232 195 | 238 919 |
| SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND DEBT | 676 211 | 684 776 |

| ENDRING EGENKAPITAL / CHANGES IN EQUITY | 2008 | 2007 | 2008 | 2007 |
|--|---------|---------|---------|---------|
| (NOK 1 000) | 4Q | 4Q | T total | T total |
| Bokført egenkapital ved periodens begynnelse / Book equity at the beginning of the period | 328 524 | 315 694 | 336 442 | 295 008 |
| Periodens resultat / The period's net profit | -17 906 | 22 166 | 5 517 | 52 009 |
| Endring i virkelig verdi av sikringsinstrumentet ved kontantstrømsikring / Gains/(losses) on cash flow hedges (fair value) | -1 521 | 3 013 | -1 827 | 460 |
| Utbytte/Dividend | - | - | -17 223 | - |
| Endring i pensjonsforpliktelse ført mot egenkapitalen / Change in pension liability recorded against equity | -399 | - | -399 | - |
| Endring i regnskapsprinsipp for inntektsføring/Change in revenue recognition accounting principle | - | 611 | - | -4 375 |
| Bokføring av opsjonsavtale / Recording of option agreement | -557 | 131 | 327 | 1 459 |
| Omregningsdifferanser / Translation differences | 1 454 | -5 173 | -13 243 | -8 118 |
| Bokført egenkapital ved periodens slutt / Book equity at the end of the period* | 309 595 | 336 442 | 309 595 | 336 442 |

| KONTANTSTRØMOPPSTILLING / CASH FLOW STATEMENT | 2008 | 2007 | 2008 | 2007 |
|---|---------|---------|---------|----------|
| (NOK 1 000) | 4Q | 4Q | YTD | T total |
| Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities | 8 530 | 13 757 | -15 504 | 20 415 |
| Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investment activities | -12 597 | -32 234 | -90 936 | -129 917 |
| Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities | -4 982 | -20 225 | 56 279 | 66 084 |
| Netto kontantstrøm / Net cash flow | -9 050 | -38 702 | -50 161 | -43 419 |
| Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of the period | 56 934 | 136 747 | 98 044 | 141 463 |
| Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period | 47 883 | 98 044 | 47 883 | 98 044 |


Hovedtall fra regnskapet
Main figures from financial accounts

*(Includes Idema from 1 June 2008)

| RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000) | 2008 4Q | 2007 4Q | 2008 T total | 2007 T total |
|---|----------------|----------------|-----------------|-----------------|
| DRIFTSINTEKTER / OPERATING REVENUES | 191 788 | 236 930 | 866 525 | 860 824 |
| Driftskostnader eks. avskrivninger / Operating costs ex depreciations | 201 533 | 209 044 | 813 779 | 774 034 |
| DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA) | -9 745 | 27 886 | 52 746 | 86 790 |
| Avskrivninger / Depreciation | 9 295 | 6 681 | 29 472 | 21 615 |
| DRIFTSRESULTAT / OPERATING PROFIT (EBIT) | -19 040 | 21 205 | 23 274 | 65 176 |
| Netto rentekostnad / Net interest expense | -2 434 | -1 418 | -9 088 | -3 037 |
| Andre finansielle poster / Other financial items | -1 202 | 1 902 | -3 394 | 975 |
| Sum finansielle poster / Net financial items | -3 636 | 484 | -12 482 | -2 063 |
| RESULTAT FØR SKATT / PROFIT BEFORE TAX | -22 676 | 21 689 | 10 792 | 63 113 |
| Skattekostnad / Taxes | -4 770 | -477 | 5 275 | 11 104 |
| RESULTAT ETTER SKATT / NET PROFIT | -17 906 | 22 166 | 5 517 | 52 009 |
| Resultat per aksje / Earnings per share | -1,04 | 1,29 | 0,32 | 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 |

| FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000) | 2008 4Q | 2007 4Q | 2008 T total | 2007 T total |
|--|----------------|----------------|-----------------|-----------------|
| FARM OPERATION TECHNOLOGY (OPTech) | | | | |
| DRIFTSINTEKTER / OPERATING REVENUES | 201 042 | 208 765 | 399 163 | 343 302 |
| Driftskostnader eks. avskrivninger / Operating costs ex depreciations | 198 267 | 187 719 | 374 084 | 307 673 |
| DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA) | 2 775 | 21 047 | 25 079 | 35 629 |
| Avskrivninger / Depreciation | 12 833 | 9 330 | 21 728 | 14 852 |
| DRIFTSRESULTAT / OPERATING PROFIT (EBIT) | -10 058 | 11 717 | 3 351 | 20 777 |
| INFRASTRUCTURE TECHNOLOGY (INTECH) | | | | |
| DRIFTSINTEKTER / OPERATING REVENUES | 198 368 | 265 076 | 467 362 | 517 522 |
| Driftskostnader eks. avskrivninger / Operating costs ex depreciations | 192 742 | 236 186 | 439 694 | 466 361 |
| DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) | 5 625 | 28 890 | 27 667 | 51 161 |
| Avskrivninger / Depreciation | 4 138 | 3 521 | 7 744 | 6 762 |
| DRIFTSRESULTAT / OPERATING PROFIT (EBIT) | 1 487 | 25 369 | 19 924 | 44 399 |



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