



Quarterly report
Nr 2 – 2010

Second quarter report 2010



Highlights

- **Operating revenues in 2Q were 176.3 MNOK versus 164.3 MNOK last year. Year to date operating revenues were 334.3 MNOK versus 316.7 MNOK last year.**
- **Operating loss of 11.9 MNOK in 2Q compared to a loss of 0.4 MNOK in same period last year. Restructuring charges of 6.3 MNOK impacted negatively.**
- **A waiver extending through 4Q 2010 agreed in 2Q with the group's main bank.**
- **Order backlog at the end of 2Q2010 was 316 MNOK versus 183 MNOK end of 2Q last year.**

In the comments below on the financial accounts, the 2009 figures are presented in parentheses following the 2010 stated values when included. From the change in the group structure that was implemented in the second half last year with a flatter structure, the group does no longer operate according to the split between the two former operational segments OPTECH and INTECH.



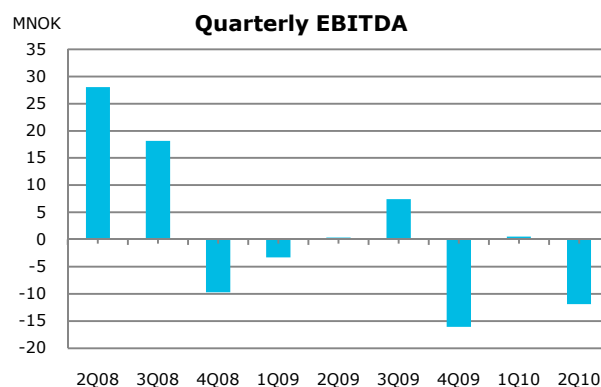
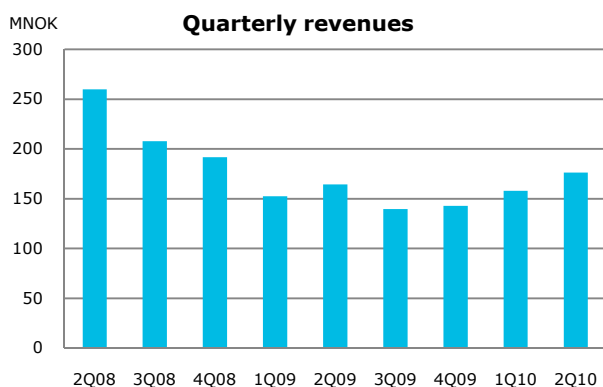
AKVA group supply technology for complete cage based fish farms.

Operations and profit

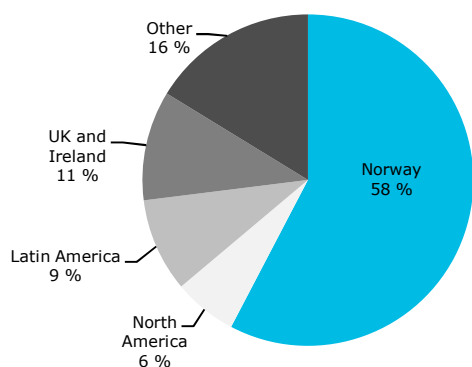
Operating revenues in 2Q were 176.3 MNOK (164.3 MNOK) with an EBITA of -11.9 MNOK (0.4 MNOK) Last year's initiated downsizing of the organisation have not given the expected and necessary effects. Therefore, further restructuring of the organisation have started. The aim is to reduce the fixed cost base and at the same time improve precision and quality in the delivery of solutions to our customers. Restructuring charges of 6.3 MNOK have been booked in the quarter with an expected 10 MNOK of yearly cost reduction. In addition we have experienced cost overrun on some land based projects.

The depreciations in 2Q were 7.5 MNOK (7.8) which gave an EBIT of -19.5 MNOK (-7.4). Net financial items were 1.4 MNOK (3.0). The reduction is related to currency gain while the net interest bearing costs is somewhat higher than the year before. Profit before tax in 2Q was -20.9 MNOK (-10.4) and net loss -16.3 MNOK after allowing for taxes of -4.6 MNOK.

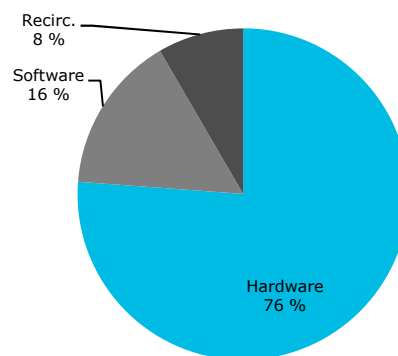
YTD operating revenues were 334.3 MNOK (316.7) with and EBITDA of -11.4 MNOK (-2.9). Depreciations and amortizations amounted to 15.0 MNOK (15.6) resulting in an EBIT of -26.4 MNOK (-18.5). YTD profit before tax was -30.0 MNOK (23.0) after allowing for net financial items of 3.6 MNOK (4.4). Net profit in the first half 2010 was -21.6 MNOK (-18.0).



Revenues by geography



Revenues by product group



Hardware includes Cages, barges, feed systems and other technology to operate fish farms, Recirc includes the delivery of systems for recirculation of water in land based farms, Software is software solutions and professional services related to this.

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 112.6 MNOK down from 120.0 MNOK from the beginning of the year and down from 141.3 MNOK from end of 2Q last year. The increase in 2Q is part of a seasonal pattern. Focus is maintained on containing the working capital.

Net interest-bearing debt amounted to 156.3 MNOK at the end of 2Q versus 141.9 MNOK at the beginning of the year. Gross interest bearing debt amounted to 210.8 MNOK versus 198.3 MNOK at the beginning of the year. Cash and unused credit facilities amounted to 62.0 MNOK. Total assets and total equity amounted to 681.2 MNOK and 233.9 MNOK respectively, resulting in an equity ratio of 34.3%.

Investments in the first half amounted to 9.2 MNOK whereof 3.8 MNOK is capitalized R&D expenses in accordance with IFRS.

A waiver extending through 4Q 2010 relating to the financial covenants of the major credit facilities and loans was agreed with the company's main bank in 2Q.



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Shareholder issues

Earnings per share for 2Q 2010 were -0.95 NOK (-0.53). The calculation is based on 17.222.869 shares average.

Subsequent of the closing of 1H Mr Knut Molaug asked the Board of Directors to be released from his position as CEO of AKVA group ASA which the Board accepted. The Board would like to thank Mr. Molaug for his efforts and contributions for the development of the company.

The search for a new CEO has started, meanwhile the CFO Morten Nærland will be the acting CEO of the group.

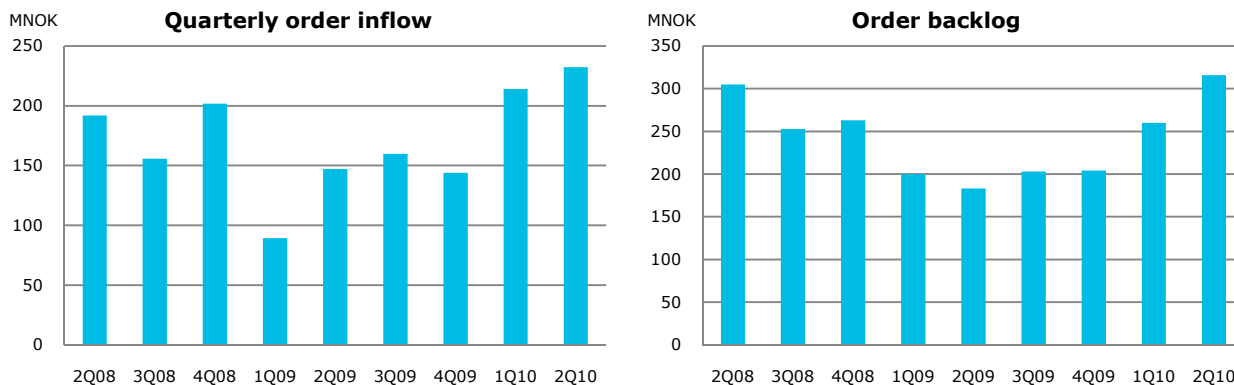
Market and future outlook

The market situation is fairly much the same as at the end of 1Q. UK and Canada are developing fairly well and there are some signs that the Chilean market is slowly improving although from very low level compared to the past. In April the group was awarded a major contract for Cromaris in Croatia for delivery of about 54 MNOK worth of equipment and technology. This is an important contract in positioning the group for cage based farming in the Mediterranean area. However in the Norwegian market, which by far is the most important, the visibility is less



clear. The investment activity is relative low despite the salmon industry enjoying high salmon prices and sound underlying earnings. In face of this the group is undergoing a restructuring process aiming at reducing the cost base as well as improving operations to restore profitability at lower revenue levels.

The order backlog was at the end of 2Q 316 MNOK versus 182 MNOK at the end of 2Q last year.




Statement from the Board and Chief Executive Officer

We confirm that, to the best of our knowledge, the condensed set of financial statements for 2Q 2010, 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, 18 August - 2010
Board of Directors, AKVA group ASA


Amund Skarholt
Chairperson



Anne Breiby
Deputy Chairperson


Frode Teigen


Thorhild Widvey


Thore Michalsen


Ingvild Andersen


Knut Drange


Kjell Arne Corneliusen


Morten Nærland
CEO

Hovedtall fra regnskapet

Main figures from financial accounts

RESULTATREGNSKAP / INCOME STATEMENT	2010	2009	2010	2009	2009
(NOK 1000)	2Q	2Q	YTD	YTD	Total
DRIFTSINTEKTER / OPERATING REVENUES	176 297	164 285	334 320	316 664	599 345
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	188 217	163 898	345 720	319 560	610 872
DRIFTSRES. FØR AVSKRIVN. / OPER. PROFIT BEFORE DEPR.(EBITDA)	-11 921	387	-11 401	-2 897	-11 527
Avskrivninger / Depreciation	7 531	7 793	15 040	15 631	30 866
DRIFTSRESULTAT / OPERATING PROFIT (EBIT)	-19 451	-7 405	-26 441	-18 527	-42 392
Netto rentekostnad / Net interest expense	-2 853	-2 431	-5 212	-4 254	-8 781
Andre finansielle poster / Other financial items	1 426	-568	1 613	-191	-830
Sum finansielle poster / Net financial items	-1 427	-2 999	-3 600	-4 445	-9 611
RESULTAT FØR SKATT / PROFIT BEFORE TAX	-20 878	-10 405	-30 041	-22 972	-52 003
Skattekostnad / Taxes	-4 588	-1 239	-8 431	-4 979	-12 875
RESULTAT ETTER SKATT / NET PROFIT	-16 290	-9 165	-21 610	-17 993	-39 128
Resultat per aksje / Earnings per share	-0,95	-0,53	-1,25	-1,04	-2,27
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

BALANSE / BALANCE SHEET	2010	2009	2009
(NOK 1000)	30.6.	30.6.	31.12.
Immaterielle eiendeler / Intangible fixed assets	242 529	256 182	243 920
Anleggsmidler / Fixed assets	38 252	47 789	39 071
Finansielle anleggsmidler/Long-term financial assets	972	1 103	1 069
ANLEGGSMIDLER / FIXED ASSETS	281 753	305 075	284 061
Varebeholdning / Stock	138 263	121 855	116 248
Kundefordringer / Trade receivables	162 148	149 824	125 391
Andre fordringer / Other receivables	44 583	25 090	27 477
Betalingsmidler / Cash and cash equivalents	54 436	51 235	58 161
OMLØPSMIDLER / CURRENT ASSETS	399 431	348 004	327 277
SUM EIENDELER / TOTAL ASSETS	681 183	653 078	611 338
Innskutt egenkapital / Paid in capital	267 087	267 087	267 087
Opptjent egenkapital / Retained equity	-33 162	26 527	-10 447
SUM EGENKAPITAL / TOTAL EQUITY	233 925	293 614	256 640
Annen langsiktig gjeld / Other long term debt	4 057	10 109	5 561
Langsiktig rentebærende gjeld / Long-term interest bearing debt	148 295	107 568	150 651
LANGSIKTIG GJELD / LONG-TERM DEBT	152 352	117 677	156 212
Kortsiktig rentebærende gjeld / Short-term interest bearing debt	62 470	86 323	49 364
Annen kortsiktig gjeld / Other current liabilities	232 437	155 463	149 123
KORTSIKTIG GJELD / SHORT-TERM DEBT	294 906	241 787	198 487
SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND DEBT	681 183	653 078	611 338

ENDRING EGENKAPITAL / CHANGES IN EQUITY	2010	2009	2010	2009	2009
(NOK 1000)	2Q	2Q	YTD	YTD	Total
Bokført egenkapital ved periodens begynnelse / Book equity at the beginning of the period	250 436	299 843	256 640	309 595	309 595
Periodens resultat / The period's net profit	-16 290	-9 165	-21 610	-17 993	-39 128
Endring i virkelig verdi av sikringsinstrumentet ved kontantstrømsikring /Gains/(losses) on	-681	2 143	-2 216	386	20
Endring i pensjonsforpliktelse ført mot egenkapitalen / Change in pension liability recorded	-	-	-	-	1 005
Bokføring av opsjonsavtale / Recording of option agreement	-	-	-	-	-223
Omregningsdifferanser / Translation differences	460	794	1 111	1 627	-14 630
Bokført egenkapital ved periodens slutt / Book equity at the end of the period	233 925	293 615	233 925	293 615	256 640

KONTANTSTRØM OPPSTILLING / CASH FLOW STATEMENT	2010	2009	2010	2009	2009
(NOK 1000)	2Q	2Q	YTD	YTD	Total
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	-16 428	26 034	-4 667	19 689	32 656
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investment activities	-4 706	-10 909	-8 901	-15 947	-24 095
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities	31 998	-3 673	9 843	-391	1 717
Netto kontantstrøm / Net cash flow	10 864	11 451	-3 725	3 351	10 277
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of t	43 571	39 783	58 161	47 883	47 883
Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period	54 436	51 235	54 436	51 235	58 161

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