



ANNUAL REPORT
2016

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THIS IS AKER

For the past 175 years, Aker has driven forward the development of internationally focused, knowledge-based industry in Norway.



AKERS MEK IS FOUNDED

Akers Mekaniske Verksted is founded by commander Peter S. Steenstrup by Akerselva in Oslo.



1841



FIRST STEAMSHIP

The steamship *Færdesmanden* sets out on lake Mjøsa. It is the first steamship built in Norway.

1856

KVAERNER IS FOUNDED

Kvaerner Brug is founded by Oluf Onsum in Lodalen, Oslo.



1853



1873

KVAERNER'S FIRST TURBINE

Kvaerner delivers its first hydroelectric turbine, and establishes itself shortly after as a special workshop for turbines.



NEW OWNERSHIP

Kjell Inge Røkke becomes Aker's main shareholder and a driving force in the company's development when RGI purchases enough Aker shares to become Aker's largest shareholder; the two companies subsequently merge.

1996



THE FIRST NORWEGIAN OIL FIELD

Aker builds the floating drilling platform *Ocean Viking*. In 1969 *Ocean Viking* finds *Ekofisk*, the first economically viable oil field on the NCS.



1967



NEW HEADOFFICES

Aker moves to Fornebu, outside Oslo.

2015

2009

INDUSTRIAL INVESTMENT COMPANY

Aker is streamlined as an industrial investment company to participate actively in structural processes and the execution of industrial transactions, mergers, and acquisitions.



Aker ASA is an industrial investment company that exercises active ownership to create value. Aker combines industrial expertise with knowledge of the capital markets and financial strength. In its capacity as owner, Aker helps to develop and strengthen its portfolio. Aker works to drive strategy development, operational improvements, financing, restructuring and industrial transactions forward.

Aker's ownership interests are concentrated in the oil and gas, maritime assets and marine biotechnology sectors. The investments consist of two portfolios:

The industrial holdings are strategic in nature and are managed with a long-term perspective. They comprise Aker's ownership interests in Aker BP, Aker Solutions, Akastor, Kvaerner, Ocean Yield and Aker BioMarine.

The financial investments comprise cash and liquid assets, real estate development projects and other assets managed with a shorter, opportunistic ownership perspective.

SIZE

Aker is the largest shareholder, directly or indirectly, in eight companies listed on Oslo Stock Exchange. Collectively, the Aker group had a turnover of approximately NOK 44 billion in 2016, as well as a workforce of 20 753 direct employees, including 9 697 in Norway. In total, Aker's portfolio companies employ more than 30 000 staff and operate in more than 60 countries.

Net asset value (NAV) growth is a key performance indicator for Aker ASA. As at 31 December 2016, NAV amounted to NOK 34.3 billion, compared to NOK 20.9 billion the previous year. In addition, a dividend of NOK 0.7 billion was paid in 2016.

OWNERSHIP

Since re-listing on Oslo Stock Exchange on 8 September 2004, Aker has generated an average annual share return of 27.1 per cent, including dividends. At the beginning of 2017, the company had approximately 13 000 shareholders. Aker's main shareholders are Anne Grete Eidsvig and Kjell Inge Røkke, who own 68.2 per cent of Aker stock through their company TRG. CEO Øyvind Eriksen owns 0.2 per cent of the B-shares in TRG through a private company. Eriksen also owns 219 072 shares in Aker ASA.

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Highlights 2016

Shareholder value doubled.

Aker celebrated its 175th anniversary in 2016 – a good year for shareholders as illustrated by value growth and a 106 per cent return in terms of share price growth plus distributed dividends. This is the result of focused and systematic efforts over many years.

The net asset value of Aker and holding companies totalled NOK 34.3 billion as at year-end 2016. This equates to NOK 462 per share, compared with NOK 282 per share at the end of 2015. The discount of Aker's share price to net asset value was at 30 per cent as at 31 December 2016, compared to 42 per cent one year earlier.

Less fish, more oil.

During 2016, Aker divested all its shares in Havfisk and Norway Seafoods. Aker had been an industrial owner in the Norwegian white fish sector since 1996. The companies are now parts of Lerøy Seafood Group. The sale of the shares in Havfisk and Norway Seafoods released NOK 2.3 billion in 2016.

Aker also invested approximately NOK 2.6 billion in Aker BP shares in connection with the merger between Det norske oljeselskap and BP Norway. Oil and gas-related investments accounted for 65 per cent of Aker's value at year-end 2016, compared to 38 per cent per year end 2015.

Aker BP powers ahead.

The merger between Det norske oljeselskap and BP Norway in 2016 has created a leading, independent European exploration and production company. Aker BP has become a significant actor on the Norwegian continental shelf. The share price rose 180 per cent in 2016, and Aker BP paid its first dividend in the fourth quarter of the year. The company will continue to pay predictable dividends going forward.

Aker and Aker BP have invested counter-cyclically in oil. Aker BP is targeting growth both from the existing licence portfolio and through value-generating transactions. Aker intends to help make the Norwegian continental shelf an international benchmark for safe, profitable and sustainable offshore petroleum production.

DISTRIBUTION OF AKER'S NOK 43.1 BILLION GROSS ASSET VALUE AS OF 31 DECEMBER 2016

NOK billion



Key performance indicators

Aker's key performance indicators are net asset value, the company's cash balance and shareholder returns (share price and dividends).

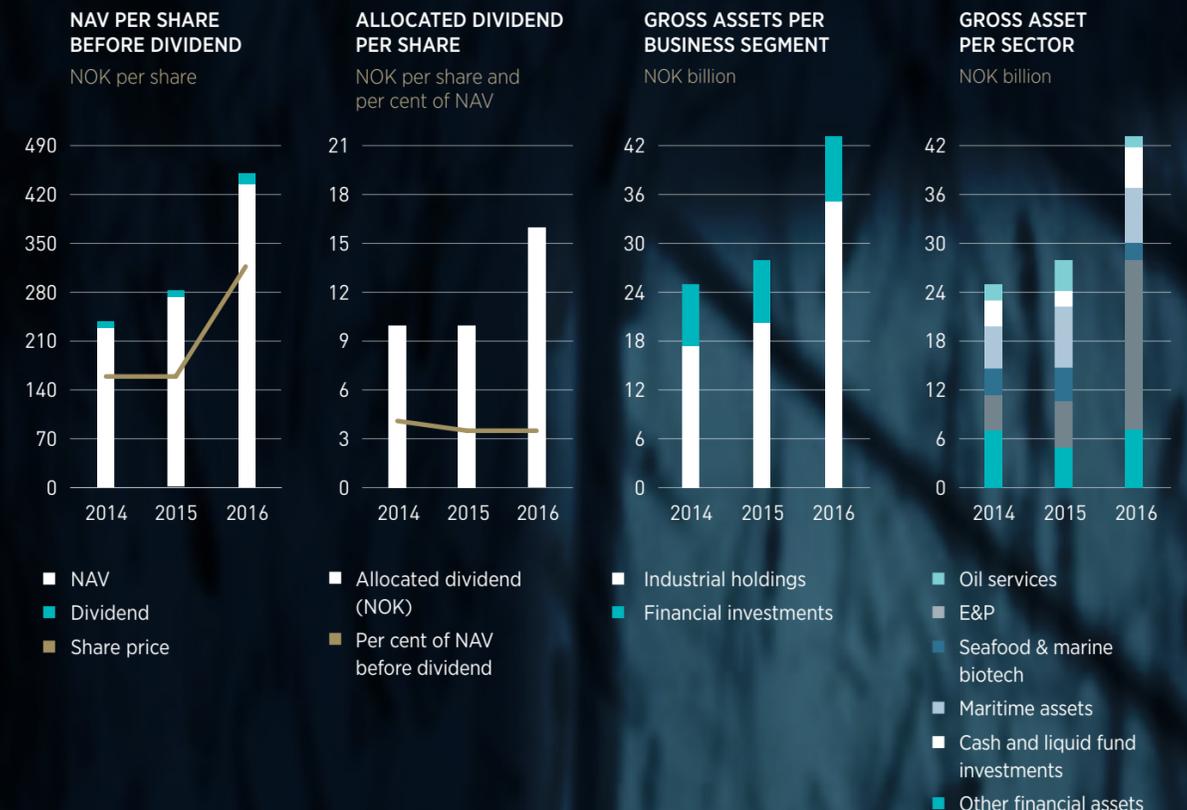
To understand value creation at Aker, it is important to analyse the value adjusted balance sheets of the holding companies.

The companies in the Aker ASA and holding company structure are pure holding companies. The balance sheets of these companies are a more relevant

tool for monitoring value creation than the balance sheet of the parent company alone or the Aker group accounts. Nevertheless, Aker's Annual Report presents all three sets of accounts.

Net asset value (NAV) expresses Aker's underlying value, and provides the basis

for the company's dividend policy (two to four per cent of NAV per year). NAV is calculated based on the market value of listed shares and the book value of other assets.



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Changes in net asset value

In 2016, net asset value (NAV) rose from NOK 20 878 million to NOK 34 335 million before allocations for dividends. This represents an increase in NAV-per-share from NOK 282 to NOK 462. The following tables show Aker's investments and NAV per Aker ASA share.

NET ASSET VALUE DEVELOPMENT – AKER ASA AND HOLDING COMPANIES

NOK million	2016	2015	2014
Dividends received	1 430	1 340	844
Operating expenses	(198)	(219)	(223)
Other financial expenses	(480)	(632)	(490)
Tax expense	-	-	(6)
Total	752	489	125
Dividend payments	(742)	(723)	(940)
Sale/(purchase) treasury shares	11	288	5
Value changes ¹⁾	13 435	3 146	(5 514)
Change in net asset value	13 457	3 199	(6 324)
Net asset value before dividend allocation	34 335	20 878	17 679

¹⁾ Value changes include depreciation and write-downs of fixed assets, and sales gains.

CHANGE IN NET ASSET VALUE

NOK billion



NET ASSET VALUE

Ownership	As at 31.12.2016		As at 31.12.2015		
	NOK per share	NOK million	NOK per share	NOK million	
INDUSTRIAL HOLDINGS					
Aker BP	40.0 %	281	20 873	75	5 596
Aker Solutions	34.8 %	53	3 912	39	2 865
Akastor	36.7 %	22	1 629	16	1 207
Kvaerner	28.7 %	13	935	9	635
Aker BioMarine	99.5 %	19	1 405	19	1 405
Havfisk	-	-	-	24	1 748
Ocean Yield	66.2 %	86	6 386	91	6 730
Total Industrial Holdings		473	35 139	272	20 186
FINANCIAL INVESTMENTS					
Cash		60	4 466	20	1 488
Liquid fund investments		6	410	6	415
Listed financial investments		14	1 055	26	1 906
Real estate		6	426	25	1 870
Other financial investments		21	1 594	27	2 016
Total Financial investments		107	7 951	104	7 693
Total value-adjusted assets		580	43 089	376	27 879
External interest-bearing liabilities		(112)	(8 331)	(88)	(6 534)
Interest-free liabilities before allocated dividend		(6)	(424)	(6)	(467)
Total liabilities before allocated dividend		(118)	(8 755)	(94)	(7 002)
NAV before allocated dividend		462	34 335	282	20 878
Net interest-bearing debt			(2 751)		(3 798)

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INDUSTRIALLY FAR-SIGHTED, BUT RESOURCEFUL

Aker is industrially far-sighted, but also resourceful. 2016 exemplifies what can be achieved when continuous industrial development is combined with transactional opportunities: robust value-creation for shareholders and a strengthened industrial and financial foundation for Aker.

Sometimes things just flow. In 2016 – Aker’s 175th year – shareholder value as measured by share price growth and distributed dividends more than doubled. In a year when the Oslo Stock Exchange Benchmark Index (OSEBX) rose 12 per cent and Aker’s net asset value increased by 69 per cent, shareholders had a total return of 106 per cent for the year.

This means, quite simply, that Aker’s shareholders achieved a return eight to nine times higher than that achieved by index-tracking funds, driven by substantial value growth among Aker’s listed portfolio companies and a lower “discount” relative to net asset value throughout the year.

Part of this growth can be attributed to rising share prices in 2016, but a further crucial factor is the systematic work done by Aker and the portfolio companies over many years. A brief look back in time may help to illustrate what has happened, and why.

Kjell Inge and I have grown to know each other over more than 20 years of working together. Since January 2009, we have collaborated seamlessly in our roles as the Board Chair and President and CEO, respectively, of Aker. Over this period, the “supertanker” Aker has been completely transformed, from a parent company in an industrial conglomerate into an industrial investment company with attractive and independent portfolio companies.

In February 2009, after just two months as President and CEO, I wrote my first letter to shareholders:

My ambition is to make Aker a more clearly defined — and a more demanding — owner of its independent operational companies. Aker will be an active and long-term owner of these industrial companies, but not the parent company of a fully integrated industrial group. As an active owner, Aker will be the strategic driver in the development of its robust,





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valuable, and value-adding enterprises. To achieve our objectives, we must organize ourselves so as to make active ownership a honed Aker profession.

With heightened capabilities, we will exploit Aker's strong position to participate in larger industrial innovations, perhaps through transactions, industrial partnerships, or alliances. Aker is at its best when dealing with complex industrial and financial structures. We have a tradition of identifying solutions and growing them into decisive business units that fill clearly defined niches. Thus, we reveal shareholder value that is not obvious to others at first sight.

These two paragraphs are just as topical and relevant today, and reflect priorities I have remained focused on in all my quarterly presentations and letters to shareholders over the past eight years. They express the very foundation for our business model and communications with shareholders, employees, customers, authorities and partners.

In its capacity as an active owner, Aker performs optimally when industrial far-sightedness is combined with financial strength and transactional capability. Then, economic downturns can be used to reinforce the competitiveness and attractiveness of operational businesses. The shareholder value that crystallised in 2016 confirms Aker's business model and potential.

Upstream cash flow to Aker in the form of dividends from portfolio companies is another important element in the business model.

Aker's dividend receipts have increased by a factor of more than 10 over the past eight years, from NOK 137 million in 2009 to NOK 1 430 million in 2016.

During this period, Aker has received some NOK 5.4 billion in dividends from its portfolio companies, and thus a robust foundation for its sustainable-dividend policy. The proposed dividend increase from NOK 10 in 2015 to NOK 16 in 2016 reflects our willingness and ability to share Aker's success with shareholders. The flow of dividends and capital

from the portfolio companies to Aker also gives us additional reinvestment power and capacity.

Aker is being transformed. The portfolio continues to evolve. Our task is to invest capital where we see the greatest return opportunities. Our expertise in oil, oil services, maritime industries, fisheries, biotechnology and real estate gives us excellent market and industry insight. Familiarity with the capital markets, financing and transactions allows us to be effective and dynamic.

At the start of 2017, oil-related investments account for 65 per cent of Aker's total assets. Maritime assets amount to 16 per cent, cash and liquid fund investments 11 per cent, fisheries and marine biotechnology 5 per cent and other investments 3 per cent.

These assets have been held and treasured by Aker. Nonetheless, in line with our communicated strategy, the group now has a new centre of gravity – the oil company Aker BP. Oil exploration and production have grown in importance during my time as President and CEO. Before, they represented just 2 per cent of Aker's total assets. Now, they account for almost 50 per cent. Oil services, on the other hand, today account for 16 per cent of total assets, compared to almost 50 per cent previously.

This change of course is producing results. In the period from 1 January 2009 to 31 December 2016, Aker's net asset value increased by an average of 10.8 per cent per year. During this period, shareholders have achieved an annual return of 16.8 per cent measured in terms of share price growth and dividends. In contrast, the Oslo Stock Exchange Benchmark Index (OSEBX) has generated an annual dividend-adjusted return of 14.9 per cent over the past eight years.

Aker BP is a clear example of Aker's industrial far-sightedness, as well as its impatience as exemplified by its offensive transactional approach. In many ways, the merger between Det norske oljeselskap and BP Norway illustrates Aker at its best.

Aker Exploration and Det norske oljeselskap merged in 2009, and Aker has been the leading shareholder since then. Our ownership agenda for Det norske has remained the same since day one: to grow organically and through transactions, to invest in the Norwegian continental shelf and to become one of Europe's leading independent oil exploration and production companies.

Aker was the driver behind Det norske's acquisition of Marathon Oil Norway in 2014, and the company has transformed it from a small exploration company into a substantial oil company. Aker also initiated the acquisition of undertakings and licences on the Norwegian continental shelf from Svenska Petroleum, Premier Oil Norway, Noreco, Centrica and Tullow Norway.

The collapse in oil prices from over USD 100 per barrel in the autumn of 2014 to a low of USD 27.10 in January 2016 gave us the opportunity to stress test our oil company and simultaneously confirm the importance of Aker's robustness and financial capacity. We passed the test, thanks not least to Aker's financial expertise and strong relations in the banking and bond markets.

10 June 2016 is a milestone in Aker's 175-year history: the day we announced the merger between Det norske and BP Norway, the Norwegian operation of one of the world's oil giants.

The merger is largely the result of long-term collaboration between BP and Aker's supplier businesses Aker Solutions, Akastor and Kvaerner. Aker's international relationships, networks and oil service companies facilitated the development of trustful cooperation with BP and other oil companies.

When an opportunity for a transaction with BP on the Norwegian continental shelf emerged, we reacted quickly. Less than two weeks passed between the time Kjell Inge and I met BP Chief Executive Bob Dudley and Bernard Looney, Chief Executive, Upstream, in London and the announcement of the transaction. No more time is needed when you are prepared and the parties trust one another and see the same oppor-

tunities. The BP Norway transaction ticked all the boxes in terms of a good investment for the companies, staff and shareholders.

The Aker BP share appreciated by 180 per cent in 2016, powering an increase of NOK 12.9 billion in Aker's net asset value – equivalent to NOK 174 per Aker share. Moreover, Aker BP has adopted a dividend policy for 2017 onwards with a "floor" of USD 250 million per year until the Johan Sverdrup field begins production and further increases dividend capacity. As a 40 per cent shareholder in Aker BP, this will give Aker at least USD 100 million per year in dividends, or NOK 11.20 per Aker share at a current exchange rate of USD 1 = NOK 8.35.

Aker BP provides a starting point for creating something new: a different, leading, independent oil company with ambitions of becoming a benchmark for safe, profitable and sustainable offshore petroleum operations. We are continuing to grow the company through a robust resourceful management of existing operatorships, field interests and licences, high exploration activity and new transactions as opportunities present themselves.

Aker expects oil and gas to remain an important part of the energy mix for several decades to come. Oil-production risk is a key issue going forward. Risk management must be based on knowledge and innovation focusing on safety and climate challenges. In its role as owner, Aker's priority is to ensure that Aker BP applies the highest health, safety and environmental standards and promotes environmentally friendly oil and gas production in its operations and through research and development activities.

According to the International Association of Oil & Gas Producers, CO2 emissions on the Norwegian continental shelf are approximately half of the international average per produced standard cubic metre of oil equivalents. The figure for Aker BP, in turn, is 20 per cent less than the average for the Norwegian continental shelf. We are well-positioned to maintain our efforts to cut greenhouse gas emissions per

produced unit and improve cost efficiency. We are moving in a sustainable direction.

We are prepared for future oil-price volatility. Costs per produced barrel must therefore be cut further to increase robustness and profitability throughout the economic cycle.

As part of this, Aker BP is concentrating on more seamless alliances and cooperation with its suppliers. The aim is smarter, quicker, cheaper and safer operation throughout the supply chain.

Our experience thus far indicates that improved oil company-supplier coordination, common incentives, increased digitisation and a shared focus on constant improvement will greatly benefit project execution.

For example, Aker BP, Aker Solutions and Subsea 7 have come together to combine Aker BP's exploration and production knowledge with Aker Solutions' cutting-edge expertise in engineering, brownfield modifications and subsea systems and Subsea 7's skills in design, purchasing, installation and commissioning of subsea cables, risers and pipelines.

The three companies are collaborating to find the most cost-effective solutions for Aker BP's subsea field portfolio. Aker BP has chosen to work with the two most highly qualified and competitive suppliers on this project. However, neither company is getting an easy ride – the pressure is on to find new solutions and achieve results. Aker Solutions and Subsea 7 have to prove that they can deliver and that customers will also benefit from the repetition effect.

None of Aker's oil service companies are receiving an unfair advantage from Aker BP or other customers in the current challenging market conditions.

Aker Solutions, Akastor and Kvaerner have completed tough rounds of adjustments to address reduced activity levels and improve competitiveness. This has enabled the companies to maintain strong balance sheets throughout the downturn and win a re-

spectable number of the few contracts that have been awarded.

The three companies reduced their staffing levels by 16 per cent in 2016, to 19 700, reflecting the fact that 2017 is also expected to be a tough year for the supplier industry.

Downsizing is always painful. As a supplier to the oil and gas industry for the past 50 years, Aker has learned that activity levels fluctuate in line with oil prices. Industry insiders claim that the downturn that began in the autumn of 2014 is the quickest and sharpest ever, measured in terms of impact on exploration activity, discoveries, supply and other services, new investment, maintenance assignments and modifications.

One of the things that impressed me most in 2016 was the willingness and ability many have shown to make improvements and secure progress. Aker Solutions improvement programme – "The Journey" – has produced a strategy to achieve a 30 per cent reduction in costs from 2015 to the end of 2017. Aker Solutions is on track to make efficiency and cost improvements worth some NOK 9 billion annually, while its efficient operations are strengthening its position in an exceedingly tough market.

Rising share prices indicate that investors like what they see, and that the market may rise further from 2018 onwards. The value of Aker's oil service investments grew by NOK 1.8 billion in 2016.

A 37 per cent increase in Aker Solution's share price in 2016 entailed a value increase of approximately NOK 1 billion. The Akastor share appreciated by 35 per cent, while Kvaerner's shares appreciated by 47 per cent. However, the starting point for these increases was low, and the share prices of all three companies are still far below their respective historical peaks. Moreover, the current share prices do not reflect Aker's valuations for the three companies.

A quick look back may help to explain how valuable our current company structure is for our supplier businesses.

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In 2009, Aker Solutions was a complex group composed of a diverse range of enterprises in sectors such as engineering services, offshore yards, MMO, oil service technologies, products and solutions, marine operations, and processing facilities for the petrochemicals, mining and metals industries.

Aker Solutions' board of directors discussed how Aker Solutions could be quickly developed into a larger, more global supplier. The decision was made to streamline the businesses, focusing on growth in selected markets. Engineering services (field design) and subsea solutions were defined as key priorities. The subsea markets in Brazil, West Africa and Norway were identified as the most important growth areas.

The new strategy resulted in the demerger of the offshore yards in 2011, and the rebirth of Kvaerner as an independent company. Marine operations and businesses providing engineering and project management services to processing facilities for onshore industry were sold. In 2014, Aker Solutions was split into two listed companies. The core subsea and field design operations continue to be developed by today's Aker Solutions. Our other supplier businesses were spun out into an independent oil service investment company, Akastor.

In hindsight, there can be no doubt: the splitting and refocusing of our supplier businesses was important and right. It marked the start of a new era, with a strong position on the Norwegian continental shelf, strong international growth and a strong network in the global oil and gas industry.

Aker Solutions has become a global subsea company, and is now the market leader in Brazil in terms of order intake over the past three years. It has captured market share in West Africa, not least through the Kaombo project off Angola, which is probably the largest individual subsea contract ever awarded to any company. Productive, trustful cooperation on major field developments with important customers like Statoil, Petrobras and Total has produced results.

Kvaerner is performing strongly in its home market, and is working hard to improve competitiveness. Kvaerner has sizeable cash holdings, and had no interest-bearing liabilities at the end of 2016.

Akastor has made major divestments, but still owns niche businesses with potential. In 2016, Akastor released some NOK 2.6 billion through sales and transactions, building up a liquidity reserve of NOK 3.1 billion and reducing gross debts from NOK 5.6 billion to NOK 3.1 billion.

In its capacity as an owner of knowledge-based oil service enterprises, Aker's priority is to win new contracts with satisfactory margins, develop customer relationships, make improvements, optimise its capital base and all this with the highest standards for HSE. The loss of four Aker Solutions colleagues in the tragic helicopter crash in April 2016, puts our daily tasks into a wider and deeper perspective. For Aker and our portfolio companies, the single and most important priority is to make sure that our employees are safe at work.

Aker will continue to build attractive companies. We are seeing increased interest in Aker Solutions, companies in the Akastor portfolio and Kvaerner. Some of our competitors have merged during the downturn, in the belief that larger units may produce further efficiency gains. We have focused on cost-cutting, capacity adjustment and higher efficiency to make our businesses more attractive and competitive. However, Aker is also open to new alliances and transactions to strengthen the group's industrial base and generate shareholder value over and above what the portfolio companies are expected to create themselves. This will be a main topic for Aker and the portfolio companies going forward.

Aker will allocate capital to companies with potential, subject to the required rate of return of 12 per cent per annum over an economic cycle. Our primary focus will be on larger transactions, although we are also open to smaller individual transactions that meet Aker's return requirements and enhance

the group's knowledge and insight into interesting companies in Aker's investment universe.

We take a strategic and long-term view of Aker's industries and sectors, but are also quick to respond to new opportunities. Ocean Yield is an example of this.

Over the past five years, Ocean Yield has expanded its fleet from three vessels to a diversified portfolio of 34 modern vessels. In 2016, the company invested more than USD 550 million, well above its USD 350 million annual target.

With the support of a temporary line of credit from Aker, Ocean Yield has entered the container shipping market, seizing a profitable opportunity to invest USD 162 million in part-ownership of six new container vessels.

Later in 2016, Ocean Yield secured NOK 1.6 billion in the stock and bond markets to fund further growth. In line with our stated aim of owning a smaller share of a larger Ocean Yield that is growing and whose shares are more liquid, Aker did not participate in the capital increase, and its ownership interest fell from 73.0 per cent to 66.2 per cent as a result. At year-end 2016, Ocean Yield's EBITDA order reserve totalled USD 3.1 billion, or NOK 26.7 billion. This provides a firm foundation for predictable dividends in the quarters ahead.

Ocean Yield's course is set: continued portfolio and dividend growth through a diversified portfolio of maritime assets.

Continuous assessment and analysis of transactional opportunities is a natural priority for Aker as an industrial investment company. Activity levels are high.

We have generated considerable value through transactions in recent years. In 2016, Aker brought 20 years of investment in the whitefish industry to an end with the sale of its interests in the harvesting company Havfisk and the processing company Norway Seafoods. This was an emotional divestment. At the same time, the transaction confirmed Aker's commitment to realising shareholder value when a different

owner is better positioned to develop a portfolio company further.

That is why Aker accepted the Lerøy Seafood Group's offer for Havfisk and Norway Seafoods. Through the transaction, the two enterprises have merged with the world's second-largest producer of Atlantic salmon. Together, the share sales generated cash of NOK 2 billion for Aker, and an accounting gain of approximately NOK 1.6 billion.

Aker's fisheries activities are now centred in the biotechnology company Aker BioMarine, which harvests krill in the Southern Ocean and develops, manufactures and markets krill-based ingredients. Ten years after its establishment, Aker BioMarine achieved sales of close to NOK 1 billion in 2016, as well as growing sales and operational improvements in the still-challenging Omega-3 market.

Sustainability has been an integral part of Aker BioMarine's business model since day one. The company works with WWF and other stakeholders with specialist expertise in areas in which Aker BioMarine lacks necessary knowledge. Collaboration with environmental organisations and research institutions are facilitating identification of challenges and opportunities in the harvesting, development and use of krill-based ingredients. Aker BioMarine has turned sustainability into a competitive advantage through its cooperation with partners and customers.

The company recently signed a contract for the construction of a new, modern krill-harvesting vessel that will further effectivise operations, increase sales and improve profitability. If the positive trend continues, new strategic opportunities are almost certain to arise for our investment in Aker BioMarine.

Aker's industrial investments in Aker BP, Aker Solutions, Akastor, Kvaerner, Ocean Yield and Aker BioMarine accounted for 82 per cent of Aker's total assets at year-end 2016. The capital released by exiting the whitefish industry was invested in Aker BP, and has thus far generated a return of approximately 100 per cent.

Financial investments, including cash holdings of NOK 4.5 billion, amounted to NOK 8 billion at year-end, equivalent to 18 per cent of Aker's total assets. The most significant changes are a reduction in real estate and an increase in offshore service vessels.

The sale of various real estate investments has released approximately NOK 1.5 billion. Aker and the portfolio companies are now co-located in a vibrant, inspiring knowledge cluster in the Aker Quarter at Fornebu outside Oslo, and we have the necessary office capacity to meet future needs. Real estate and real estate development for our own use are no longer priorities.

However, Aker has taken a new position in the supply sector, investing NOK 500 million in Solstad Offshore in

2016 before the company's merger with Rem Offshore. In February of this year, a merger was proposed between the shipping companies Solstad, Farstad and Deep Sea Supply, with John Fredriksen's Hemen Holding and Aker as industrial owners.

The combined company will have a fleet of 154 offshore service vessels and be world-leading in its segments. The merged company will continue to play an important role in the restructuring of this industry. Aker and Hemen have industrial and financial expertise, and will in their capacity as active owners support the company in a demanding market characterised by surplus capacity and low activity levels.

In summary: Aker's mix of industrial and financial investments is strong and healthy. Aker BP, Aker Solutions and Ocean Yield look set to be Aker's primary value drivers in the years ahead. In its capacity as an active, engaged owner, Aker will continue to shape the development of its eight listed companies and numerous unlisted businesses.

Our task is to build shareholder value through operational improvements and transactions. The past year has demonstrated that Aker is a decidedly energetic and athletic 175-year-old!

Øyvind Eriksen
President and CEO

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Aker is committed to maintaining an open and trustful dialogue with shareholders, investors, analysts and the financial community in general.

Aker works to ensure that its share price reflects its underlying value by making all price-sensitive information available to the market.

Aker's goal is to create value for its shareholders in the form of dividends and share price growth over time. In February 2006, the company's board adopted the following dividend policy:

"Aker ASA's dividend policy supports the company's intention to maintain a solid balance sheet and liquidity reserves adequate to handle future obligations. The company's objective is to pay dividends annually that amount to 2-4 per cent of the company's net asset value. In determining net asset value, the share prices of Aker's exchange-listed investments are applied."

The board has proposed a dividend of NOK 16 per share for 2016.

Year	Allocated dividend (NOK)	Allocated dividend as % of NAV
2010	10	3.9
2011	11	4.1
2012	12	3.7
2013	13	3.9
2014	10	4.1
2015	10	3.6
2016	16	3.5

SHARES AND SHARE CAPITAL

Aker ASA has 74 321 862 ordinary shares, each with a par value of NOK 28 (see [Note 10](#) to the company's annual accounts). The company has a single share class, and each share carries one vote. The company held 39 901 of its own (treasury) shares as at 31 December 2016.

As at 31 December 2016, the company had 13 203 shareholders. Kjell Inge Røkke and members of his family are Aker's main shareholders. Through their privately held companies, organised under The Resource Group (TRG), the family holds 68.18 per cent of Aker shares. According to the shareholder register maintained by the Norwegian Central Securities Depository (VPS), non-Norwegian shareholders held 15.26 per cent of the company's shares as at 31 December 2016. VPS does not identify shareholders registered via nominee accounts.

STOCK-EXCHANGE LISTING

Aker was listed on Oslo Stock Exchange (OSE) on 8 September 2004 (ticker: AKER). Aker's shares are registered with VPS with the registration number ISIN NO 0010234552. DNB ASA is the company's registrar.

CURRENT BOARD AUTHORISATIONS

At the annual general meeting on 22 April 2016, Aker's shareholders authorised the board to acquire up to 7 432

186 Aker shares with a total par value of NOK 208 101 208. The authorisation also encompassed the acquisition of agreement liens in shares. The per-share purchase price may not be less than NOK 4 nor exceed NOK 800. The board is free to decide the method for acquiring or disposing of own (treasury) shares. The authorisation is valid until the 2017 annual general meeting, though no longer than until 30 June 2017.

In the period 1 April 2016 to 23 mars 2017, the company has acquired 50 000 and sold 146 637 of its own (treasury) shares.

SHARE OPTION PLANS

Aker had no share option plans as at 31 December 2016.

INVESTOR RELATIONS

Aker seeks to maintain an open and direct dialogue with shareholders, debt holders, financial analysts, and the stock markets in general. In addition to capital markets days, the company arranges regular presentations for and meetings with shareholders, analysts and investors.

All Aker press releases, stock exchange notices and investor relations (IR) publications are available on the company's website: www.akerasa.com. This online resource also offers access to the company's quarterly and annual reports, prospectuses, corporate presentations, Articles of Association, financial calen-

dar, investor relations and communications policy and corporate governance information, along with other data.

Shareholders may contact the company by email (contact@akerasa.com), or by direct enquiry to Investor Relations Director Per Kristian Reppe (per.reppe@akerasa.com).

ELECTRONIC QUARTERLY AND ANNUAL REPORTS

Aker's annual reports are published on the company's website at the same time as they are released via the Oslo Stock Exchange distribution service: www.newsweb.no (ticker: AKER).

Quarterly reports are distributed electronically and via the company's website.

Shareholders who are unable to receive the electronic versions of quarterly or annual reports may request a printed version by contacting Aker's investor relations staff.

NOMINATION COMMITTEE

The company's nomination committee has the following members:

- Kjell Inge Røkke (chairman)
- Gerhard Heiberg
- Leif-Arne Langøy

Shareholders who wish to contact the nomination committee may do so using the following email address: contact@akerasa.com.

AUDIT COMMITTEE

The company's audit committee has the following members:

- Finn Berg Jacobsen (chairman)
- Kristin Krohn Devold
- Atle Tranøy

ANNUAL GENERAL MEETING

Aker's annual general meeting is held in April. Written notification is sent to all shareholders and shareholder nominees.

Meeting notices and attendance registration forms are sent to shareholders by the deadlines laid down in the Norwegian Public Limited Liability Companies Act, and made available on the company's website and through the Oslo Stock Exchange distribution service. The annual report and other enclosures to the meeting notice are made available solely via the company's website and the Oslo Stock Exchange distribution service. Shareholders who wish to receive the enclosures by post must contact the company.

Shareholders who are unable to attend the general meeting may vote on individual agenda items electronically on Aker's website during the pre-meeting registration period. Shareholders may change their votes or opt to attend the meeting in person throughout the registration period.

Shareholders may also vote by proxy. The company has designed its proxy forms to allow shareholders to vote on (issue voting instructions for) individual agenda items.

Procedures for electronic voting and the appointment of proxies with voting instructions are described in the meeting notice and on Aker's website.

The company does not appoint an independent proxy to vote on behalf of shareholders. Aker considers that shareholders' interests are adequately safeguarded by permitting the participation of an appointed proxy or authorisation of the meeting chair/board chairman/ other appointed representative to vote according to specific instructions.

2016 SHARE DATA

As at 31 December 2016, the company's total market capitalisation was NOK 24 billion. During 2016, a total of 17 798 000 Aker shares were traded, corresponding to 0.2 times the company's total outstanding shares. The Aker share was traded on all of Oslo Stock Exchange's trading days. The share was included in Oslo Stock Exchange's OSE-BX index in November 2011.

GEOGRAPHICAL DISTRIBUTION OF OWNERSHIP AS AT 31 DECEMBER 2016:

Nationality	Number of shares held	% of share capital
Non-Norwegian shareholders	11 342 598	15.26
Norwegian shareholders	62 979 264	84.74
Total	74 321 862	100



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Aker's portfolio comprises 81 per cent listed shares, 11 per cent cash and liquid fund investments and 8 per cent other assets. Aker's total investments amount to NOK 43.1 billion.

Industrial holdings

Aker's **Industrial holdings** represent 82 per cent of Aker's total investments, and comprise:

- Aker BP
- Aker Solutions
- Akastor
- Kvaerner
- Ocean Yield
- Aker BioMarine

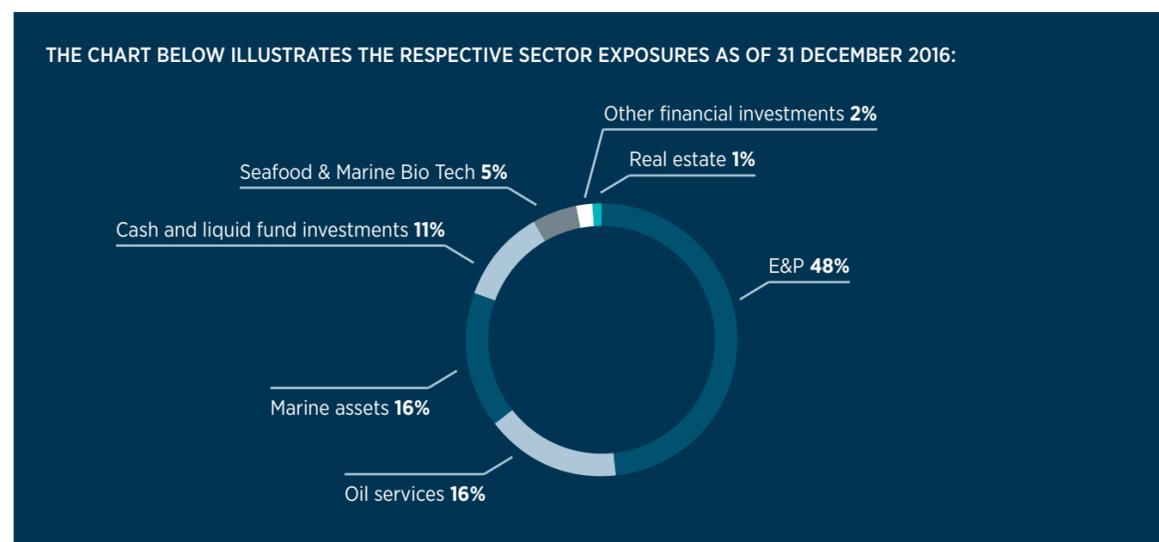
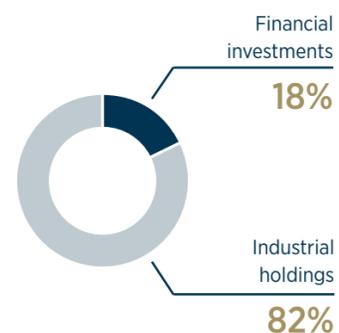
[Read more on page 9.](#)

Financial investments

Aker's **Financial investments** represent 18 per cent of Aker's total investments, and comprise:

- Cash
- Liquid fund investments
- Real estate investments
- Other listed investments: American Shipping Company, Philly Shipyard, Solstad Offshore and Cxense
- Other financial investments

[Read more on page 13.](#)



Industrial holdings

Aker's industrial holdings totalled NOK 35.1 billion at the end of 2016. This equates to 82 per cent of the gross asset value of Aker ASA and its holding companies.

The industrial holdings portfolio comprises the investments in Aker BP, Aker Solutions, Akastor, Kvaerner, Ocean Yield and Aker BioMarine. Aker has a long-term investment horizon for these companies.

Aker is actively involved in the development of its six industrial portfolio companies, cooperating closely with each company's board and management. Every investment is monitored by Aker's management with the support of a dedicated, analytical investment team. Aker also has representatives on the various company boards.

Ownership is exercised primarily in the board rooms of the individual companies. Aker also functions as a knowledge centre, as its staff possess valuable industrial and strategic know-how and cutting-edge expertise in areas such as capital market operations, financing, restructuring, transactions, communications/investor relations and legal. These resources are available not only to Aker's management in its continuous follow-up of the operational companies, but also to each individual company.

INDUSTRIAL STRATEGY

Aker combines industrial expertise with longstanding cooperation with employee representatives and unions. The investment company has competence in implementing acquisitions, divestments, mergers and demergers. Since listing on Oslo Stock Exchange in September 2004, Aker has completed numerous of transactions which have generated considerable value for Aker and the portfolio companies. The annual shareholder return has averaged 27.1 per cent, including dividends, since listing.

Aker invests in sectors and industrial companies operating in industries in which it has the knowledge and experience needed to generate value through growth and/or stable upstream cash flow to the parent company. Aker also invests opportunistically in companies which offer possibilities and scope for Aker to provide transactional expertise.

By exercising active ownership, Aker promotes the independence and robustness of each company in its industrial portfolio.

As an active owner of companies with excellent value and return potential, Aker's agenda is to contribute to robust returns

for all shareholders. The company's focus is on skilful management, appropriate organisational structures, profitable operations, growth, optimal capital structures and financial measures through acquisitions, sales, mergers and demergers.

DEVELOPMENTS IN 2016

The total market value of Aker's industrial holdings was NOK 35.1 billion at the end of 2016, compared to NOK 20.2 billion one year previously. In 2016, Aker invested NOK 2.6 billion in Aker BP shares. The shares were acquired from BP plc in connection with the merger between Det norske oljeselskap and BP Norway to form Aker BP. Aker is the company's largest owner, holding 40 per cent of the shares, while BP plc holds 30 per cent. In 2016, Aker sold its controlling stake in the trawler company Havfisk to Lerøy Seafood Group, releasing NOK 2.0 billion for Aker.

In total, Aker received NOK 857 million in dividends from the industrial portfolio companies in 2016, compared to NOK 725 million in 2015. The table Industrial holdings - key figures shows changes and developments in 2016.

[For more information, see page 15.](#)

KEY FIGURES INDUSTRIAL HOLDINGS

NOK million	Ownership in % ¹⁾	31.12.15	2016		31.12.16	
		Value	Net investments	Received dividends	Value change	Value
Aker BP	40.0	5 596	2 560	(209)	12 925	20 873
Aker Solutions ²⁾	34.8	2 865	-	-	1 047	3 912
Akastor ²⁾	36.7	1 207	-	-	422	1 629
Kvaerner ²⁾	28.7	635	-	-	300	935
Ocean Yield	66.2	6 730	-	(567)	223	6 386
Aker BioMarine	99.5	1 405	-	-	-	1 405
Havfisk	-	1 748	(2 196)	(80)	527	-
Total Industrial Holdings		20 186	364	(857)	15 444	35 139

¹⁾ At end of 2016

²⁾ Directly and through Aker Kvaerner Holding

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BOARD CHAIRMAN:
Øyvind Eriksen

CEO:
Karl Johnny Hersvik

AKER'S TOTAL OWNERSHIP:
40%

Aker BP ASA

Aker BP is an integrated exploration and production company. Measured in terms of production, Aker BP is one of Europe's largest independent listed oil companies.

AKER'S ENGAGEMENT

Aker owns 40 per cent of the shares in Aker BP. In 2016, the share price rose from NOK 55.25 to NOK 154.50. Aker's shareholding was valued at NOK 20.9 billion at year end, including the purchase of Aker BP shares worth approximately NOK 2.6 billion in connection with the BP Norway transaction. The equity investment is equivalent to 48 per cent of Aker's total assets. Øyvind Eriksen and Kjell Inge Røkke represent Aker on Aker BP's board of directors.

AKER'S OWNERSHIP AGENDA

Aker BP has become a key player on the Norwegian continental shelf (NCS), and aims to produce 128,000-135,000 barrels of oil equivalents per day in 2017. The company operates almost 100% of the fields in its production portfolio. This provides a foundation for further value creation. Aker BP's ownership in

the Johan Sverdrup field will further boost production from 2020.

Aker BP has adopted ambitious targets for growth in its organic portfolio and through value-generating transactions. Aker sees the NCS as an attractive investment region.

Aker BP paid its first dividend in the fourth quarter of 2016. Aker's priority is to ensure that it pays foreseeable dividends. Aker expects dividend capacity to increase once production begins in the Johan Sverdrup field. Aker BP aims to be a benchmark for safe, effective and profitable oil and gas activity. Key tools in this regard include LEAN, digitisation and new models for cooperation with suppliers.

For more information, see [page 15](#) and www.akerbp.com.

Aker Solutions ASA



BOARD CHAIRMAN:
Øyvind Eriksen

CEO:
Luis Araujo

AKER'S TOTAL OWNERSHIP:
34.8%

Aker Solutions is a global oil service company that delivers Subsea and Field Design services, technologies, products and solutions.

AKER'S ENGAGEMENT

Aker owns 70 per cent of the shares in Aker Kværner Holding AS, which in turn owns 40.6 per cent of the shares in Aker Solutions, giving Aker an equity interest equivalent to 28.4 per cent in Aker Solutions. Aker also owns 6.4 per cent of the shares in Aker Solutions directly, bringing its total stake to 34.8 per cent. Øyvind Eriksen and Kjell Inge Røkke represent Aker on Aker Solutions' board of directors.

In 2016, Aker Solutions' share price rose from NOK 30.30 to NOK 41.37 as at 31 December 2016. Aker's shareholding was valued at NOK 3.9 billion at the end of 2016, equivalent to 9 per cent of Aker's total assets.

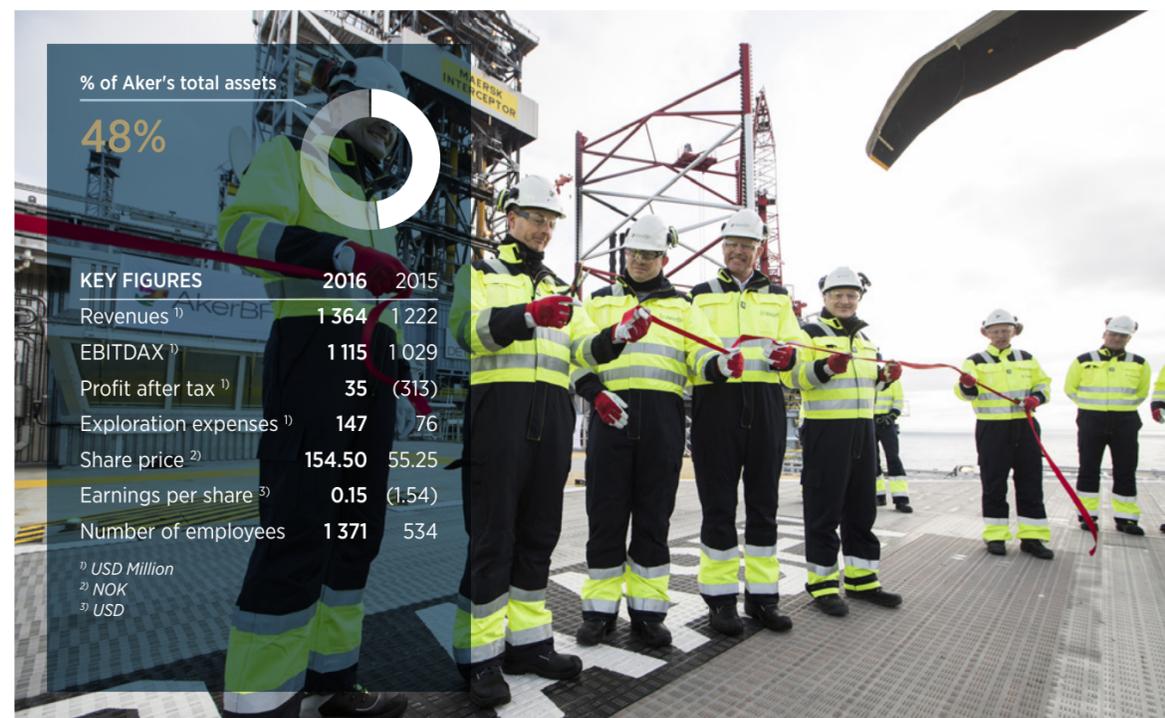
AKER'S OWNERSHIP AGENDA

Aker Solutions is delivering orders and projects satisfactorily in a demanding oil service market. It is simultaneously reducing its cost base through meas-

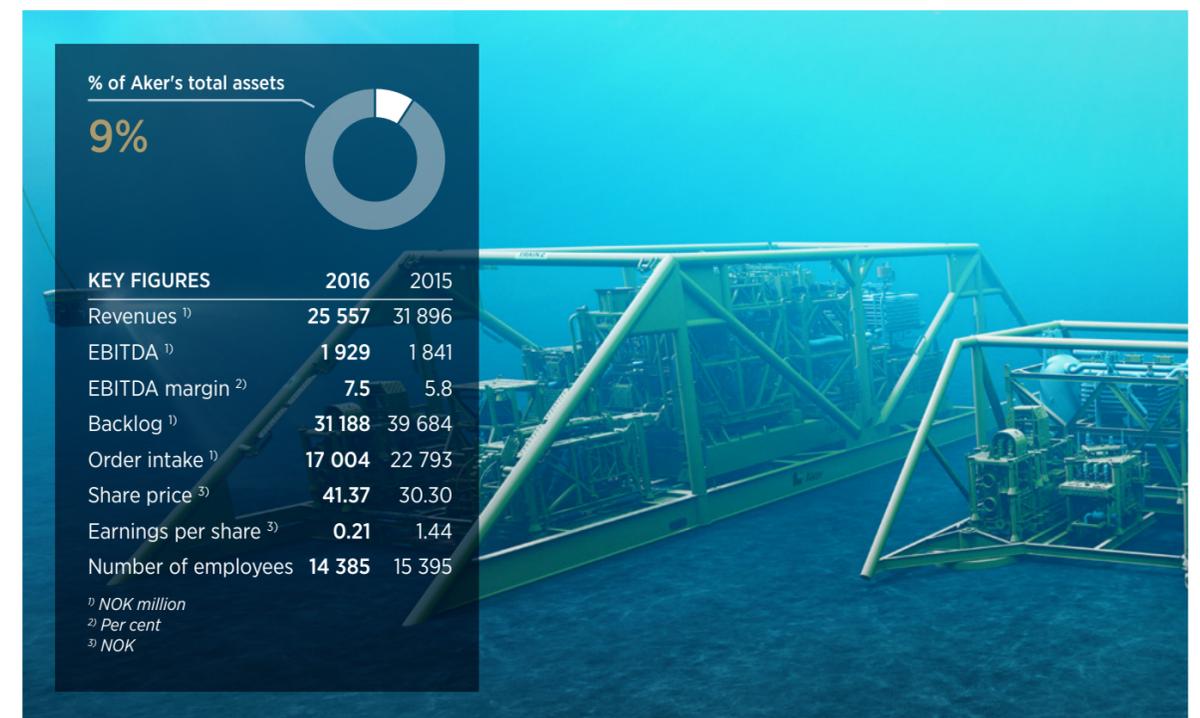
ures and steps to secure operational improvements. Capital discipline has high priority, and the company's balance sheet is robust. This provides a strong platform for the further development of Aker Solutions.

Aker is focused on ensuring that Aker Solutions wins new contracts with satisfactory margins. To succeed in this regard, the company must develop first-class customer relationships and remain focused on further operational improvements and optimisation of its capital base. At the same time, the global oil service industry is consolidating, and Aker Solutions has entered into several cooperation agreements and alliances. Aker is taking an active approach in its capacity in order to strengthen Aker Solutions' industrial operations in the international market.

For more information, see [page 15](#) and www.akersolutions.com.



Oil production from the Ivar Aasen field start on 24 December 2016. The picture shows the official opening of the field by Minister of Petroleum and Energy Terje Søviknes in February 2017.



Aker Solutions expects to reduce the size and weight of future subsea compression systems by at least half, greatly lowering investment and installation cost

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AKASTOR

BOARD CHAIRMAN:
Frank O. Reite

CEO:
Kristian Røkke

AKER'S TOTAL OWNERSHIP:
36.7%

Akastor ASA

Akastor is an oil service investment company with a portfolio of companies. It has a flexible mandate to engage in active ownership and long-term value creation.

AKER'S ENGAGEMENT

Aker owns 70 per cent of the shares in Aker Kværner Holding AS, which owns 40.3 per cent of the shares in Akastor, giving Aker an equity interest in Akastor equivalent to 28.2 per cent. Aker also owns 8.5 per cent of the shares in Akastor directly. Frank O. Reite and Øyvind Eriksen represent Aker on Akastor's board of directors.

In 2016, Akastor's share price rose from NOK 12.00 to NOK 16.20. Aker's shareholding was valued at NOK 1.6 billion at the end of 2016, equivalent to 4 per cent of Aker's total assets.

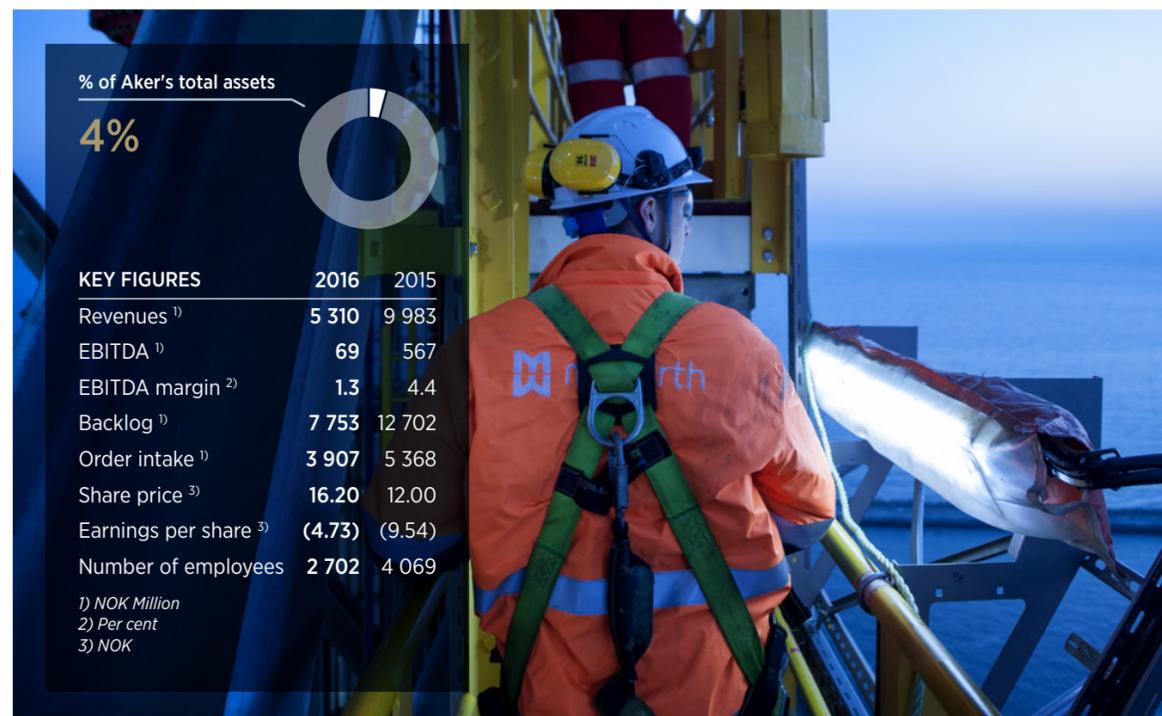
AKER'S OWNERSHIP AGENDA

Aker encourages Akastor to play an active role in the transactional market. In 2016, Akastor released NOK 2.6 billion through transactions. Akastor's largest investment, MHWirth, has cut capacity

and cost levels significantly. Akastor's liquidity reserve totalled NOK 3.1 billion at year end, leaving the company well equipped to take on markets which continue to present challenges.

Akastor is driving forward efforts to reduce costs in its portfolio companies, make operational improvements, take the strategic initiative and reinforce competitiveness. These steps are being taken pursuant to the company's strategic value-creation plan. Aker's priority is for Akastor to develop and realise the value of the portfolio companies. Transactions completed in 2016 show that Akastor's portfolio companies have an added value which becomes visible in larger, more effective units in industrial constellations.

For more information, see [page 16](#) and www.akastor.com.



Akastor's largest investment, MHWirth, has cut capacity and cost levels significantly in 2016.

KVÆRNER

BOARD CHAIRMAN:
Leif-Arne Langøy

CEO:
Jan Arve Haugan

AKER'S TOTAL OWNERSHIP:
28.7%

Kvaerner ASA

Kvaerner plans and executes complex field developments and solutions for the oil and gas industry.

AKER'S ENGAGEMENT

Aker owns 70 per cent of the shares in Aker Kværner Holding AS, which in turn owns 41 per cent of the shares in Kvaerner. Aker thus indirectly owns 28.7 per cent of Kvaerner. Kjell Inge Røkke represents Aker on Kvaerner's board of directors.

In 2016, Kvaerner's share price rose from NOK 8.22 to NOK 12.10 as at 31 December 2016. Aker's shareholding was valued at NOK 0.9 billion at the end of the year, equivalent to 2 per cent of Aker's total assets

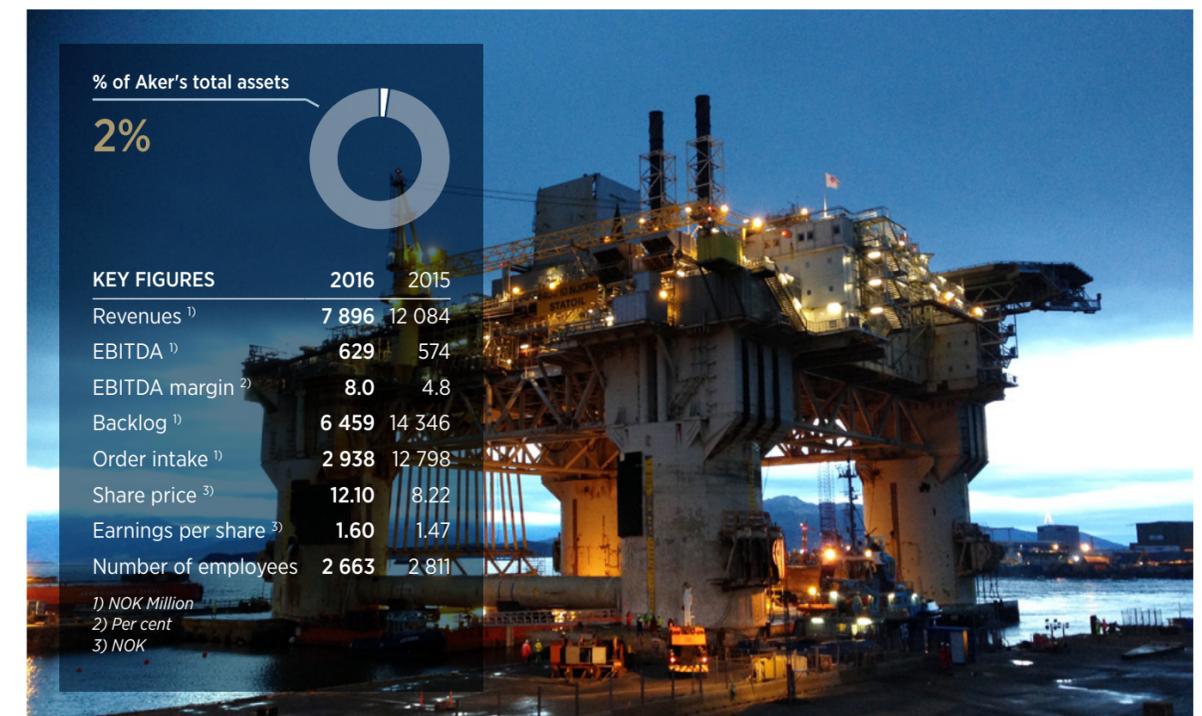
AKER'S OWNERSHIP AGENDA

Kvaerner is a leading supplier of engineering, procurement and construction (EPC) services on the Norwegian continental shelf. In a market that offers

relatively few projects and thus remains challenging, the company needs to secure new contracts to maintain its activity level in 2017 and beyond.

Kvaerner's project portfolio developed as planned in 2016 in terms of both quality and budgets. Kvaerner is in a robust financial position, with cash holdings of NOK 3.0 billion and no interest-bearing debt as at 31 December 2016. In its ownership capacity, Aker is focused on ensuring that Kvaerner delivers first-class project completion and maintains its targeted, systematic efforts to improve productivity and cost efficiency.

For more information, see [page 16](#) and www.kvaerner.com.



In April 2016, Kvaerner signed a framework agreement with Statoil for an upgrade of the semi-submersible platform Njord A.

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BOARD CHAIRMAN:
Frank O. Reite

CEO:
Lars Solbakken

AKER'S TOTAL OWNERSHIP:
66.2%

Ocean Yield ASA

Ocean Yield charters modern vessels on long-term contracts, which offers foreseeability with respect to future earnings and dividend capacity.

AKER'S ENGAGEMENT

Aker owns 66.2 per cent of the shares in Ocean Yield. In 2016, Ocean Yield's share price fell from NOK 68.50 to NOK 65.00. The company paid a dividend of USD 0.68 (NOK 5.80) per share. Aker's shareholding was valued at NOK 6.4 billion by year-end, equivalent to 15 per cent of Aker's total assets. Frank O. Reite and Kjell Inge Røkke represent Aker on Ocean Yield's board of directors.

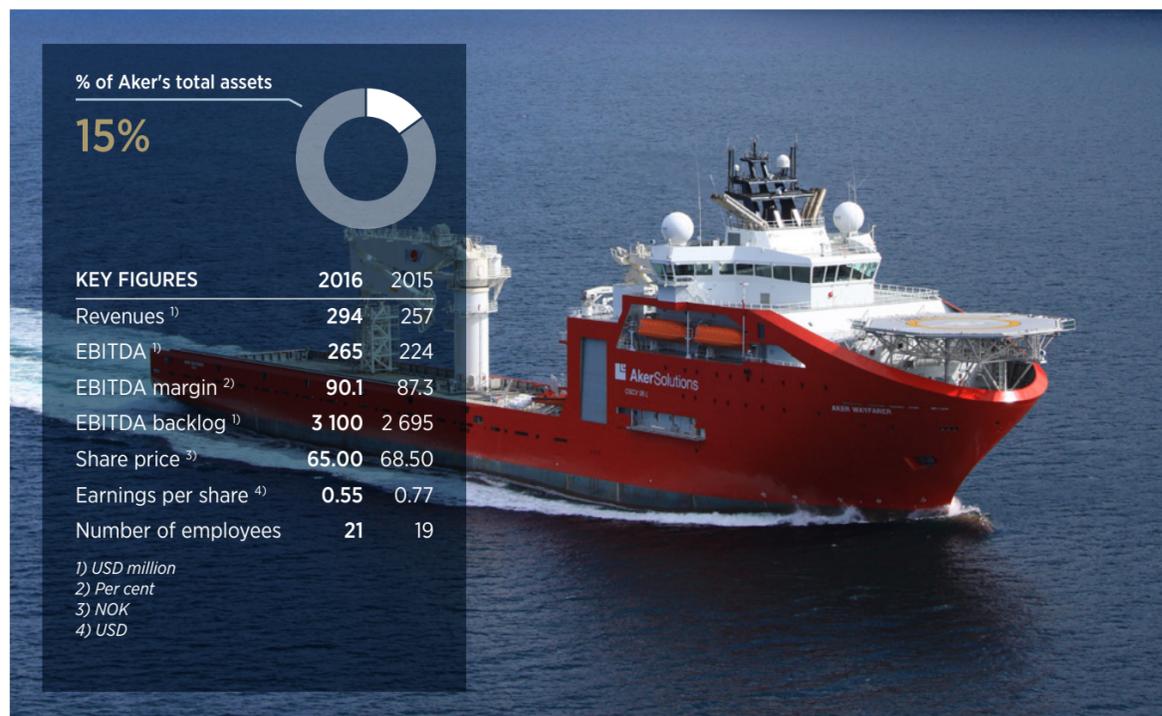
AKER'S OWNERSHIP AGENDA

Ocean Yield completed a NOK 862 million share issue in 2016. Aker did not to participate in the capital increase, reducing its ownership interest from 73 to 66.2 per cent. The decision was taken in accordance with Aker's aim of owning a smaller proportion of a growing Ocean Yield. Ocean Yield also reinforced its capital base by NOK 750 million through the issue of a new unsecured bond loan.

In 2016, Ocean Yield invested more than USD 550 million. The company entered a new segment, namely the container market. New investments boosted the order reserve, bringing the company's EBITDA order reserve to USD 3.1 billion by year-end.

Ocean Yield has a strong foundation for growth and diversification of its portfolio in terms of both counterparty risk and target segments. Aker's view of the market remains positive. Ocean Yield is expected to be a substantial contributor to Aker's dividend receipts going forward. Aker is focused on optimising Ocean Yield's capital structure, reducing capital costs and close monitoring of counterparties in the portfolio. Collectively, these measures will secure earnings and dividends growth.

For more information, see [page 16](#) and www.oceanyield.no.



Ocean Yield continued on its growth path in 2016. The vessel portfolio grew from 17 to 31, and three further vessels are under construction.



BOARD CHAIRMAN:
Ola Snøve

CEO:
Matts Johansen

AKER'S TOTAL OWNERSHIP:
99.5%

Aker BioMarine AS

Aker BioMarine is an integrated biotechnology company that develops, markets and sells krill-based ingredients for both the consumer and animal-feed markets.

AKER'S ENGAGEMENT

Aker owns 99.51 per cent of the shares in Aker BioMarine. The shareholding is valued at NOK 1.4 billion (book value). This equates to 3 per cent of Aker's total assets at 31 December 2016.

Ola Snøve, Kjell Inge Røkke, Øyvind Erikson and Frank O. Reite represent Aker on the company's board of directors.

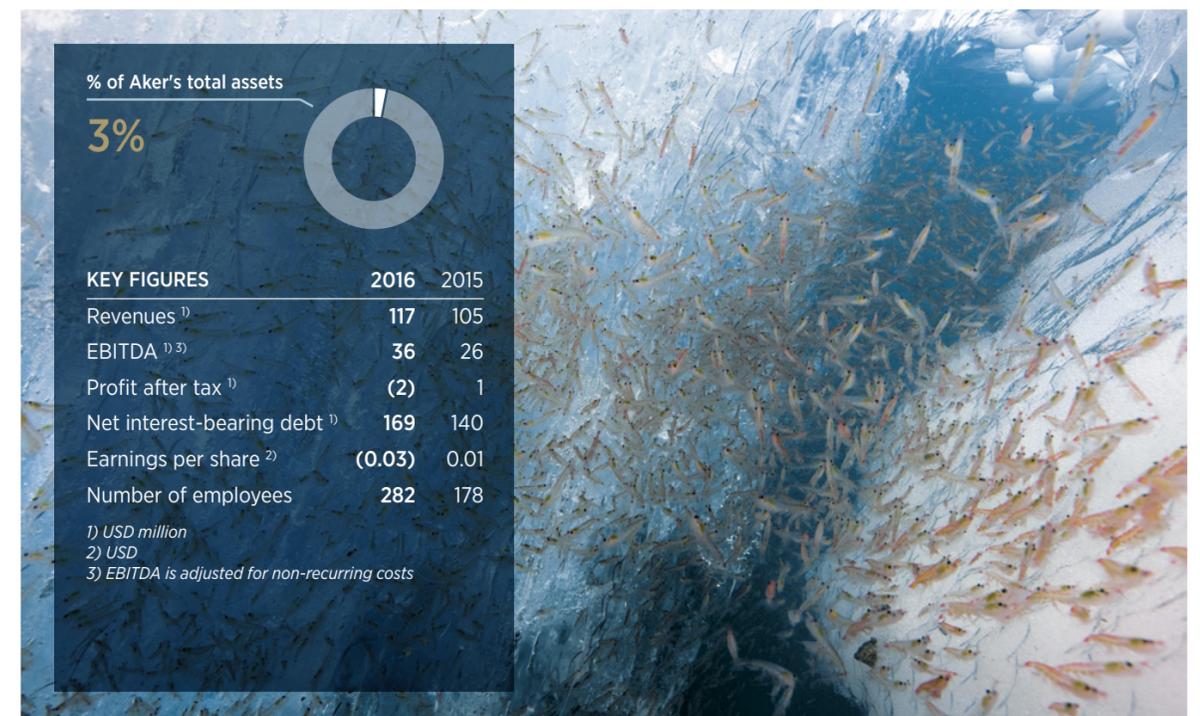
AKER'S OWNERSHIP AGENDA

Aker BioMarine is vertically integrated and controls the entire supply chain, from sustainable krill harvesting in the Antarctic to innovative product development, production, logistics and marketing. Over a 10-year period, the company has built long-term partnerships with leading branded consumer goods companies, environmental protection organisations and researchers.

Superba™ Krill Oil, the company's brand ingredient in the Omega-3 consumer market, has established itself as the global market leader. Demand for Qrill™ Aqua, a feed supplement for the aquaculture industry, continues to grow, and the product range has been expanded with feed ingredients for pets.

Profitable growth is at the top of Aker's agenda for its ownership of Aker BioMarine. This entails a focus on the establishment of effective value chains in the industries Aker BioMarine supplies. Aker is working to maximise Aker BioMarine's underlying value, and continuing to assess strategic opportunities for further growth and making Aker's investment more liquid.

For more information, see [page 16](#) and www.akerbiomarine.com.



The krill harvesting season – the best in the company's history – closed in September 2016.

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Financial investments totalled NOK 8.0 billion at the end of 2016, including NOK 4.5 billion in cash. This equates to 18 per cent of the gross asset value of Aker ASA and holding companies.

The Financial investments segment encompasses cash, liquid fund investments, equity investments in listed companies such as American Shipping Company, Cxense, Philly Shipyard and Solstad Offshore, real estate and other assets. The aim is to develop, maximise and realise investments.

Cash reserves of NOK 4.5 billion and liquid fund investments of NOK 0.4 billion give Aker financial flexibility.

Aker established a NOK 1.0 billion drawing right which will run until 22 February 2020. Aker also took up a USD 250 million bank loan as part of the financ-

ing arrangement for the purchase of 33.8 million Aker BP shares from BP plc. In the fourth quarter of 2016, the dollar loan was reduced by USD 25 million, equal to the dividend received from Aker BP.

As at 31 December 2016, the total outstanding bond debt amounted to NOK 6.4 billion. Bank debts totalled NOK 1.9 billion, while the unused credit facility stood at NOK 1.0 billion.

The financial investments in the listed companies American Shipping Company, Philly Shipyard, Solstad Offshore and Cxense were valued at NOK 1.1 bil-

lion at the end of 2016. Over the course of the year, Aker invested NOK 55 million in shares in the listed technology company Cxense. Aker has an interest in innovative technology and knowledge institutions.

Other financial investments totalled NOK 1.6 billion at the end of 2016. These include interest-bearing receivables of NOK 1.0 billion and equity investments in unlisted companies. In 2016, the portfolio of unlisted companies was written down by a total of NOK 260 million.

For more information, see [page 17](#).

Alternative Performance Measures

Aker ASA refers to alternative performance measures with regards to Aker ASA and holding companies' financial results and those of its portfolio companies, as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are frequently used by securities analysts, investors and other interested parties, and they are meant to provide an enhanced insight into operations, financing and future prospects of the group. The definitions of these measures are as follows:

- **EBITDA** is operating profit before depreciation, amortisation, and impairment charges.
- **EBITDA margin** is EBITDA divided by revenue.
- **EBITDAX** is operating profit before depreciation, amortisation, impairment charges and exploration expenses.
- **Equity ratio** is total equity divided by total assets.
- **Gross asset value** is the sum of all assets, determined by applying the market value of exchange-listed shares, while book value is used for other assets.
- **Kboed** is thousand barrels of oil equivalent per day
- **Net Asset Value ("NAV")** is gross asset value less liabilities.
- **NAV per share** is NAV divided by the total number of outstanding Aker ASA shares.
- **Net interest-bearing receivable/debt** is cash, cash equivalents and interest-bearing receivables (current and non-current), minus interest-bearing debt (current and non-current).
- **Order intake** includes new signed contracts in the period, in addition to expansion of existing contracts. The estimated value of potential options and change orders is not included.
- **Order backlog** represents the estimated value of remaining work on signed contracts.
- **Value-adjusted equity ratio** is NAV divided by gross asset value.

KEY FIGURES FINANCIAL INVESTMENTS		
NOK million	31.12.16 Value	31.12.15 Value
Cash	4 466	1 488
Liquid fund investments	410	415
Listed financial investments	1 055	1 906
Real estate	426	1 870
Other financial investments	1 594	2 016
Total financial investments	7 951	7 693

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Aker celebrated its 175th anniversary in 2016 – a good year for shareholders as illustrated by value growth and a 106 per cent return in terms of share price growth plus distributed dividends. This is the result of focused and systematic efforts over many years.

On the Oslo Stock Exchange, Aker ASA* and the industrial portfolio companies developed positively in 2016. In stark contrast to this was the tragic helicopter accident at the Turøy island in Hordaland County, and downsizing within the oil and gas related businesses.

The loss of four Aker Solutions employees puts the group's daily operations into a deeper perspective. It is a heavy burden for the organisation to carry, though it is even heavier for the families who have lost their loved ones.

Declining activity levels in the oil service market led portfolio companies to implement capacity adjustments and downsizing.

1. KEY DEVELOPMENTS IN 2016

The net asset value (NAV) of Aker and

holding companies rose 69 per cent to NOK 34.3 billion as at year-end 2016, dividends paid included. NAV stood at NOK 462 per share, compared with NOK 282 per share as at year-end 2015. NAV is a core performance indicator at Aker and is determined by applying the market value of exchange-listed shares and book value for other assets. NAV is a key determinant of the company's dividend.

Aker BP alone boosted Aker's NAV by NOK 12.9 billion in 2016. The merger between Det norske oljeselskap (49.99 per cent owned by Aker) and BP Norway (100 per cent owned by BP plc) to form Aker BP was well received in the market. In connection with the merger, Aker purchased USD 318 million worth of Aker BP shares from BP plc, to retain its position as the largest shareholder in the new company.

* Aker ASA refers to the parent company.

** Aker refers to Aker ASA and holding companies, as listed in [Note 1](#) to the annual accounts of Aker ASA and holding companies.

Aker Group refers to Aker ASA and subsidiaries consolidated into the Group accounts, as listed in [Note 9](#) to the annual accounts of the Aker Group.



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Crude oil prices were volatile throughout 2016, fluctuating between USD 27 and USD 57 per barrel. While the price trend over the year as a whole was positive, oil and gas activity levels continued to decline. Costs have been reduced to strengthen competitiveness, while capacity has been adjusted to lower anticipated future activity levels. Despite challenging market conditions, Aker's equity investments in the oil service companies Aker Solutions, Akastor and Kvaerner appreciated in value in 2016, collectively increasing Aker's NAV by NOK 1.8 billion.

Including dividends, Ocean Yield also made a positive contribution, as did the whitefish harvesting company Havfisk, which boosted Aker's assets by NOK 527 million including dividends. Aker received and accepted an offer from Lerøy Seafood Group to purchase Aker's 63.2 per cent stake in Havfisk and its 73.6 per cent shareholding in the

processing company Norway Seafoods. Aker had been an industrial owner in the Norwegian fisheries sector since 1996. Ownership has now passed to an industrial owner with ambitions for the Norwegian seafood industry. The share sales released just over NOK 2 billion in 2016.

Aker further enhanced its financial strength through the receipt of dividends from the portfolio companies (upstream cash flow) of NOK 1 430 million in 2016, up NOK 90 million from 2015. Ocean Yield again increased its dividend payment, to NOK 567 million. In the fourth quarter of the year, Aker BP paid a dividend of NOK 209 million to Aker, the first dividend received by Aker since entering the E&P sector 17 years ago. Aker BP has put in place a robust industrial and financial platform for foreseeable dividend payments going forward. So too has Ocean Yield.

Aker's book equity ratio was 57 per cent, while cash and liquid fund investments stood at NOK 4.9 billion. Gross interest-bearing debt as at year-end 2016 amounted to NOK 8.3 billion and net interest-bearing liabilities amounted to NOK 2.8 billion.

Shareholders achieved a return of 106 per cent in 2016, including both share price growth and dividends. By way of comparison, the Oslo Stock Exchange Benchmark Index ("OSEBX") rose by 12 per cent. The discount of Aker's share price to NAV was at 30 per cent at year-end 2016, down from 42 per cent at year-end 2015. The company's historical average is approximately 35 per cent.

On 22 April 2016, Aker ASA's annual general meeting approved the distribution of a NOK 10 per share ordinary dividend for 2015.

The board of directors recommended a cash dividend of NOK 16 per share for 2016. The proposal corresponds to a 5.0 per cent yield on the share price at the close of 2016 and represents 3.5 per cent of NAV. This is in line with the dividend policy of paying out 2-4 per cent of NAV.

2. BUSINESS OPERATIONS AND LOCATION

Aker ASA is an industrial investment company with a history dating back to 1841. The company is domiciled in Norway, with headquarters at Fornebu.

As an active owner and equity investor, Aker employs its financial strength and industrial knowledge to develop the operating companies in its portfolio further. Through its participation on the boards of its portfolio companies, Aker drives operational and strategic improvement, assists with financing and restructuring, and influences industrial transactions. Aker strives to establish long-term profitable growth, competitive market positions and sound organisational cultures in all its portfolio companies. The aim is to ensure sustainable value creation for all shareholders.

Aker's investments are divided into two portfolios: Industrial holdings and Financial investments. As at year-end

2016, Aker was directly or indirectly the largest shareholder in eight companies listed on Oslo Stock Exchange.

a. Industrial holdings

Aker's industrial holdings are the company's long-term investments and comprise six companies, of which five are listed. These include the integrated exploration and production company Aker BP; the oil services company Aker Solutions; the oil services investment company Akastor; the engineering, procurement and construction company Kvaerner; the ship-owning company Ocean Yield; and the marine biotechnology company Aker BioMarine.

The value of Aker's industrial holdings amounted to NOK 35.1 billion as at 31 December 2016, equivalent to 82 per cent of Aker's value-adjusted total assets, up from NOK 20.2 billion at year-end 2015. This increase is due to a net positive value change of NOK 15.4 billion, of which dividends paid to Aker comprise NOK 0.9 billion. Aker has also invested NOK 2.6 billion in Aker BP shares in connection with Det norske oljeselskap's merger with BP Norway. The whitefish harvesting company Havfisk, which was previously part of Aker's industrial portfolio, was sold for NOK 2.2 billion in 2016.

The value increases, dividends included, of the industrial holdings were NOK 12.9 billion for Aker BP, NOK 1.05 billion for Aker Solutions, NOK 527 million for Havfisk, NOK 422 million for Akastor, NOK 300 million for Kvaerner, and NOK 223 million for Ocean Yield.

The book value of Aker's non-listed holding, Aker BioMarine, remained at NOK 1.4 billion as per 31 December 2016.

Aker BP

Aker BP is an independent exploration and production (E&P) company operating on the Norwegian continental shelf (NCS).

In 2016, Det norske oljeselskap merged with BP Norway to form Aker BP. In connection with the transaction, Aker invested USD 318 million in shares in the merged company to maintain its position as the largest shareholder. Aker's

stake in Aker BP now totals 40 per cent. BP holds 30 per cent of the shares in Aker BP, while other shareholders own the remaining 30 per cent of shares traded on Oslo Stock Exchange.

2016 was an eventful year for Aker's E&P portfolio company as it continued to invest counter-cyclically while oil prices are low. In the first quarter, it acquired both assets from Centrica and Noreco's Norwegian portfolio. The Det norske-BP Norway merger was announced in the second quarter and completed in the third. The fourth quarter saw the announcement of the purchase of eight licences on the NCS from Tullow Norway. The Ivar Aasen field – for which Aker BP is the operator – began production on Christmas Eve. The plan for development and operation, with a total budget of NOK 27.4 billion, was submitted in 2012. The project has been completed in a challenging market, and individual deliveries have proven to be far costlier than planned. Nonetheless, the Ivar Aasen team has delivered a field development within the overall budget, on time and, most importantly, without any serious accidents. In addition, the Aker BP-operated Alvhheim field produced efficiently and safely throughout 2016.

Aker BP's production averaged 118 200 barrels of oil equivalents per day in 2016, of which the Alvhheim field contributed approximately 62 300 barrels. As at year-end, Aker BP had proven and probable reserves (P50) of 711 million barrels of oil equivalents, as well as contingent resources totalling 600 million barrels of oil equivalents. In the company's view, the existing portfolio offers has the potential to produce 270 000 barrels of oil equivalents per day after 2023.

The company continued its improvement programme to reduce costs and maximise operational and exploration efficiency in 2016. The aim is to achieve profitable growth.

Aker BP's operating revenues totalled USD 1.4 billion in 2016, compared with USD 1.2 billion achieved by Det norske in 2015. EBITDAX amounted to USD 1.1 billion, up from USD 1.0 billion the pre-

vious year. Aker BP's balance sheet is robust, and the company had a liquidity buffer of USD 2.5 billion at year-end.

The aim for 2017 is for Aker BP to produce between 128 000 and 135 000 barrels of oil equivalents per day. At present, Aker BP operates almost 100% of the portfolio of producing fields, providing a strong foundation for further development and value creation.

The company has adopted ambitious targets for growth in the existing portfolio and through value-generating transactions. In its capacity as an owner, Aker sees the NCS as an attractive investment region due to both strong prospectivity and a tax system that encourages new investments. Aker supports Aker BP's plans for profitable growth, and will drive forward efforts to promote smarter and more efficient working through collaboration models and digitisation. Aker intends to help make the Norwegian continental shelf an international benchmark for safe, profitable offshore petroleum production that is as environmentally friendly as possible.

The Aker BP share was priced at NOK 154.50 on 31 December 2016, compared with NOK 55.25 at the end of 2015. This equates to a price rise of 180 per cent. Aker BP paid its first dividend in the fourth quarter of 2016. The dividend totalled USD 62.5 million, of which Aker received 40 per cent. The oil company aims to pay a dividend of at least USD 250 million per year, and to increase this amount once the Johan Sverdrup field starts production.

Aker Solutions

Aker Solutions is a global oil services company that provides services, technologies, and product solutions within subsea and field design. The company operates in niches with high barriers to entry and is set up to generate an attractive return on capital through an asset-light business model.

Aker Solutions' performance has been negatively impacted by lower activity levels in the oilfield services market on the Norwegian continental shelf. The large North Sea Johan Sverdrup devel-



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opment, where Aker Solutions has an engineering framework agreement has been important.

Aker Solutions has a strong geographical footprint extending beyond the Norwegian continental shelf. Aker Solutions has further strengthened its position through the acquisition of 70 per cent of the shares in C.S.E Mecânica in Brazil, which delivers services to Brazilian oil and gas fields. Aker Solutions also has an option to purchase the remaining 30 per cent of the company. Aker Solutions now has significant operations in the MMO market in Brazil, Canada and Brunei, in addition to its North Sea operations.

In 2016, Aker Solutions delivered satisfactorily on its order and project portfolio. The company has made substantial capacity adjustments over the past two years to address reduced activity levels in the market. It is also reducing its cost base by taking measures and steps to secure operational improvements and organisational simplification of the business. This is strengthening the company's competitiveness and laying a strong foundation for improved profitability.

Aker Solutions' operating revenues totalled NOK 25.6 billion in 2016, representing a drop of 20 per cent from the previous year. EBITDA totalled NOK 1.9 billion, compared to NOK 1.8 billion in 2015. Restructuring and non-recurring costs of NOK 649 million were recorded in 2016. The company maintains a solid financial position and had a liquidity reserve of NOK 7.5 billion at year-end 2016.

Aker Solutions' order intake in 2016 amounted to NOK 17 billion, while the year-end backlog totalled NOK 31.2 billion, equal to 1.2 times 2016 sales.

In its ownership capacity, Aker is focused on ensuring that Aker Solutions wins new contracts with satisfactory margins. To succeed in this regard, the company must continue to develop first-class customer relationships and remain focused on further operational improvements and optimisation of its capital base. At the same time, the global oil service industry is consolidat-

ing, and Aker Solutions has entered into several cooperation agreements and alliances. Aker is taking an active approach in its capacity as owner in order to strengthen Aker Solutions' industrial operations in the international market.

Aker Solutions' shares closed the year at NOK 41.37, up from NOK 30.30 as at year-end 2015. This represents a rise in the share price of 37 per cent. The board of Aker Solutions has proposed not paying a dividend for the 2016 fiscal year.

Akator

Akator is an oil services investment company with a portfolio of industrial holdings and other investments. The company has a flexible mandate for active ownership and works to release the value potential of its businesses through organic growth and M&A.

In 2016, Akator released approximately NOK 2.6 billion through value-generating transactions. The company has sold Fjords Processing and Frontica Business Solutions, and entered into a 50/50 joint venture with Mitsui relating to ownership of the specialist offshore vessel Skandi Santos. Further, Frontica Advantage was merged with NES Global Talent, with Akator receiving payment in shares. The completion of this transaction in January 2017 has given Akator a 15.2 per cent stake in an international staffing company.

Akator is working closely with its portfolio companies to implement operational improvements, cost reductions and strategic initiatives to strengthen the company's competitiveness and position in challenging markets. The drilling technology company MHWirth is Akator's largest investment. As a result of the sharp decline in the rig market, no new offshore drilling package has been ordered anywhere in the world in the past two years. The service and aftermarket services segment, on the other hand, remained satisfactory and profitable in 2016. The company's cost level has been adapted to the ongoing difficult market situation.

Akator's operating revenues totalled NOK 5.3 billion in 2016, down from

NOK 10.0 billion in 2015. EBITDA totalled NOK 69 million, compared with NOK 567 million the previous year. Akator had a liquidity reserve of NOK 3.1 billion at year-end 2016, and is well equipped to operate in today's challenging markets.

Aker's priority as owner is for Akator to develop and realise the value of the portfolio companies. Transactions completed in 2016 show that Akator's portfolio companies have an added value which becomes visible in larger, more effective units in industrial constellations. These efforts are continuing.

Akator's shares closed the year at NOK 16.20, up from NOK 12.00 as at year-end 2015. This equates to a share-price increase of 35 per cent. No dividend has been proposed for the fiscal year 2016.

Kvaerner

Kvaerner is a specialised supplier of offshore constructions and onshore process plants for upstream oil and gas projects. One of the company's competitive strengths is its ability to take on projects encompassing engineering services, procurements and fabrication services under a single contract. The engineering, procurement and construction (EPC) market was characterised by a shortage of new projects in 2016. Kvaerner's project portfolio developed as planned and in accordance with quality standards and budgets.

Kvaerner has a constant focus on enhancing production efficiency at its yards, adjusting capacity and developing its delivery models to improve competitiveness. The improvements are being applied to ongoing projects as well new tenders, in order to ensure profitability amid lower activity levels. The framework agreement with Statoil to rebuild the Njord A platform and the first assignments under the agreement were Kvaerner's most important contracts in 2016.

Kvaerner had operating revenues of NOK 7.9 billion in 2016, compared to NOK 12.1 billion the previous year. EBITDA totalled NOK 629 million in 2016, up from NOK 574 million in 2015. In 2016, Kvaerner received a USD 70 million

settlement payout in respect of claims arising from the Longview Power project. At year-end 2016, Kvaerner held NOK 3.0 billion in cash and had no interest-bearing debt.

Kvaerner's order intake totalled NOK 2.9 billion in 2016, while the backlog amounted to NOK 6.5 billion at the end of the year.

The company expects market conditions to remain difficult in 2017. Kvaerner's most important short-term task is to deliver ongoing projects in line with customer expectations and to win new contracts.

In its ownership capacity, Aker is focused on ensuring that Kvaerner delivers first-class project completion and maintains its targeted, systematic efforts to improve productivity and cost efficiency.

Kvaerner's shares closed at NOK 12.10 as per 31 December 2016, compared with NOK 8.22 as at the end of 2015. This equates to an increase in the share price of 47 per cent. The board of Kvaerner has proposed not paying a dividend to maintain a strong balance sheet and cash position.

Ocean Yield

Ocean Yield primarily owns vessels on long-term bareboat contracts. The company's mandate is to build a diversified portfolio of modern vessels within oil service and shipping, targeting fixed charters to creditworthy counterparties.

Ocean Yield continued on its growth path in 2016. The vessel portfolio grew from 17 to 31, and three further vessels are under construction. Over the course of 2016, Ocean Yield invested more than USD 550 million, significantly exceeding its annual target of USD 350 million. The investments have been made in vessels on long-term charters with robust counterparties. The portfolio was diversified in 2016 in terms of both segments and customer base.

With a temporary NOK 1 billion credit facility from Aker, Ocean Yield also entered a new segment, namely the container freight market, investing USD 162 million in a 49.5 per cent share in

six new-build container vessels. Later in 2016, Ocean Yield raised capital in the stock and bond markets to fund further growth.

In August, the company completed a NOK 862 million share issue, in which Aker did not participate. As a result, Aker's ownership interest has been reduced from 73 per cent to 66.2 per cent. This is consistent with Aker's stated aim of owning a small proportion of a larger, growing Ocean Yield to create better liquidity of the share over time. In September, the company further strengthened its capital base through the issue of a new, unsecured NOK 750 million bond loan.

Ocean Yield had operating revenues of USD 294 million in 2016, compared to USD 257 million in 2015. EBITDA was USD 265 million, compared with USD 224 million in the previous year. The company mainly has solid counterparts, but the demanding situation in the oil service market is causing financial difficulties for companies in the offshore service vessel market. Three of Ocean Yield's vessels are on charter to shipping companies that were negotiating with creditors and other parties to secure amended terms as at year-end 2016. The three vessels accounted for 11 per cent of Ocean Yield's backlog at the end of the year.

As at 31 December 2016, Ocean Yield had an EBITDA backlog of USD 3.1 billion, and an average EBITDA-weighted residual charter period of 11.1 years. The company still aims to pay an attractive quarterly dividend backed by strong underlying earnings growth.

Ocean Yield has a strong foundation for continued targeted growth and diversification of its shipping portfolio. Future growth will primarily occur through the purchase of maritime assets under long contracts, and Aker's view of the market remains positive. Ocean Yield is expected to continue to be a substantial contributor to Aker's dividend receipts going forward. Furthermore, in its capacity as owner, Aker is focused on optimising Ocean Yield's capital structure, reducing capital costs and close monitoring of coun-

terparties in the portfolio. Collectively, these measures will secure profitable earnings and dividend growth.

Ocean Yield's shares stood at NOK 65.00 as at 31 December 2016, down from NOK 68.50 as at the end of 2015. Ocean Yield paid a total dividend of USD 0.68 per share in 2016, corresponding to NOK 5.80 per share.

The board of Ocean Yield proposed a dividend payment of USD 0.1825 per share for the fourth quarter of 2016. Accordingly, Aker received approximately USD 18 million through its 66.2 per cent ownership interest in Ocean Yield in March 2017.

Aker BioMarine

Aker BioMarine is a fisheries and biotechnology company that harvests krill in the Southern Ocean and develops, manufactures, markets and sells krill-based ingredients to the consumer health and wellness and fish and animal nutrition markets.

The company is vertically integrated and controls the entire supply chain, from krill harvesting in the Antarctic to innovative product development, production, logistics and marketing. Over a 10-year period, the company has built long-term partnerships with leading branded consumer goods companies, NGOs and researchers.

Aker BioMarine's core products are Krill™ Aqua, a value-added ingredient for the aquaculture industry and Superba™ Krill Oil, a phospholipid omega-3 dietary supplement. The market for Krill™ products continued to develop favourably during 2016. Superba™ Krill Oil, the company's brand ingredient in the Omega-3 consumer market, has established itself as the global market leader. Total demand for Omega-3 continued to fall in 2016. Sales of Superba™ Krill Oil, grew in the second half of the year, but were also down on a full-year basis compared to 2015.

The company completed its best-ever krill harvesting season in September 2016. The vessels commenced the following season's harvesting in December 2016.

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Aker BioMarine's krill oil factory in Houston is producing at design capacity and delivering innovative new Superba™ krill oil products using the company's patented Flexitech™ technology. Superba™ 2 and Superba™ Boost were launched in the market in the first half of 2016.

Aker BioMarine has established a robust platform for future growth and is well positioned to expand geographically and move its products into higher price segments, through a strong supply chain, a solid innovation product pipeline, and stable long-term partnerships with customers. The company holds U.S. krill oil patents which cover its production process and product recipes. Aker BioMarine settled ongoing litigation with Neptune Technologies & Bioresources in 2016, thereby securing broader patent protection. The company is currently suing Olympic Seafood and related companies for patent infringement.

Aker BioMarine reported total revenues and other income of USD 117 million in 2016, compared to USD 105 million in 2015. EBITDA amounted to USD 36 million, up from USD 26 million in the previous year. Through targeted efforts, the company has cut cost levels and thereby improved its competitiveness and profitability. Aker BioMarine is planning to invest in a new, modern krill vessel, and is preparing for a refinancing. The company's loan facilities totalling USD 172 million, of which NOK 305 million is guaranteed by Aker, mature in the second quarter of 2018.

Its shares had a book value of NOK 1.4 billion as at 31 December 2016, the same as the previous year. Profitable growth is at the top of Aker's agenda for its ownership of Aker BioMarine. This entails a focus on the establishment of effective value chains in the industries Aker BioMarine supplies. Aker continues to assess strategic opportunities for further growth.

b. Financial investments

Financial investments comprise all Aker assets not defined as industrial holdings, including cash, liquid fund investments, other listed investments, real

estate and other investments. The value of Aker's financial investments amounted to NOK 8.0 billion as at 31 December 2016, representing 18 per cent of Aker's value-adjusted total assets, compared to NOK 7 billion as at 31 December 2015.

Aker's cash holdings increased to NOK 4.5 billion in 2016, up from NOK 1.5 billion the previous year. The increase is attributable to dividends of NOK 1.4 billion received from portfolio companies and subsidiaries, the release of NOK 2.3 billion through the sale of the shares in Havfisk and Norway Seafoods, and the receipt of NOK 1.5 billion from the sale of various real estate investments. Aker's largest investment in 2016 was the purchase of shares in Aker BP for NOK 2.6 billion. In 2016, Aker paid NOK 0.7 billion in dividends to the company's shareholders, while its operating and financial costs totalled NOK 0.6 billion. Aker also invested NOK 0.5 billion in shares and convertible bonds in the offshore shipping service provider Solstad Offshore. Aker's cash is conservatively managed, with deposits across several banks with high credit ratings.

In 2016, Aker established a NOK 1.0 billion credit facility which will run until 22 February 2020. Aker also took up a USD 250 million bank loan as part of the financing arrangement for the purchase of 33.8 million Aker BP shares from BP plc. In the fourth quarter of 2016, the dollar loan was reduced using received dividends of USD 25 million.

As at 31 December 2016, the total outstanding bond debt amounted to NOK 6.4 billion. Bank debts totalled NOK 1.9 billion, while the unused credit facility stood at NOK 1.0 billion.

Liquid fund investments in two funds managed by Norron amounted to NOK 410 million as at 31 December 2016, unchanged from the previous year.

The value of other listed investments was NOK 1.1 billion as at year-end 2016, down from NOK 1.9 billion in 2015. The value of Aker's investment in Philly Shipyard was NOK 0.4 billion at the end of 2016, compared to NOK 1.4 billion the previous year. During the year, Aker received NOK 452 million in dividends from Phil-

ly Shipyard. The value of Aker's direct and indirect equity exposure to American Shipping Company (AMSC) fell to NOK 295 million, compared to NOK 538 million in 2015. The drop in the value of AMSC in 2016 must be considered in light of NOK 117 million in dividends paid to Aker and the NOK 183 million previously pledged as collateral, which in 2016 was replaced by guarantees.

In the second quarter, Aker decided to invest NOK 500 million in Solstad Offshore as part of a wider financing plan. The fourth quarter saw completion of a merger between Solstad Offshore and Rem Offshore, and Aker was allocated B-shares in Solstad Offshore in connection with the conversion of Rem Offshore bonds. At year-end 2016, Aker's total investment in Solstad Offshore was valued at NOK 517 million, and Aker had a 28 per cent voting share in the merged shipping company. The market for offshore service vessels is challenging, and Aker intends to participate in the restructuring of this fragmented sector through the industry player Solstad Offshore. The market outlook is still characterised by an over-supply of vessels and pressure on rates.

Aker's total exposure to real estate investments stood at NOK 426 billion as at 31 December 2016, down from NOK 1.9 billion at year-end 2015. The decline is due to the sale of properties to Kjell Inge Røkke and his company The Resource Group TRG. The transaction was approved at Aker's annual general meeting on 22 April 2016. Aker's remaining real estate investments primarily comprise plots of land with significant potential at Fornebu and Aberdeen International Airport in Scotland.

Other financial investments consist of equity investments, internal and external receivables, and other assets. The largest item is a receivable from Ocean Harvest Invest. The value of other financial investments was NOK 1.6 billion as at 31 December 2016, compared to NOK 2.0 billion as at year-end 2015. The drop is due to depreciation of the portfolio of unlisted companies by a total of NOK 260 million.

3. PRESENTATION OF ANNUAL ACCOUNTS

Aker ASA's annual accounts consist of the consolidated financial statements, the separate financial statement of the parent, and the combined financial statements for Aker ASA and holding companies. It is the latter financial statements that are highlighted in Aker's internal and external reporting. The combined accounts show the aggregate financial position of the holding companies, including total available liquidity and net debt relative to the investments in the underlying operational companies. NAV for Aker ASA and holding companies forms the basis for Aker's dividend policy.

Pursuant to section 3-3a of the Norwegian Accounting Act, it is confirmed that the accounts have been prepared based on the assumption that Aker is a going concern and the board confirms that this assumption continues to apply.

a. Combined accounts for Aker ASA and holding companies

Combined income statement

The combined profit and loss account for Aker ASA and holding companies (Aker) shows a pre-tax profit of NOK 2.6 billion for 2016. The corresponding 2015 figure was a profit of NOK 0.6 billion. The change is mainly due to a gain on the sale of Havfisk and an increase in dividends received. In 2016, operating revenues stemmed primarily from the Havfisk divestment and totalled NOK 1.9 billion. The corresponding figure for 2015 was nil. Operating expenses amounted to NOK 198 million in 2016, compared with NOK 219 million in 2015.

Net other financial items (including dividend received, but excluding value changes) amounted to NOK 950 million in 2016, up from NOK 708 million a year before. Dividends received amounted to NOK 1 430 million, while net interest costs, write-downs on receivables and other provisions amounted to minus NOK 480 million. The net value change on shares amounted to minus NOK 8 million in 2016. This drop was primarily due to write-downs of the investments in Align, Trygg Pharma Group and NBT, and was partly offset by the reversal of write-downs in response to increases

in the value of Aker's direct holdings in Akastor and Aker Solutions.

Combined balance sheet

The combined balance sheet of Aker ASA and holding companies shows a total book value for assets of NOK 23.2 billion as at 31 December 2016, including long-term equity investments of NOK 17.4 billion and cash holdings of NOK 4.5 billion. The value-adjusted assets amounted to NOK 43.1 billion as at 31 December 2016. The corresponding 2015 figure was NOK 27.9 billion.

The value of Aker's industrial holdings was NOK 35.1 billion as at 31 December 2016, compared with NOK 20.2 billion at year-end 2015. The change is mainly attributable to value increases for the investments in Aker BP, Aker Solutions, Akastor and Kvaerner. 2016 also saw the investment of NOK 2.6 billion in Aker BP shares, and the sale of Aker's stake in Havfisk for NOK 2.2 billion.

The value of Aker's financial investments amounted to NOK 8.0 billion as at year-end 2016, compared with NOK 7.7 billion as at 31 December 2015. Cash increased from NOK 1.5 billion to NOK 4.5 billion in 2016. The changes are discussed in the Financial investments section above.

Gross interest-bearing liabilities amounted to NOK 8.3 billion as at 31 December 2016, up from NOK 6.5 billion a year earlier. The change is primarily explained by a USD 250 million bank loan. The loan was reduced by USD 25 million in the fourth quarter of 2016.

Net interest-bearing liabilities totalled NOK 2.8 billion as at year-end 2016, down from NOK 3.8 billion at the end of 2015.

Aker's NAV as at 31 December 2016 was NOK 34.3 billion, compared with NOK 20.9 billion at year-end 2015.

b. Group accounts

The main companies included in Aker's consolidated accounts are Aker Solutions, Akastor, Kvaerner, Ocean Yield, Aker BioMarine, Fornebuporten and Philly Shipyard. Havfisk was included as a subsidiary until it was sold on 28 August 2016. Det norske oljeselskap was

included as a subsidiary until 30 September 2016. Since then, it has been accounted for as an associated company (renamed Aker BP).

Profit/loss items for Havfisk and Det norske oljeselskap are presented under "discontinued operations". Corresponding figures from the 2015 financial statements have been restated to show profit/loss for discontinued and continued operations separately.

Income statement

The Aker Group had operating revenues of NOK 43.7 billion in 2016, compared to NOK 58.5 billion the previous year. Total operating expenses came in at NOK 37.9 billion in 2016, compared to NOK 53.3 billion in 2015. The figures for 2015 have been restated to include only continued operations, while the net figures for discontinued operations are shown together on a separate line of the income statement. For further details of discontinued operations, see [Note 8](#) to the group accounts.

The decline in operating revenues is linked with reduced activity for Aker Solutions, Akastor and Kvaerner due to ongoing challenging market conditions in the oil service sector. However, despite the drop in revenues, cost-cutting helped the companies to improve earnings before depreciation and amortisation from NOK 5.1 billion in 2015 to NOK 5.8 billion in 2016.

In 2016, depreciation and amortisation amounted to NOK 2.7 billion, approximately the same figure as for 2015. Impairment charges in 2016 amounted to NOK 1.5 billion, and were primarily due to impairment of capitalised development expenses related to Aker Solutions, production facilities of MH Wirth (Akastor), impairment of AKOFS Seafarer's offshore vessels and impairment of goodwill in connection with Kvaerner's concrete business. Net financial expenses were NOK 2.0 billion in 2016, compared NOK 1.0 billion in 2015. The increase in net financial expenses is primarily due to currency effects, which were positive in 2015 but negative in 2016.

The pre-tax loss from continued operations came in at NOK 1.0 billion in 2016,

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compared to a pre-tax loss from continued operations of NOK 0.7 billion in 2015. Tax expenses in 2016 were NOK 0.3 billion, resulting in a net loss from continued operations of NOK 1.4 billion. In 2015, the tax expense was NOK 0.1 billion, resulting in a net loss from continued operations of NOK 0.8 billion.

Balance sheet

The events with the greatest impact on the group balance sheet in 2016 were divestments during the year and reclassification of Aker BP from a subsidiary to an associated company. As a result, the total assets of the Aker Group amounted to NOK 92.7 billion as at 31 December 2016, compared with NOK 134.5 billion as at year-end 2015. Total non-current assets were NOK 63.1 billion as at 31 December 2016, compared with NOK 92.7 billion at year-end 2015. The Group's total intangible assets decreased to NOK 9.4 billion as at 31 December 2016; the corresponding 2015 figure was NOK 29.9 billion. Of this, goodwill amounted to NOK 7.3 billion at year-end 2016, compared to NOK 16.4 billion as at 31 December 2015. Goodwill has been tested for impairment and write-downs of NOK 0.2 billion were made during 2016. The reduction in goodwill is otherwise attributable to the deconsolidation of Aker BP, the sale of Havfisk and the sale of Akastor's subsidiaries Fjords Processing and Frontica Business Solutions. Current assets were NOK 29.4 billion as at 31 December 2016, down from NOK 41.1 billion a year before.

Current liabilities amounted to NOK 25.5 billion, while long-term liabilities totalled NOK 26.9 billion at year-end 2016; the corresponding 2015 figures were NOK 39.2 billion and NOK 65.8 billion, respectively. The Group's interest-bearing debt amounted to NOK 30.3 billion as at 31 December 2016, compared with NOK 51.7 billion at year-end 2015. The NOK 21.4 billion decrease in interest-bearing debt is primarily due to the deconsolidation of Aker BP.

The Group's equity ratio was 43 per cent at year-end 2016, compared to 22 per cent at the end of 2015.

Cash flow statement

As at 31 December 2016, the Group had

cash of NOK 12.7 billion, up from NOK 10.4 billion in 2015.

The Group's net cash flow from operations amounted to NOK 9.4 billion in 2016, compared to NOK 9.1 billion in 2015. The NOK 3.6 billion difference between operating profit before depreciation and amortisation and net cash flow from operations in 2016 is primarily attributable to cash flow of NOK 5 billion from discontinued operations and changes in working capital, interest paid and tax relating to ongoing operations.

Net cash flow from investment activities totalled minus NOK 13.4 billion in 2016, compared to minus NOK 14.3 billion in 2015. Cash flow for 2016 primarily comprised investments in vessels, real estate, plant and equipment (NOK 8.4 billion), in vessels recognised in the accounts as financial lease agreements (NOK 2.1 billion) and in intangible assets (NOK 1.4 billion), as well as the effect of purchasing Aker BP shares and the deconsolidation of Det norske (NOK 5.5 billion). Sales of real estate, plant and equipment amounted to NOK 1.3 billion, while sales of shares in subsidiaries totalled NOK 4.6 billion and other share sales NOK 0.5 billion.

Net cash flow from financing activities amounted to NOK 6.8 billion in 2016, compared to NOK 2.6 billion in 2015. Cash flow for the year from financing activities is primarily attributable to a net increase in debt of NOK 7.5 billion, new equity in subsidiaries of NOK 0.9 billion and dividend payments totalled NOK 1.4 billion. The dividends were split between shareholders in Aker ASA (NOK 0.7 billion) and minority shareholders in the portfolio companies (NOK 0.6 billion).

c. Aker ASA accounts

The parent company Aker ASA achieved a profit for the year of NOK 3.1 billion, compared with NOK 6.2 billion in 2015. The 2016 profit is primarily attributable to the reversal of write-downs linked to the investments in Aker Kvaerner Holding, Aker Solutions and Akastor, as well as dividends received from Aker Capital AS. The 2015 profit primarily resulted from an internal restructuring of certain equity holdings through the sale of in-

vestments to the subsidiary Aker Capital AS at fair value.

Information on salary and other remuneration to executive management and compensation guidelines is presented in [Note 33](#) to the consolidated financial statements.

Assets totalled NOK 29.1 billion as at 31 December 2016, compared with NOK 25.8 billion as at year-end 2015. Equity amounted to NOK 19.8 billion at the end of 2016, compared with NOK 17.9 billion as at 31 December 2015. This results in an equity ratio of 68 per cent at the end of 2016.

Research and development

The parent company had no research and development activities in 2016. Group R&D activities are presented in the annual reports of the respective operating subsidiaries.

Allocation of profit and dividend in Aker ASA

The board of directors has proposed for approval at the annual general meeting an ordinary cash dividend of NOK 16 per share for 2016. The proposal reflects anticipated cash flow, financing requirements and the need for financial flexibility. The proposed dividend corresponds to approximately 3.5 per cent of NAV, which is within the range of Aker's dividend policy of paying out 2-4 per cent of NAV.

Transfers to other equity amount to NOK 1.9 billion, representing the net profit of the year of NOK 3.1 billion less the proposed dividend of NOK 1.2 billion.

4. MANAGEMENT MODEL, CORPORATE GOVERNANCE, CONTROL AND COMPLIANCE

Aker is a public limited company organised under Norwegian law with a governance structure based on Norwegian corporate law. The company's corporate governance model has been designed to provide a foundation for long-term value creation and to ensure good control. Aker's Code of Conduct was updated in 2016 to include Aker's expectations regarding its portfolio companies' codes of conduct.

Aker's principal owner, Kjell Inge Røkke, participates actively in Aker's development. Mr. Røkke is Aker's Chairman of the Board.

Aker has a one-tier board with 10 directors, none of whom are executives and four of whom are employee representatives. The majority of the directors are considered independent from the company's executives and significant business-related associates. The Chairman of the Board is elected at the annual general meeting. The board elects its own Deputy Board Chairman.

Aker follows the Norwegian Code of Practice for Corporate Governance. The company's practice largely complies with the Code's recommendations. Reference is made to the Corporate Governance Report. The report is available on the company's website: www.akerasa.com.

5. BOARD OF DIRECTORS' ACTIVITIES

The board of directors has an annual plan for its work, which includes recurring key topics such as strategy review, investment planning, risk and compliance oversight, financial reporting and budget review.

The board evaluates its own performance and composition once a year.

Aker's board of directors held seven meetings in 2016. The attendance of the board members averaged 89 per cent.

Aker's audit committee met seven times in 2016.

Further information on the mandate and the work of Aker's board of directors and audit committee is available in Aker's Corporate Governance Report. The board members' shareholdings and remunerations are presented in [Note 33](#) to the consolidated accounts.

6. BUSINESS AND SOCIETY

Aker's goal is to be an attractive employer, a preferred partner for business associates, and a valuable member of society. Aker's most important contribution to society is to create value and build forward-looking companies that operate in an environmentally, ethically

and socially responsible manner. Profitability is a prerequisite for achieving these objectives.

The operations of the parent company Aker ASA have negligible effect on the external environment.

As a significant shareholder in several companies, Aker works to promote businesses that are responsible and sustainable, including with respect to the financial, social and environmental consequences of the operations of Aker and the portfolio companies.

The Aker Group's operating portfolio companies report individually on their impact on the external environment. The new section 3-3c of the Norwegian Accounting Act requires large companies to account for their efforts to integrate corporate social responsibility into their business strategies and day-to-day operations. Aker has complied with this requirement in a separate document approved by the board of directors and published on its website under "Corporate Responsibility in Aker".

7. OUR EMPLOYEES

Aker ASA had a total of 40 employees as at 31 December 2016 – 24 men and 16 women. In its hiring process the company focuses on the whether the candidates are qualified for the position, regardless of ethnic origin, religious beliefs or orientation, nationality or other criteria considered irrelevant to their work.

The company endeavours to provide flexible working conditions so that employment at Aker ASA offers opportunities for a work-life balance. Varied and challenging work tasks and good career-development prospects, coupled with job security and competitive pay, are also important factors in making Aker ASA an attractive employer. Aker ASA regularly conducts in-house surveys to gauge the satisfaction of its workforce.

As at 31 December 2016, the number of employees in companies where Aker directly or indirectly was the main shareholder totalled 22 124, of which 11 068 worked in Norway.

About 19 per cent of Aker Group employees are women. Many companies in which Aker has a major interest are cornerstones of their local communities that recruit locally.

Aker has entered into an international framework agreement with the Norwegian United Federation of Trade Unions (Fellesforbundet), IndustriALL Global Union, NITO and Tekna. The international framework agreement sets out fundamental labour rights and contains references to standards relating to environment, health and safety (EHS) work, pay, working time and employment conditions. The agreement commits Aker to respecting and supporting fundamental human rights and union rights in the societies in which the company operates. These principles are delineated in the United Nations' Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work.

For generations, Aker has cooperated closely with employee organisations. Employee representatives participate in key decision-making processes, including through board representation. Aker has partnered with its employees and those of its relevant operating companies to establish an international works council. In addition, the company's Norwegian trade unions hold annual union representative conferences and maintain working committees at each main company.

Aker's portfolio companies in this sector have made necessary capacity adjustments in response to reduced oil-industry activity throughout 2016 and the resulting impact on future supplier-industry activity levels. The feedback received thus far shows that while the downsizing processes are challenging, efforts are being made to implement them within the framework of existing positive working relations with employee organisations. Productive cooperation with employee representatives and their organisations is a prerequisite for success in making market adjustments and restructuring. Aker has a long tradition of involving and including employee representatives in processes that may



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entail major changes for businesses and local communities. In the current challenging market situation, employees have contributed to profit improvements through their willingness and ability to adapt, cooperate, drive processes forward and make cost reductions.

The rate of sick leave among Aker ASA employees was at 1.6 per cent in 2016, compared to 3.5 per cent in 2015. The corresponding figure for sick-leave in the Aker Group as a whole was 2.8 per cent in 2016, compared to 3.0 per cent in 2015.

Sadly, the portfolio companies suffered four fatalities in 2016, compared to two in 2015. There were 58 reported accidents that led to absence from work, compared to 65 in 2015. The accidents are further described in the reports of the operating entities.

8. KEY EVENTS AFTER THE 31 DECEMBER 2016 BALANCE SHEET DATE

On 31 January 2017, Aker Solutions and Kvaerner was awarded a contract with Statoil for the hook-up of the riser platform for the Johan Sverdrup field. The contract value is approximately NOK 900 million and will be split equally between the two companies.

On 6 February 2017, Farstad Shipping ASA ("Farstad") concluded an agreement providing for a fully-funded financial restructuring. The restructuring includes the conversion of existing and future debt into equity, amendment of existing loan agreements, a financing agreement in respect of liabilities connected to the delivery of a new-build ship, and the issue of NOK 650 million in new equity fully underwritten by Aker Capital AS – a wholly-owned subsidiary of Aker ASA – and Hemen Holding Limited on a 50:50 basis. Aker Capital AS subscribed for NOK 210 million of the issue, and received 601,009,010 shares in the company, equivalent to 12.4% of the shares in Farstad following the repair issue. Ocean Yield also contributed to the restructuring through the conversion of a NOK 161 million claim against Farstad into new shares and the deferment of certain charter payments. The parties have also agreed to work towards

an combination of Solstad Offshore, Farstad and Deep Sea Supply once the restructuring has been completed. A successful merger will create the world's largest actor in the global high-end market for offshore supply vessels.

On 9 February 2017, American Shipping Company announced that the company had completed the placement of a USD 220 million senior unsecured bond. Ocean Yield was allocated USD 50 million in the bond issue.

On 14 February 2017, Aker BioMarine announced that it had awarded a contract to VARD to build a new krill fishing vessel that will fish in the Antarctic. The vessel is expected to be completed by the end of 2018. The contract value is approximately NOK 1.0 billion.

On 7 March 2017, Aker ASA notified Norsk Tillitsmann ASA of its intention to exercise its call option under the NOK 500 million AKER07 bond. The bond will be repaid at 104% of nominal value (plus accrued interest), with a settlement date of 21 April 2017.

On 17 March 2017, Kvaerner announced that the company had been awarded the contract for a complete upgrade of the Njord A platform by Statoil. The contract has an estimated value of around NOK 5 billion and will comprise about 3 000 man-years. The contract scope includes a complete upgrade of hull and topside and is scheduled to be delivered in the spring of 2020. Aker Solutions will, as a subcontractor of Kvaerner, take part in the project. Aker Solutions' scope has an estimated value of approximately NOK 1 billion.

9. RISKS AND RISK MANAGEMENT

Aker has a long-standing tradition of industrial risk taking. The company has evolved with the economic cycles and its strategy has adapted to market changes and company-specific issues in its portfolio. As presented in their respective notes to the financial statements, Aker ASA, the Aker Group, and Aker ASA and holding companies are exposed to financial risk, oil price, currency and interest rate risk, market risk, credit risk, counterparty risk, and operational risk at the underlying company level.

Rather than diversifying risk by spreading investments across many different industries, Aker is focused on sectors in which the company possesses special expertise. The company has established a model for risk management, based upon identifying, assessing and monitoring major financial, strategic and operational risks in each business segment, drawing up contingency plans for those risks and attending to the implementation and supervision. The identified risks and how they are managed are reported to the Aker Board on a regular basis. Aker continuously works to improve its risk management process.

Risk management in Aker is based on the principle that risk evaluation is an integral part of all business activities. Consequently, management of operational risk lies primarily with the underlying operating companies, but Aker ASA actively supervises risk management through its participation in the boards of directors of the various companies.

Aker's main strategy for mitigating risk related to short-term value fluctuations is to maintain a solid financial position and strong creditworthiness. Aker has established clear financial guidelines that further regulate monitoring and follow-up of financial risk issues. Key performance targets have been identified and are monitored closely. A finance committee has been appointed to focus particularly on issues and decisions related to Financial Investments and debt funding. For further information on the company's risk management, see the report on corporate governance available on the company's website.

Financial market exposures, including currency, interest, and liquidity risks, are discussed in greater detail in [Note 6](#) to the consolidated financial statements.

The main risks that Aker ASA and holding companies are exposed to are related to changes in the value of the listed assets due to market price fluctuations and unexpected changes in the companies' capital expenditures and liquidity. The development of the global economy, and energy prices in particular, as well as currency fluctuations, are im-

portant variables in assessing near-term market fluctuations.

The companies in Aker's Industrial holdings are, like Aker, exposed to commercial risks, financial risks and market risks. In addition these companies, through their business activities within their respective sectors, are also exposed to legal/regulatory risks and political risks, i.e. political decisions on petroleum taxes, environmental regulations and operational risks, including major accidents which may have significant financial impact.

Oil prices developed positively in 2016, but remain far lower than in the period 2011–2014. Combined with high expected price volatility, this is feeding ongoing uncertainty in the oil and gas sector. Aker BP's revenues have been impacted by oil-price fluctuations. Reduced activity in the offshore oil service market is affecting the supply companies Aker Solutions, Akastor and Kvaerner negatively. Moreover, lower activity levels may adversely affect the supply companies' and Ocean Yield's counterparties, and the companies are therefore monitoring counterparty risk closely.

For further information on the Aker's risk management, see the report on corporate governance available on the company's website.

10. OUTLOOK

Investments in listed shares comprised approximately 82 per cent of the Aker's assets as per 31 December 2016. About 65 per cent of Aker's assets was associated with the oil and gas sector. Maritime assets represented 16 per cent, marine biotechnology 5 per cent, cash and liquid fund investments 11 per cent

and other assets 3 per cent. Aker's NAV will thus be influenced by fluctuations in commodity prices, exchange rates and developments on Oslo Stock Exchange.

The cutbacks in E&P spending, driven by oil and gas companies' focus on free cash flow amid lower crude prices, have put the oil service industry under pressure. Aker expects activity levels to remain subdued through 2017 as E&P companies take a cautious approach to new investments until crude oil prices demonstrate a sustained recovery. Further cost-base reductions and efficiency improvements to boost competitiveness will be important contributions to higher activity levels and new field developments.

Aker's portfolio companies in the oil and gas sector will therefore continue to reduce their cost base and adjust capacity in line with market activity, while at the same time strengthening their competitiveness through increased productivity, efficiency and standardisation, and improved technology offerings, and by entering into alliances and strategic partnerships.

The maritime leasing segment is expected to remain stable in 2017 as a result of corporate focus on capital structure diversification. This may provide Ocean Yield with interesting investment opportunities going forward.

Aker BioMarine is pursuing a long-term strategy to diversify its market exposure in terms of both industries and geographical coverage. Its main markets remain the aquaculture industry and salmon farming – and the dietary supplement market in Europe, North America and Australia.

The salmon market has grown strongly for a number of years, and Grill™ Aqua has strengthened its position in this growth segment. The dietary supplement market, and the market for Omega-3 ingredients in particular, has been challenging for the past three years. Nonetheless, Aker BioMarine has stabilised sales by increasing market share. Aker BioMarine is running research and development programmes focusing on the use of cleaner fractions of proteins and fat from krill as both dietary supplements and medicinal nutrients. However, realising the potential in this area will take a long time.

Dividend/upstream cash flow to Aker is expected to increase in 2017, mainly due to Aker BP and Ocean Yield's dividend capacity. Aker expects no dividend payments from Aker Solutions, Akastor and Kvaerner. Although both Aker Solutions and Kvaerner have the financial capacity to pay dividends, Aker supports the view of the boards of directors that the companies should retain more cash in an uncertain market environment.

Aker still views the overall financial situation of its portfolio operating companies as robust. Most of the companies have a conservative debt level and can increase their gearing to facilitate growth through investments.

Aker's strong balance sheet ensures that the company is capable of facing unforeseen operational challenges and short-term market fluctuations. As an industrial investment company, Aker will use its resources and expertise to promote and support the development of the companies in its portfolio, and to consider new investment opportunities.

FORNEBU, 23 MARCH 2017
Aker ASA

Kjell Inge Røkke (sign)
Chairman

Finn Berg Jacobsen (sign)
Deputy Chairman

Anne Marie Cannon (sign)
Director

Kristin Krohn Devold (sign)
Director

Kristian Røkke (sign)
Director

Karen Simon (sign)
Director

Atle Tranøy (sign)
Director

Arnfinn Stensø (sign)
Director

Anne Tysdal Egaas (sign)
Director

Amram Hadida (sign)
Director

Øyvind Eriksen (sign)
President and CEO

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Income statement and total comprehensive income

INCOME STATEMENT

Amounts in NOK million	Note	2016	2015 Restated*
Continued operations			
Operating revenue	9,10	43 673	58 470
Cost of goods and changes in inventory		(17 614)	(27 149)
Wages and other personnel expenses	11	(14 409)	(17 869)
Other operating expenses	11	(5 887)	(8 331)
Operating profit before depreciation and amortisation	9	5 762	5 121
Depreciation and amortisation	15,16	(2 653)	(2 641)
Impairment charges	12,15,16	(1 538)	(1 753)
Operating profit	9	1 572	727
Financial income	13	614	603
Financial expenses	13	(2 606)	(1 648)
Share of profit of equity accounted companies	17	(600)	(337)
Profit before tax	9	(1 020)	(656)
Income tax expense	14	(345)	(118)
Profit for the year continued operations	9	(1 365)	(773)
Discontinued operations			
Profit for the period from discontinued operations net of tax	8	16 432	(3 048)
Result for the year		15 066	(3 821)
Attributable to:			
Equity holders of the parent		14 412	(1 823)
Minority interests	23	654	(1 998)
Result for the year		15 066	(3 821)
Average number of shares	22	74 248 937	73 482 463
Earnings per share ¹⁾	22		
Earnings per share continuing business		(9.29)	(5.94)
Earnings per share discontinued business		203.40	(18.87)
Earnings per share		194.11	(24.81)

1) Profit attributable to equity holders of the parent/average number of shares.

*) See Note 8

TOTAL COMPREHENSIVE INCOME

Amounts in NOK million	Note	2016	2015
Result for the year		15 066	(3 821)
Other comprehensive income, net of income tax			
Items that will not be reclassified to income statement:			
Defined benefit plan actuarial gains (losses)	26	(42)	84
Other changes		14	-
Items that will not be reclassified to income statement		(28)	84
Items that subsequently may be reclassified to income statement:			
Changes in fair value of available for sale financial assets		7	(74)
Changes in fair value of cash flow hedges		93	(1 444)
Reclassified to profit or loss: changes in fair value of available-for-sale financial assets, translation and cash flow hedges		(624)	1 023
Currency translation differences		(1 482)	3 542
Changes in other comprehensive income associates and joint ventures		1 389	107
Items that subsequently may be reclassified to income statement		(618)	3 155
Change in other comprehensive income, net of tax	13,14,24	(646)	3 240
Total comprehensive income for the year		14 421	(581)
Attributable to:			
Equity holders of the parent		14 506	(177)
Minority interests		(85)	(405)
Total comprehensive income for the year		14 421	(581)

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AKER ASA

AKER ASA AND HOLDING COMPANIES

Balance sheet at 31 December

Amounts in NOK million	Note	2016	2015
ASSETS			
Property, plant and equipment	15	22 693	53 864
Intangible assets	16	9 429	29 878
Deferred tax assets	14	1 608	1 248
Investments in equity accounted companies	17	20 668	1 377
Interest-bearing long-term receivables	6,18	7 451	4 114
Other shares and non-current assets	19	1 209	2 267
Total non-current assets		63 059	92 749
Inventories	20	3 557	3 466
Trade receivables and other interest-free receivables	21	11 892	21 828
Calculated tax receivable	14	359	1 242
Derivatives	30	386	3 640
Interest-bearing short-term receivables	18	513	523
Cash and cash equivalents	6,9	12 718	10 388
Total current assets		29 426	41 087
Assets classified as held for sale	8	207	633
Total assets	9	92 692	134 468
EQUITY AND LIABILITIES			
Paid-in capital	22	2 330	2 327
Translation and other reserves	24	3 518	3 403
Retained earnings		15 994	2 227
Total equity attributable to equity holders of the parent		21 842	7 957
Minority interests	23	18 177	21 462
Total equity		40 019	29 419
Interest-bearing loans	6,25	23 909	44 813
Deferred tax liabilities	14	275	13 625
Pension liabilities	26	1 242	1 526
Other interest-free long-term liabilities	27	912	1 670
Non-current provisions	28	606	4 212
Total non-current liabilities		26 943	65 847
Interest-bearing short-term debt	6,25	6 392	6 882
Trade and other payables	29	15 511	24 881
Income tax payable	14	219	294
Derivatives	30	1 786	4 980
Current provisions	28	1 595	2 116
Total current liabilities		25 503	39 154
Total liabilities		52 446	105 001
Liabilities classified as held for sale	8	227	49
Total equity and liabilities	9	92 692	134 468

FORNEBU, 23 MARCH 2017

Aker ASA

Kjell Inge Røkke (sign)
ChairmanFinn Berg Jacobsen (sign)
Deputy ChairmanAnne Marie Cannon (sign)
DirectorKristin Krohn Devold (sign)
DirectorKristian Røkke (sign)
DirectorKaren Simon (sign)
DirectorAtle Tranøy (sign)
DirectorArnfinn Stensø (sign)
DirectorAnne Tysdal Egaas (sign)
DirectorAmram Hadida (sign)
DirectorØyvind Eriksen (sign)
President and CEO

Consolidated statement of changes in equity

Amounts in NOK million	Note	Total paid-in capital	Trans-lation reserve	Fair value reserves	Hedging reserves	Total transla-tion and other reserves	Retained earnings	Total equity of equity holders of the parent	Minority inter-ests	Total equity
Balance at 31 December 2014	22-24	2 026	1 911	200	(321)	1 790	4 908	8 723	22 669	31 392
Correction previous years		-	-	-	-	-	(135)	(135)	(50)	(184)
Balance at 1 January 2015		2 026	1 911	200	(321)	1 790	4 773	8 589	22 619	31 207
Profit for the year 2015		-	-	-	-	-	(1 823)	(1 823)	(1 998)	(3 821)
Other comprehensive income	24	-	1 777	(86)	(78)	1 613	33	1 647	1 593	3 240
Total comprehensive income		-	1 777	(86)	(78)	1 613	(1 790)	(177)	(405)	(581)
Dividends		-	-	-	-	-	(723)	(723)	(662)	(1 385)
Own shares		(4)	-	-	-	-	(18)	(22)	-	(22)
Share-based payment transactions		-	-	-	-	-	5	5	-	5
Dividend issue		305	-	-	-	-	-	305	-	305
Total contributions and distributions		301	-	-	-	-	(737)	(436)	(662)	(1 098)
Acquisition and sale of minority	7,23	-	-	-	-	-	(9)	(9)	(106)	(116)
Issuance of shares in subsidiary	23	-	-	-	-	-	-	-	16	16
Total changes in ownership without change of control		-	-	-	-	-	(9)	(9)	(90)	(100)
Transaction cost share issue in associated company		-	-	-	-	-	(10)	(10)	-	(10)
Balance at 31 December 2015	22-24	2 327	3 688	114	(400)	3 403	2 227	7 957	21 462	29 419
Profit for the year 2016		-	-	-	-	-	14 412	14 412	654	15 066
Other comprehensive income	24	-	(147)	(11)	274	116	(22)	94	(739)	(646)
Total comprehensive income		-	(147)	(11)	274	116	14 391	14 506	(85)	14 421
Dividends		-	-	-	-	-	(742)	(742)	(637)	(1 379)
Own shares		3	-	-	-	-	7	9	-	9
Share-based payment transactions		1	-	-	-	-	2	2	-	2
Total contributions and distributions		3	-	-	-	-	(734)	(730)	(637)	(1 367)
Acquisition and sale of minority	7,23	-	-	-	-	-	120	120	(87)	32
Issuance of shares in subsidiary	23	-	-	-	-	-	(10)	(10)	869	859
Total changes in ownership without change of control		-	-	-	-	-	110	110	782	892
Loss of control in subsidiaries	8, 23	-	-	-	-	-	-	-	(3 345)	(3 345)
Balance at 31 December 2016	22-24	2 330	3 541	103	(125)	3 518	15 994	21 842	18 177	40 019

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Cash flow statement

Amounts in NOK million	Note	2016	2015 Restated*
Profit before tax		(1 020)	(656)
Net interest expenses	13	1 155	1 002
Sales losses/gains (-) and write-downs	12	1 413	1 600
Unrealised foreign exchange gain/loss and other non-cash items	13	764	(14)
Depreciation and amortisation	15,16	2 653	2 641
Share of earnings in associated and joint venture companies	17	294	160
Dividend received from associated and joint venture companies	17	486	347
Changes due to discontinued operations and other net operating assets and liabilities	8, 9	6 427	9 244
Cash flow from operating activities before interest and tax		12 172	14 323
Interest paid	13	(2 666)	(2 344)
Interest received	13	356	273
Taxes refunded	14	704	707
Taxes paid	14	(1 197)	(3 887)
Net cash flow from operating activities	9	9 369	9 072
Proceeds from sales of property, plant and equipment	15	1 329	764
Proceeds from sales of shares and other equity investments	17,18	457	91
Disposals of subsidiaries, net of cash disposed	8	4 612	836
Acquisition of subsidiaries, net of cash acquired	7	(216)	(1 251)
Acquisitions of property, plant and equipment	15,16	(9 813)	(12 367)
Acquisitions of shares and equity investments in other companies	17,19	(1 450)	(472)
Acquisition of Aker BP shares and net cash disposed in Det norske	8	(5 472)	-
Acquisition of vessels accounted for as finance lease	18	(2 089)	(1 030)
Net cash flow from other investments	18	(788)	(851)
Net cash flow from investing activities	9	(13 430)	(14 279)
Proceeds from issue of interest-bearing debt	25	14 312	12 315
Repayment of interest-bearing debt	25	(6 775)	(8 599)
Net repayment and issue of interest-bearing debt		7 536	3 716
New equity	23	859	16
Own shares	22,23	(213)	(32)
Dividends paid	22,23	(1 379)	(1 081)
Net cash flow from transactions with owners		(732)	(1 096)
Net cash flow from financing activities	9	6 804	2 620
Net change in cash and cash equivalents		2 743	(2 587)
Effects of changes in exchange rates on cash		(360)	975
Cash and cash equivalents at 1 January		10 388	12 000
Classified as assets held for sale prior period		(53)	-
Cash and cash equivalents at 31 December	9	12 718	10 388

* See note 8

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Notes to the financial statements

Note 1 | Corporate information

Aker ASA is a company domiciled in Norway, with headquarters at Fornebu outside Oslo, and listed on the Oslo Stock Exchange with the ticker "AKER". Aker's 2016 consolidated financial statements include the financial statements of the parent company, Aker ASA, its subsidiaries, and interests in associated companies and jointly controlled entities.

Note 2 | Basis for preparation

2.1. STATEMENT OF COMPLIANCE

Aker has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and associated interpretations as determined by the EU as at 31 December 2016 and Norwegian disclosure requirements pursuant to the Norwegian accounting act as at 31 December 2016. The consolidated financial statements have been prepared on a historical cost basis, with a few exceptions described in section 2.5.

The consolidated financial statements for the 2016 accounting year were approved by the Board of directors on 23 March 2017. The annual accounts will be submitted to Aker's annual general meeting on 21 April 2017 for final approval.

2.2. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated financial statements are presented in million Norwegian kroner. The Norwegian krone (NOK) is the functional currency of the parent company. As a result of rounding differences, amounts and percentages may not add up to the total.

2.3. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of annual financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect both the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from amounts arrived at based on these assumptions. Estimates and underlying assumptions are reviewed and assessed on an on-going basis, and are based on historical experience, consultations with experts, trends and other methods which management considers reasonable under the circumstances. Changes to accounting estimates are recognised in the period in which the estimates are revised and in future periods that are affected.

Areas in which, in applying the group's accounting principles, there tends to be uncertainties as to material estimations and critical assumptions and assessments, are described in the following paragraphs and in relevant notes to the accounts. Estimates and their underlying assumptions are assessed continuously. The group's operational companies operate in different markets, and are thus affected differently by the uncertainties that characterise the different markets at year-end.

(a) Consolidation

IFRS 10 contains a definition of control, which must be applied when an investor is to assess whether an investment must be consolidated in

the consolidated financial statements. The assessment of control involves high degree of judgements. See [Note 9](#).

(b) Revenue recognition

The percentage-of-completion method is used to account for construction contracts. This method requires estimates of the final revenue and costs of the contract, as well as measurement of progress achieved to date as a proportion of the total work to be performed.

For contract revenue, there are uncertainties related to recoverable amounts from variation orders, claims and incentive payments. These are recognised when it is deemed to be of high probability that they will result in reliably measurable revenues. This assessment is adjusted by management's evaluation of liquidated damages to be imposed by customers typically relating to contractual delivery terms.

The project costs depend on productivity factors and the cost of inputs. Weather conditions, the performance of subcontractors and others with an impact on schedules, commodity prices and currency rates can all affect cost estimates. Although experience, use of the established project execution model and high competence reduce the risk, there will always be uncertainty related to such assessments.

In situations where cost is not deemed to properly reflect progress, alternative measures such as hours or physical progress are used to achieve more precise revenue recognition. The estimation uncertainty during the early stages of a contract is mitigated by a policy of normally not recognizing revenue in excess of costs on large lump sum projects before the contract reaches 20 per cent completion. However, management can on a project-by-project basis give approval of earlier recognition if the uncertainties of cost estimates are low. This is typically in situations of repeat projects, proven technology or proven execution model. See [Note 9](#) and [10](#).

(c) Warranty provisions

At the completion of a project, a provision is made for expected warranty expenditures. Based on experience, the provision is often set at one per cent of the contract value, but can also be a higher or lower amount following a specific evaluation of the actual circumstances for each contract. Both the general one per cent provision and the evaluation of project specific circumstances are based on experience from earlier projects. Factors that could affect the estimated warranty cost include the group's quality initiatives. Provisions are presented in [Note 28](#).

(d) Impairment testing of goodwill and intangible assets with indefinite useful lives.

In accordance with applicable accounting principles, the group performs annual impairment tests to determine whether goodwill and intangible assets recorded in the balance sheet have suffered any impairment. The estimated recoverable amount for cash-generating units are determined based on the present value of budgeted cash flows or estimated sales value less cost to sell if higher. See [Note 16](#).

(e) Tax

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required to determine provisions for income taxes worldwide. Aker incurs an income-tax payable and/or earns a considerable tax receivable. The group also recognises changes in deferred tax or deferred tax benefits. These figures are based on management's interpretation of applicable laws and regulations, and relevant court decisions. The quality of these estimates are largely dependent on management's ability to apply complex set of rules, its ability to identify changes to existing rules and, in the case of deferred tax benefits, its ability to project future earnings from which a loss carry-forward may be deducted for tax purposes. See [Note 14](#).

(f) Financial instruments

The group is exposed to various risks resulting from its use of financial instruments. This includes credit risk, liquidity risk and market risk (including currency- and interest rate risk). Note 6 and Note 30 present information about the group's exposure to each of these risks, the group's objectives, the principles and processes for measuring and managing risk, and the group's capital management.

(g) Contingent assets and liabilities

As a result of their extensive worldwide operations, group companies sometimes become involved in legal disputes. Provisions have been made to cover the expected outcomes of the disputes where negative outcomes are likely and reliable estimates can be prepared. However, the final outcome of these cases will always be subject to uncertainties and resulting liabilities may deviate from booked provisions. See [Note 31](#).

2.4. FAIR VALUE MEASUREMENT

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined asset and liability classes based on their nature, characteristics and associated risks, and the applicable level within the fair value hierarchy. See [Note 30](#).

2.5. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, with except for the following items:

- Derivative financial instruments are measured at fair value
- Financial instruments at fair value through profit and loss are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Contingent consideration assumed in business combinations are measured at fair value
- Net defined benefit asset or liability is recognised at fair value of plan assets less the present value of the defined benefit obligation

Note 3 | Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. The following standards and interpretations were adopted with effect from January 1, 2016, with no implementation impact on the Group's consolidated financial statements:

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarifications of Acceptable Methods of Depreciation and Amortisation
- Improvements to IFRSs – 2012-2014 cycle
- Amendments to IAS 1: Disclosure initiative

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Note 4 | New standards and interpretations not yet adopted

A number of standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2016, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below.

IFRS 9 Financial instruments (effective from January 1, 2018, but not yet approved by the EU)

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, and will replace the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 introduce a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses.

The actual impact of adopting IFRS 9 in 2018 is not known and cannot be reliably estimated. The impact will be dependent on the financial instruments that the group holds and the economic conditions at that time, as well as judgments that it will make in the future. A preliminary assessment has been performed of the potential impact of adoption of IFRS 9 and a more detailed review of hedge accounting implications in particular will be carried out in 2017.

Based on preliminary assessments, the group does not anticipate significant impacts on its consolidated financial statements of initial application of the new standard. The following changes are expected to impact the reported figures upon transition:

- The effect of classification of financial instruments and the expected credit loss principle are not expected to have material impact on the group's financial position.
- The percentage of qualifying hedges is expected to increase under IFRS 9 as the hedge accounting model is more aligned with risk management, including prospective testing and less restrictive requirements on qualifying hedging instruments. This is expected to result in less foreign currency effects reported under financial items.

IFRS 15 Revenue from Contracts with Customers (effective from January 1, 2018)

The standard will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction contracts and the related interpretations when it becomes effective. IFRS 15 introduces a new five-step model that applies to revenue arising from contracts with customers. IFRS 15 was endorsed by the EU in September 2016.

The group has initiated a process to systematically analyse the application impact. The analysis is still ongoing and a more detailed review of existing customer contracts will be carried out during 2017. Based on preliminary assessments, the group does not anticipate significant impacts on its consolidated financial statements of initial application of the new standard. However, the group has identified the following main impacts of implementing IFRS 15:

- The construction contracts currently in the scope of IAS 11 will be reassessed according to IFRS 15 to evaluate whether revenue from

such contracts shall be recognised over time or at a point in time. The group does not anticipate significant changes in revenue recognition due to implementation of IFRS 15. Progress-based recognition of revenue over time is expected to continue to be the applicable method for most of the group's projects.

- For revenue recognised over time, the group will assess an appropriate method of measuring progress according to IFRS 15. The group does not anticipate significant changes in the measurement of progress due to implementation of the standard.
- To include variable considerations (e.g. bonuses and incentives) and scope changes (e.g. variation orders and amendments) in the estimated contract revenue, the entity has to conclude that it is highly probable that a significant revenue reversal will not occur once the uncertainties related to the variability are resolved. The threshold of including variable considerations and scope changes in revenue recognition is higher than the requirements under current standards. This is only to a limited degree expected to impact the financial figures, since the group is already practicing a high threshold for including this type of revenue.
- Liquidated damages and penalties will have a lower threshold for revenue reduction.
- Waste cost must be expensed immediately and cannot be considered as project cost recognised in accordance with progress as under the current standard.
- Tender cost is expected to be mainly expensed as incurred under the new standard. The current IAS 11 requires that tender costs are capitalised if award is considered to be probable.
- IFRS 15 requires more comprehensive disclosures than the current disclosures required by IAS 18 and IAS 11.
- Other changes are currently not expected to be material. However, this may change as IASB issue clarifications or as industry practice develops.

On transition to IFRS 15, the group will apply the new standard retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings as of January 1, 2018, with no restatement of comparative periods presented. Under this transition method, the new standard will be applied retrospectively only to contracts that are uncompleted by January 1, 2018.

IFRS 16 Leases (effective from January 1, 2019, but not yet approved by the EU)

The standard was issued in January 2016 and replaces IAS 17 Leases and related interpretations. The new standard introduces a single, on-balance sheet lease accounting model for lessees, with optional exemptions for short-term leases and leases of low value items. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to current standard.

The group has started an initial assessment of the potential impact on its consolidated financial statements and identified the follow main impacts:

- The group anticipates that new assets and liabilities will be recognised for its operating lease agreements where the group is a lessee. In addition, the nature of expenses related to these leases will

change when the straight-line operating lease expenses will be replaced by depreciation charge for lease assets and interest expenses for lease liabilities under IFRS 16.

- Cash flow from operating activities will increase and cash flows from investing and financing activities will decrease as the lease payments will no longer be considered as cash flows from operating activities.
- The group does not anticipate significant impact for the group's current finance leases.

Note 5 | Accounting principles

The accounting principles presented below have been applied consistently for all periods and companies that are presented in the consolidated financial statements. Comparative figures have been restated in accordance with this year's presentation.

5.1. GROUP ACCOUNTING AND CONSOLIDATION PRINCIPLES

5.1.1. Subsidiaries

Subsidiaries are companies controlled by Aker. Control requires three elements:

- a. ownership interests that give the investor power to direct the relevant activities of the investee,
- b. that the investor is exposed to variable returns from the investee, and that
- c. decision-making power allows the investor to affect its variable returns from the investee.

Subsidiaries are included in the consolidated accounts from the day control is achieved and until control ceases.

Acquisitions of companies that meet the definition of a business combination are recognised using the acquisition method. See further description in section 5.8 Intangible assets. Acquisitions of companies which are not defined as business combinations are recorded as asset acquisitions. The cost of such purchases is allocated between the individual identifiable assets and liabilities acquired based on their fair value on the acquisition date. Goodwill is not recognised in connection with such acquisitions, nor is deferred tax recognised in connection with differences arising in the recognition of such assets.

5.1.2. Investments in associates

The group's investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost. An associate is defined as a company over which the group has significant influence but which is not a subsidiary or a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Investments include goodwill upon acquisition less any accumulated impairment losses. The consolidated financial statements reflect the group's share of profits/losses on the operations of the associate, its share of costs and its share of equity changes – after restatement to comply with the group's accounting principles – from the time significant influence is established until such influence ceases. When the group's share of accumulated losses exceeds the balance sheet value of the investment, the group's balance sheet value is reduced to zero and additional losses are

The group has not yet determined on the transition approach to apply IFRS 16, or quantified the impact on its consolidated financial statements.

not recognised unless the group has incurred or guaranteed obligations with respect to the associate. If control is achieved in stages, goodwill is measured on the date control is obtained, and any changes in the value of previously held equity interests are recognised as profits or losses.

5.1.3. Interests in joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint arrangement is either a joint venture or a joint operation. The classification of a joint arrangement as a joint venture or a joint operation depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint ventures are accounted for using the equity method and are initially recognised at cost. The group has currently no direct ownership interest in joint operations.

5.1.4. Minority interests

Minority interests have been disclosed separately from the parent company owners' equity and liabilities in the balance sheet, and are recorded as a separate item in the consolidated profit and loss account. Acquisitions of minority interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill, gains or losses are recognised as a result of such transactions.

5.1.5. EBITDA

Aker defines EBITDA as operating profit before depreciation, amortisation and impairment charges as presented in the consolidated profit and loss account.

5.1.6. Impairment charges

Impairment charges include write-downs of goodwill and other intangible assets and significant write-downs and reversals of write-downs on real estate, facilities, and equipment.

5.1.7. Dividends received from associates and joint ventures

Dividends received from associates and joint ventures are presented as part of net cash flow from operating activities in the cash flow statement. Received dividends are recognised as a reduction of the book value of the investment.

5.1.8. Elimination of transactions upon consolidation

Intragroup balances and transactions, and any unrealised gains and loss-

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es or revenues and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee.

5.1.9. Foreign currency translations and transactions

Items are initially recorded in the financial statements of each subsidiary in the subsidiary's functional currency, i.e. the currency that best reflects the economic substance of the underlying events and circumstances relevant to that subsidiary. Foreign currency transactions are translated into the functional currency of the respective subsidiary using the exchange rates prevailing on the date of each transaction. Receivables and liabilities in foreign currencies are translated into the functional currency using the exchange rates on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Foreign currency exchange differences arising through the translation of operating items are included in operating profit in the profit and loss account, while those arising through the translation of financial assets and liabilities are recorded net as a financial item in the profit and loss account.

The consolidated financial statements are presented in Norwegian kroner. Financial statements of group companies whose functional currencies are different from the presentation currency (NOK) are translated into NOK in the following way:

- Balance sheet items are translated using the exchange rates on the balance sheet date
- Profit or loss items are translated using the average exchange rates for the period (if the average exchange rates for the period do not provide a fair estimate of the transaction rate, the actual transaction rate is used).

Translation differences arising from the translation of net investments in foreign activities and from related hedging objects are specified as translation differences in other comprehensive income, and are specified under shareholders' equity. When a foreign entity is sold, translation differences are recognised in the profit and loss account as part of the gain or loss on the sale. Foreign exchange gains or losses on receivables from and liabilities payable to a foreign entity are recognised in the profit and loss, except when settlement is neither planned nor likely to occur in the foreseeable future. Such foreign exchange gains and losses are considered to form part of the net investment in the foreign activity, and are recognised in other comprehensive income as translation differences.

5.1.10. Transactions with related parties

All transactions, agreements, and business dealings with related parties are conducted on normal market terms.

5.2. DISCONTINUED OPERATIONS

A discontinued operation is a component of the group's business operations that represents a separate, major line of business or a geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

Profits or losses from discontinued operations (after tax), are reclassified and presented as a separate line item in the financial statements. The comparatives are restated accordingly.

5.3. PRINCIPLES FOR REVENUE RECOGNITION

Revenue is recognised only if it is probable that future economic benefits will flow to Aker, and that these benefits can be measured reliably.

5.3.1. Construction contracts

Construction contract revenues are recognised using the percentage of completion method. Stage of completion is determined by the method that measures reliably the production performed. Depending on the nature of the contract, the two main methods used by Aker to assess stage of completion are technical completion, or contract costs incurred to date compared to estimated total contract costs. When the final outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. The revenue recognised in one period will be the revenues attributable to the period's progress and the progress to date effect of any changes to the estimated final outcome. Any projected losses on future work under existing contracts are fully recognised when identified, and classified as accrued costs/provisions in the balance sheet under current provisions. Tender costs are capitalised when it is probable that the contract will be awarded. If the criteria for capitalisation no longer is fulfilled, capitalised tender costs are expensed as other operating expenses.

Contract revenues include variation orders and incentive bonuses when there is high probability that they will result in revenue that can be measured reliably. Disputed amounts and claims are only recognised when negotiations have reached an advanced stage, customer acceptance is highly likely and the amounts can be measured reliably. Additional works are included in the contract when confirmed by the buyer. Project costs include costs directly related to the specific contract and indirect costs attributable to the contract. Project revenue is classified as operating revenue in the profit and loss account. Work in progress is classified as projects under construction in the balance sheet. Advances from customers are deducted from the value of work in progress under the specific contract or, if advances exceed this value, are recorded as customer advances. Customer advances that exceed said contract offsets are classified as trade and other payables.

5.3.2. Rendering of services

Depending on the type of contract, revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date or is invoiced based on hours performed at agreed rates. The stage of completion is normally assessed based on the proportion of costs incurred for work performed to date compared to the estimated total contract costs. No revenue is recognised if there is significant uncertainty regarding recovery of consideration due.

5.3.3. Sale of goods

Revenue from the sale of goods is recognised when Aker has transferred the significant risks and rewards of ownership to the buyer.

5.3.4. Income from charter agreements

Revenues related to vessel bareboat charter agreements are recognised over the charter period. Time-charter agreements may include a revenue-sharing agreement with the charterer. Revenue related to profit sharing agreements is recognised when the amount can be reliably estimated.

5.3.5. Other income

Gains and losses resulting from acquisition and disposal of businesses which do not represent discontinued operations are included in Other income within operating profit. In case of acquisitions in stages, such gains may come from the remeasurement of the previously held interest in the acquired entity. Changes in the fair value of the contingent consideration from acquisition of a subsidiary or non-controlling interest are recognised in Other income as gains or losses.

5.4. PENSION BENEFITS AND SHARE-BASED PAYMENTS

5.4.1. Pension benefits

For defined benefit plans, the liability recognised is the defined benefit obligation as at the balance sheet date, minus the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries, and is measured as the present value of estimated future cash outflows. The pension cost is allocated to profit and loss over the employees' estimated time of service. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions, and amendments to pension plans are recognised in other comprehensive income ("OCI"). The net interest expense for the period is calculated by applying the discount rate to the net defined benefit liability, thus comprises both interest on the liability and the return on the pension plan assets. The difference between the actual return on the pension plan assets and the recognised return is recognised against the OCI on an ongoing basis.

For defined contribution plans, contributions are paid into pension insurance plans. Contributions to defined contribution plans are charged to the profit and loss account in the period to which the contributions relate.

5.4.2. Share-based payments

Share-based payment expense is measured at fair value over the service period. All changes in fair value are recognised in the income statement.

5.5. EXPENSES

5.5.1. Lease agreements (as lessee)

Leases under which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised in the profit and loss account on a straight-line basis over the lease period. Any lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Leases of property, plant and equipment under which the group has substantially all the risks and rewards of ownership, are classified as financial leases and are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Following initial capitalisation, the same accounting principle that applies to the corresponding asset is used. Lease payments are apportioned between financial expenses and the reduction in the lease liability. Finance expenses are recognised as finance costs in profit or loss.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease, when the contingencies of the variable lease have been met and the adjustment amount is known.

5.5.2. Financial income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the dis-

posal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective-interest method.

Dividend income is recognised in profit or loss in the period in which the dividend is approved by the general assembly of the distributing company.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs not directly attributable to the acquisition or production of a qualifying asset are recognised in profit or loss using the effective-interest method.

Foreign currency gains and losses are reported on a net basis.

5.5.3. Income tax

Income tax comprises current and deferred tax. An income tax expense is recognised in the profit and loss account unless it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted as at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated based on the temporary differences between the balance sheet values and the taxation values of assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse. Deferred tax is not recognised for the following temporary differences:

- initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
- differences relating to investments in joint ventures, if it is probable that they will not reverse in the foreseeable future.
- tax-increasing temporary differences upon initial recognition of goodwill.

Deferred tax assets and liabilities are offset if:

- there is a legally enforceable right to offset current tax liabilities and assets
- they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities that intend to settle current tax liabilities and assets on a net basis, or to realise their tax assets and liabilities simultaneously.

A deferred tax asset will be recognised if it is probable that future taxable profits will be available against which the temporary difference can be utilised.

5.6. INVENTORY

Inventory is stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out (FIFO) method, or the weighted average cost formula depending on the nature of the inventory. The cost of finished goods and work in progress comprises raw materials, direct labour and other direct costs, and related production overhead (based on



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normal operating capacity), but excludes borrowing costs. The acquisition cost of inventory may also include elements transferred from equity. The latter may be gains or losses associated with cash flow hedging of foreign currency purchases. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

5.7. PROPERTY, PLANT, AND EQUIPMENT**5.7.1. Recognition and measurement**

An item of property, plant and equipment is recognised as an asset if it is probable that the future economic benefits associated with the assets will flow to the group, and its cost can be reliably measured. Property, plant and equipment are measured at acquisition cost less accumulated depreciation and accumulated impairment losses.

Acquisition cost includes expenditures directly attributable to the asset's acquisition. The acquisition cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and if material the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs associated with loans to finance the construction of property, plant and equipment are capitalised over the period necessary to complete an asset and make it ready for its intended use. Other borrowing costs are expensed. When significant parts of an item of property, plant, and equipment have different useful lives, major components are accounted for as separate items of property, plant, and equipment.

A gain or loss on the disposal of an item of property, plant and equipment is determined by comparing the disposal proceeds with the carrying amount of that item; any loss is included in impairment charges.

An assets that will be disposed of and is classified as held-for-sale, will be recorded at the lower of its carrying amount and its fair value less selling costs.

5.7.2. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits associated with the asset will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day maintenance of property, plant and equipment are recognised in profit and loss as incurred.

5.7.3. Depreciation

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful life of each major component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or the asset's useful life, unless it is highly probable that the group will acquire ownership at the end of the lease term. Land is not depreciated. Depreciation methods, useful lives, and residual values, are reviewed at each balance sheet date.

5.8. INTANGIBLE ASSETS**5.8.1. Goodwill**

All business combinations in the group are recognised using the acquisition method. Goodwill represents values arising from the acquisitions of subsidiaries, associates, and joint ventures. Goodwill is allocated to cash-generating units and is tested annually for impairment. For associ-

ates, the carrying amount of goodwill is included in the carrying amount of the investment in the associates. Negative goodwill arising on an acquisition is recognised directly in the profit and loss account. Minority interests can be measured at the net value of identifiable assets and liabilities in the acquired company or at fair-value, including a goodwill element. The method of measurement is decided individually for each acquisition.

Goodwill is measured as a residual at the acquisition date and constitutes the sum of total consideration transferred in connection with the business combination, the carrying amount of the minority interests and the fair value of the previous ownership interest in the acquired company at the time of acquisition, less the net recognised amount (normally fair value) of the identifiable assets acquired and liabilities assumed.

Acquisitions of minority interests are accounted for as transactions with equity holders in their capacity as equity holders, and therefore no goodwill is recognised as a result of such transactions. In subsequent measurements, goodwill is valued at acquisition cost, less accumulated impairment losses.

5.8.2. Research and development

Expenditure on research activities undertaken to gain new scientific or technical knowledge and understanding is recognised in profit and loss in the period it is incurred.

Development expenditure that applies research findings to a plan or design for the production of a new or substantially improved product or process is capitalised if the product or process is technically and commercially feasible and the group has sufficient resources to complete development. The capitalised amount includes the cost of materials, direct labour expenses and an appropriate proportion of overhead expenses. Other development expenditure is recognised in the profit and loss account as an expense in the period in which it occurs. Capitalised development expenditures is recognised at cost less accumulated amortisation and impairment losses.

5.8.3. Other intangible assets

Expenditure on internally generated goodwill and brand names is recognised in profit and loss in the period in which it is incurred. Other acquired intangible assets (patents, trademarks and other rights), are recognised in the balance sheet at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortized from the date they are available for use.

5.9. ASSETS HELD FOR SALE OR DISTRIBUTION

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition.

Non-current assets and disposal groups classified as held for sale or distribution are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale or distribution are not depreciated or amortised, but are considered in the overall impairment testing of the disposal group.

Non-current asset classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. Liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. The balance sheet for prior periods is not reclassified to reflect the classification in the balance sheet for the latest period presented.

5.10. FINANCIAL INSTRUMENTS**5.10.1. Non-derivative financial assets**

The group has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available for sale financial assets. The group has no held-to-maturity financial assets.

The group initially recognises loans and receivables and deposits on the date that they originate. All other financial assets (including assets designated at fair value through profit or loss), are initially recognised on the trade date on which the group becomes a party to the contractual provisions of the instrument. The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.10.1.1. Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the group manages such investments and makes purchase and sale decisions based on their fair value. Attributable transaction costs are recognised in profit or loss as incurred upon initial recognition. Financial assets at fair value through profit or loss are measured at fair value, and value changes are recognised in profit or loss.

5.10.1.2. Loans and receivables

Loans and receivables comprise trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

5.10.1.3. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and not classified in any of the previous categories. The group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value, with the exception of equity investments without quoted prices whose fair value cannot be reliably measured, which are measured at costs. Changes in fair value

are recognised in other comprehensive income, and are presented as a fair value reserve within equity. This does not apply to impairment losses (see separate paragraph). When an investment is derecognised, the cumulative gain or loss in the fair value reserve is transferred to profit or loss.

5.10.2. Non-derivative financial liabilities

The group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective-interest method.

The group initially recognises issued debt securities and subordinated liabilities on their origination date. All other financial liabilities are initially recognised on the trade date on which the group becomes a party to the contractual provisions of the instrument. The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.10.3. Derivative financial instruments, including hedge accounting

The group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially recognised at fair value, and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of embedded derivatives that can be separated from the host contract are recognised immediately in profit and loss.

Derivatives not being part of hedge accounting are measured at fair value and all changes in value are recognised in profit and loss. On initial designation of a hedge accounted hedge, the group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The group assesses, both at the inception of the hedge relationship and on an on-going basis, whether the hedging instruments are expected to be effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

5.10.3.1. Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the

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fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

5.10.3.2. Fair value hedges

Changes in the fair value of derivatives designated as fair value hedges are recognised in profit or loss. The hedged object is valued at fair value with respect to the risk that is hedged. Gains or losses attributable to the hedged risk are recognised in profit and loss and the hedged object's carried amount is adjusted.

5.10.3.3. Hedging of net investments in foreign operations

Foreign currency differences arising from the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

5.11. EQUITY

5.11.1. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

5.11.2. Repurchase of share capital (treasury shares)

When share capital is repurchased, the amount of the consideration paid including directly attributable costs and net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued, the amount received is recognised as an increase in equity, and the surplus or deficit resulting from the transaction is transferred to/from retained earnings.

5.11.3. Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the group's net investment in a foreign operation.

5.11.4. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

5.11.5. Hedging reserve

The hedging reserve applies to cash flow hedges entered into in order to hedge against changes in income and expenses that may arise from exchange rate fluctuations. The profit or loss effect of such transactions is included in the profit and loss account upon recognition of the hedged cash flow. The hedging reserve represents the value of such hedging instruments that are not yet recognised in the income statement.

5.12. IMPAIRMENT

5.12.1. Financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows from the asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the asset's original effective interest rate. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in the impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed and the amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

5.12.2. Non-financial assets

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the balance sheet date. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing

use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (or group of units), on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed as at each reporting date as to any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

5.13. PROVISIONS

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that payments or other outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined as the present value of expected future cash flows, discounted by a market based pre-tax discount rate.

5.13.1. Warranties

Warranty provisions are made for expected future expenses related to delivered products and services. The provisions are based on historic data and a weighting of all possible outcomes against their associated probabilities.

5.13.2. Restructuring

Note 6 | Financial risk and exposure

FINANCIAL RISK

The Aker Group consists of various operations and companies that are exposed to different types of financial risks, including credit-, liquidity- and market risk (e.g. interest- and currency risk). The purpose of risk management is to measure and manage financial risk in a reliable manner, thereby increasing predictability and reducing negative effects on Aker's financial results. The Group uses different financial instruments to manage its financial exposure actively.

Aker's policies include the continuous monitoring of financial risk with minimum quarterly reporting. The main companies in the Group have developed similar policies and guidelines based on each individual company's exposure to the different kinds of financial risks.

CAPITAL MANAGEMENT

The overall objectives of Aker's capital management policy are to maintain a strong capital base so as to retain investor, creditor and market

A provision for restructuring is recognised when an approved, detailed and formal restructuring plan exists, and the restructuring has either begun or has been announced to the affected parties.

5.13.3. Contract losses

Provisions for contract losses are recognised when the expected revenues from a contract are lower than the cost of meeting the contractual obligations. Before provisions are made, all impairment losses on assets associated with the contract are recognised.

5.14. EARNINGS PER SHARE

The calculation of ordinary earnings per share is based on the profit attributable to ordinary shares using the weighted average number of shares outstanding during the reporting period, after deduction of the average number of treasury shares held over the period.

The calculation of diluted earnings per share is consistent with the calculation of ordinary earnings per share, and gives effect to all ordinary shares with dilutive potential that were outstanding during the period.

5.15. SEGMENT REPORTING

Aker defines operating segments based on the group's internal management and reporting structure. The group's chief operating decision maker, responsible for the allocation of resources and assessment of the performance in the different operating segments, is defined as the board of directors, the group president and CEO and the CFO.

Aker's investment portfolio comprises two segments: Industrial holdings and Financial investments.

The recognition and measurement applied in segment reporting are consistent with the accounting principles applied when preparing the financial statements. Transactions between segments are conducted on market terms and conditions. Comparative segment information is usually re-presented for changes in reporting segments. See [Note 9](#) Operating segments and significant subsidiaries.

confidence, to ensure financial flexibility for the seizure of opportunities as they arise, and to maintain a capital structure that minimises the company's cost of capital. For its surplus liquidity, Aker pursues a conservative placement strategy with minimal risk. The placements need to be flexible in terms of liquidity.

The target rate of return for the Industrial holdings is 12 per cent. The target return for the Financial investments portfolio depends on the composition of the portfolio, including the size of cash deposits and the risk profile of the receivables. In addition, Aker has defined financial target indicators (FTIs) that regulate the relationship between cash and interest-bearing debt, as well as the capital structure. The ratios work as guidelines in investment activities and capital allocation.

The governing principle of Aker ASA's dividend policy is that the company at all times should have a solid balance sheet and liquidity reserves sufficient to deal with future liabilities. The policy of the company is to

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pay annual dividends corresponding to 2-4 per cent of net asset value (value-adjusted). The market price of listed companies is used in calculating net asset value, while book value is used for other assets.

CREDIT RISK

The Group's financial assets are bank deposits, trade and other receivables, derivatives, and investments in shares. The Group's exposure to credit risk is mainly related to external receivables. For large projects and long-term lease contracts assessment of credit risk related to customers and subcontractors are performed in the bid phase and throughout the contract period. Large and long-term projects are closely monitored in accordance with agreed milestones.

Trade receivables presented in the balance sheet are net of provision for bad debts, which are estimated by the Group's management based on prior experience, in addition to specific assessments for some of the receivables.

Transactions involving derivative financial instruments are with counterparties with sound credit-ratings and with whom the Group has signed a netting agreement.

Ocean Yield faces credit risk through counterparties that may not be able to meet its obligations under a long-term charter contract. In order to mitigate this, the company charters out the vessels only to internationally well-recognised companies. In light of the recent years' oil price drop and reduced activity within the oil-service segment, the counterparty risk has increased during 2016. This is particularly related to Farstad Supply AS and Ezra Holdings Ltd. who both entered into financial restructuring discussions during 2016. In December 2016, Ocean Yield received a request from the charterer of the vessel Lewek Connector, to enter into a short-term standstill agreement relating to the bareboat hire of the vessel for the months of December 2016 and January 2017. In order to protect its legal interest, Ocean Yield served a notice of termination to the bareboat charter in February 2017.

The exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. The exposure to credit risk at the balance sheet date was:

		2016 Carrying amount - exposure to credit risk						
Amounts in NOK million	Note	Classified as held for trading	Designated at fair value through profit and loss	Available for sale financial assets	Receivables at amortised cost	Derivatives qualified for hedge accounting	Total	
Financial interest-bearing non-current assets	18	-	-	-	7 451	-	7 451	
Other non-current assets including long-term derivatives	19	-	100	-	88	-	189	
Projects under construction	10,21	-	-	-	1 253	-	1 253	
Trade receivables, other interest-free short-term receivables	21	-	-	-	10 123	-	10 123	
Current derivatives	30	46	-	-	-	340	386	
Interest-bearing short-term receivables	18	-	102	-	411	-	513	
Cash and cash equivalents	9	-	-	-	12 718	-	12 718	
Total		46	202	-	32 044	340	32 633	

		2015 Carrying amount - exposure to credit risk						
Amounts in NOK million	Note	Classified as held for trading	Designated at fair value through profit and loss	Available for sale financial assets	Receivables at amortised cost	Derivatives qualified for hedge accounting	Total	
Financial interest-bearing non-current assets	18	-	-	3	4 111	-	4 114	
Other non-current assets including long-term derivatives	19	-	14	-	1 020	112	1 146	
Projects under construction	10,21	-	-	-	4 724	-	4 724	
Trade receivables, other interest-free short-term receivables	21	-	117	-	16 322	-	16 438	
Current derivatives	30	643	-	-	-	2 996	3 640	
Interest-bearing short-term receivables	18	-	26	-	497	-	523	
Cash and cash equivalents	9	-	-	-	10 388	-	10 388	
Total		643	156	3	37 061	3 108	40 972	

Aging trade receivables and provisions for impairment loss:

Amounts in NOK million	Gross trade receivables 2016	Provision for impairment loss 2016	Gross trade receivables 2015	Provision for impairment loss 2015
Not past due	4 128	-	6 395	(1)
Past due 0-30 days	765	(1)	982	-
Past due 31-120 days	267	(37)	634	-
Past due 121-365 days	910	(138)	1 174	(211)
Past due more than one year	290	(184)	121	(104)
Total trade receivables	6 360	(360)	9 306	(316)
Recognised impairment loss		(67)		(155)

The recognised impairment loss on trade receivables is included in other operating expenses in the income statement.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to fulfil its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it always has sufficient liquidity to pay its liabilities as they fall due.

Overview of contractual maturities of financial liabilities, including estimated interest payments specified by category of liabilities:

Amounts in NOK million	2016 Contractual cash flows including estimated interest payments						
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Secured loans	15 839	(17 636)	(1 651)	(1 184)	(2 544)	(9 359)	(2 897)
Unsecured bank loans	2 837	(3 266)	(1 288)	(697)	(555)	(262)	(464)
Unsecured bond issues	11 306	(12 757)	(2 251)	(210)	(1 682)	(7 573)	(1 041)
Finance lease liabilities	4	(4)	(1)	(1)	(2)	-	-
Other liabilities	226	(231)	(42)	(9)	(99)	(70)	(11)
Credit facilities	88	(88)	(88)	-	-	-	-
Total contractual cash flows for interest-bearing liabilities	30 300	(33 982)	(5 321)	(2 101)	(4 882)	(17 264)	(4 413)
Short-term derivative financial liabilities	1 786	(1 786)	(1 005)	(694)	(58)	(29)	-
Long term derivative financial liabilities	268	(355)	-	-	(77)	(278)	-
Total contractual cash flows for interest-bearing liabilities and derivatives	32 354	(36 123)	(6 326)	(2 795)	(5 017)	(17 571)	(4 413)
Trade and other payables	17 326						
Long-term interest-free liabilities	2 766						
Total liabilities	52 446						

Overview of contractual maturities by segment:

Amounts in NOK million	2016 Contractual cash flows including estimated interest payments						
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Industrial holdings	22 228	(24 945)	(5 066)	(2 338)	(3 241)	(10 927)	(3 372)
Financial investments	1 724	(1 805)	(592)	(301)	(200)	(712)	-
Aker ASA and holding companies	8 402	(9 373)	(668)	(156)	(1 576)	(5 932)	(1 041)
Total contractual cash flows for interest-bearing liabilities and derivatives	32 354	(36 123)	(6 326)	(2 795)	(5 017)	(17 571)	(4 413)

Long-term interest-free liabilities include NOK 275 million in deferred tax liabilities and NOK 469 million in deferred revenue.

The Group's liquidity requirements are expected to be met through the balances of liquid assets and cash flow from operating activities. As at 31 December 2016, the group had cash and cash equivalents of NOK 12 718 million. In addition, the group has interest-bearing assets of NOK 7 964 million (see Note 18), and other equity investments of NOK 1 016 million (see Note 19).

OIL PRICE RISK

The equity accounted investment in Aker BP represent a substantial part of the group's assets. Since Aker BP's revenues are derived from the sale of petroleum products, the value of the investment and the group's share of profit or loss are therefore exposed to oil and gas price fluctuations.

With the current unstable macro environment, Aker BP is continuously evaluating and assessing opportunities for hedging as part of a prudent financial risk management process. In December 2016, the company entered into new commodity hedges for 2017. These include put options with a strike price of 50 USD/bbl for approximately 15 per cent of estimated 2017 oil production.

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CURRENCY RISK

Aker's operation in the international market results in various types of currency exposure for the group. Currency risks arise through ordinary, future business transactions, capitalised assets and liabilities, and when

such transactions involve payment in a currency other than the functional currency of the respective company. In addition, currency risk arises from investments in foreign subsidiaries. The group's main exposure is against USD, EUR and GBP, but it is also exposed to several other currencies.

In Aker's consolidated accounts, the following exchange rates have been applied in translating the accounts of foreign subsidiaries and associated companies.

Land	Currency	Average rate 2016	Rate at 31 Dec. 2016	Average rate 2015	Rate at 31 Dec. 2015
Great Britain	GBP 1	11.39	10.61	12.32	13.07
USA	USD 1	8.40	8.62	8.06	8.81
Denmark	DKK 100	124.81	122.22	119.88	128.91
Sweden	SEK 100	98.23	95.12	95.59	104.75
The European Union	EUR 1	9.29	9.09	8.94	9.62

The average rate and rate as at 31 December have been applied when translating the income statement and balance sheet items, respectively. If the average exchange rate for the period does not provide a fair estimate of the transaction rate, the actual transaction rate is used.

The table below illustrates the Group's sensitivity to foreign currency rate fluctuations. If the Norwegian krone had been 10% stronger against USD in 2016, the effects on the consolidated financial statements would have been as shown below. The sensitivity analysis does not take into account other effects of a stronger currency, such as competitiveness, change in the value of derivatives etc.

Amounts in NOK million	Operating revenue	Profit before tax	Equity
USD	14 424	2 432	20 849
Other currencies	12 448	(229)	7 920
NOK	16 802	(3 223)	11 250
Total	43 673	(1 020)	40 019
Change if NOK 10 % stronger against USD	(2 748)	(230)	(2 832)
When NOK 10 % stronger against USD	40 926	(1 250)	37 187

Aker ASA and the operational companies in the group have prepared guidelines on the management of currency risks, including hedging of expected future cash flows and value of assets and liabilities in foreign currencies. The group uses currency forward contracts and currency option contracts to reduce currency exposure. The net value of the group's currency contracts was NOK -1 521 million as at 31 December 2016.

INTEREST RATE RISK

The group's interest rate risk arises from long-term borrowings and receivables. Borrowings and receivables issued at variable rates expose the group to cash flow interest rate risk. Securities issued at fixed rates expose the group to fair value interest rate risk.

As at 31 December 2016, the interest rate profile of the group's interest-bearing financial instruments was as follows:

Amounts in NOK million	2016	2015
Fixed rate instruments:		
Financial assets	188	1 160
Financial liabilities	(6 818)	(9 313)
Net fixed rate instruments	(6 630)	(8 153)
Variable rate instruments:		
Financial assets	20 494	13 865
Financial liabilities	(23 482)	(42 382)
Net variable rate instruments	(2 988)	(28 517)
Net interest-bearing debt (-) / assets (+)	(9 618)	(36 671)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not recognise any fixed rate financial assets and liabilities at fair value through profit or loss. At 31 December 2016, the fair value of interest rate swaps designated as hedges for parts of debt was NOK -33 million. A change in interest rates as at the reporting date would not affect profit or loss, but would appear as a change in the fair value of

the cash flow hedge in the Group's comprehensive income. Other interest rate derivatives are not designated as hedges, and hence a change in the interest rate would affect profit or loss with respect to these instruments. In 2016, the Aker Group incurred an expense of NOK 34 million related to interest rate derivatives.

Note 7 | Acquisition of subsidiaries and transactions with minority interests

ACQUISITION OF SUBSIDIARIES IN 2016

Aker Solutions

On 20 October 2016, Aker Solutions entered into an agreement to acquire 70 per cent of the shares of Brazilian C.S.E Mecânica e Instrumentação Ltda ("C.S.E"). The acquisition gives Aker Solutions access to Brazil's growing market for servicing existing oil and gas fields. C.S.E had revenue of BRL 322 million in 2015 and provides maintenance, assembly, commissioning and crane operation services at offshore and onshore facilities. The transaction was closed on 5 December 2016.

Aker Solutions has a call option executable in 2019 for the remaining 30 per cent of the shares, and the sellers has a corresponding put option exercisable in 2021. The amount payable upon exercising the options is based on future profits. The accounting for the business combination reflects the expectation that the options will be exercised. The acquisition cost therefore includes the present value of the contingent consideration at of NOK 67 million, as if the options were already exercised. Goodwill resulting from the transaction is mainly attributable to the assembled workforce and expected synergies.

The recognised amounts of assets and liabilities assumed at time of acquisition were as follows:

Amounts in NOK million

Property, plant, and equipment	77
Intangible assets	37
Trade receivables	82
Other current operating assets	103
Cash and cash equivalents	11
Total assets	310

Deferred tax liabilities	23
Current operating liabilities	114
Non-current liabilities	1
Total liabilities	138

Total identifiable net assets at fair value	172
Goodwill arising on acquisition	117
Total consideration paid on acquisition	288
Deferred payment (option payment component)	(67)
Net cash consideration	221
Less cash and cash equivalents acquired	(11)
Acquisition, net of cash acquired	210

AKER BIOMARINE

On 2 May 2016, Aker BioMarine completed the acquisition of the remaining 50 per cent of shares in the companies related to the krill oil factory in Houston, Aker BioMarine Manufacturing and Aker BioMarine Financing, (together "AKBMM"). Prior to the transaction, the companies were joint ventures with Naturex S.A, and accounted for under the equity method in accordance with IFRS 11. The carrying value of the equity interest was USD 0.5 million at the time of the acquisition, and in addition Aker BioMarine had a receivables on AKBMM with carrying value of USD 19.9 million. The fair value of the 50 per cent previously held equity interest is therefore determined to be USD 20.3 million. The purchase price for the remaining 50 per cent interests in AKBMM of USD 13.4 million was

financed by a seller credit towards Naturex Inc. for the same amount. The net aggregate value of the identifiable assets and liabilities after debt conversions, measured in accordance with IFRS 3, is USD 33.8 million on a 100 per cent basis.

The recognised amounts of assets and liabilities assumed at time of acquisition were as follows:

Amounts in NOK million

Property, plant, and equipment	291
Trade receivables and prepaid expenses	58
Cash and cash equivalents	4
Total assets	353

Current operating liabilities	18
Non-current liabilities	63
Total liabilities	80

Total identifiable net assets at fair value	273
Goodwill arising on acquisition	-
Total consideration paid on acquisition	273
Shares in AKBMM	(4)
Receivables converted to equity	(161)
Seller credit	(109)

Net cash consideration	-
Less cash and cash equivalents acquired	(4)
Acquisition, net of cash acquired	(4)

The above valuations is based on current available information about fair values as of the acquisition date. If new information becomes available within 12 months from the acquisition date, the fair value assessment in the PPA may change, in accordance with guidance in IFRS 3.

TRANSACTIONS WITH MINORITY INTERESTS IN 2016

In 2016, the Aker group net sale of minority interests (shares in subsidiaries) was NOK 262 million. This led to an increase in minority interests of NOK 126 million and an increase in majority interests of NOK 136 million, recognised directly in equity and attributed to the equity holders in the parent company. In addition, subsidiaries net acquired own shares for NOK 230 million, it led to a decrease in minority interests of NOK 213 million and a decrease of majority interests of NOK 17 million. See also

[Note 23.](#)

ACQUISITION OF SUBSIDIARIES IN 2015

On 22 December 2015, Aker's subsidiary (at the time) Det norske oljeselskap finalised the acquisition of 100 per cent of the shares in Premier Oil Norge AS. The transaction was announced on 16 November 2015, and Det norske oljeselskap paid a cash consideration of NOK 1 057 million (USD 120 million) on a cash free, debt free basis. The acquisition was financed through existing cash and undrawn debt facilities. The main reasons for the acquisition were to obtain certain high potential licenses at an attractive price, taking into account the tax positions in Premier Oil Norge AS.

The acquisition was regarded as a business combination and was accounted for using the acquisition method in accordance with IFRS 3. The purchase price allocation resulted in the recognition of NOK 783 million

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in deferred tax assets, NOK 154 million in exploration tax refunds, NOK 80 million in value of licenses, NOK 3 million for property, plant and equipment, NOK 10 million in current liabilities, and NOK 48 million in goodwill.

In addition, Aker paid NOK 194 million for other acquisitions of subsidiaries in 2015. The amount includes deferred payment related to acquisitions for earlier years.

TRANSACTIONS WITH MINORITY INTERESTS IN 2015

In 2015, the Aker group net purchase of minority interests was NOK 95 million. This led to a decrease in minority interests of NOK 100 million

Note 8 | Sale of subsidiaries and discontinued operations

SALE OF SUBSIDIARIES IN 2016

In May 2016, Aker sold the subsidiary Aker Maritime Finance AS. The consideration was NOK 276 million and resulted in a gain of NOK 393 million. The disposal do not represent a separate major line of business, and is not presented as discontinued operations.

DISCONTINUED OPERATIONS IN 2016

Havfisk and Norway Seafoods

On 2 June 2016, it was announced that Aker had entered into an agreement with Lerøy Seafood Group ASA for the sale of all its shares in Havfisk ASA and Norway Seafoods Group AS. The transaction was closed at the end of August 2016. Aker classified its investments in Havfisk and Norway Seafoods as disposal groups held-for-sale and discontinued operations from the date of announcement of the transactions. The comparative statement of profit and loss has been restated to show the discontinued operations separately from continuing operations.

The consideration for the shares in Havfisk was NOK 1 953 million and in Norway Seafoods NOK 62 million. The sale of the shares resulted in a gain of NOK 1 401 million for Havfisk and NOK 130 million for Norway Seafoods. The gains are included in "Profit and gain on sale from discontinued operations, net of tax".

Det norske oljeselskap

On 10 June 2016, Det norske oljeselskap ASA ("Det norske") announced the agreement with BP Plc ("BP") to merge with BP Norge AS ("BP Norway") through a share purchase agreement. Det norske completed the closing of the merger on 30 September 2016, and the company was renamed Aker BP ASA ("Aker BP").

Aker BP is owned by Aker (40 per cent), BP (30 per cent) and other shareholders (30 per cent). As part of the transaction, Det norske issued 135.1 million shares to BP as compensation for all shares in BP Norway. As an integral part of the transaction, Aker acquired 33.8 million of these shares from BP to achieve the agreed-upon ownership structure.

The transaction has reduced Aker's ownership from 49.99 per cent in Det norske to 40 per cent in Aker BP and introduced BP as a new major shareholder with 30 per cent ownership interest. Aker has therefore reassessed its ownership in Det norske in relation to the control criteria's under IFRS 10. The main assessment has been Aker's ability, given the new ownership structure, to control the outcome of a vote on the compa-

ny's general meeting. The assessment includes evaluations of both Aker's absolute and relative ownership interests, as well as the historic attendance by the minority shareholders at recent general meetings of both Det norske and comparable companies. The conclusion reached is that Aker no longer has control with Aker BP subsequent to the transaction. At closing, Aker therefore has deconsolidated its investment in Det norske, and accounts for its continuing investment in Aker BP as an associate.

The total purchase price of subsidiaries and minority interests in 2015 is NOK 1 251 million. Total sales of minority interests and subsidiaries (see Note 8), were NOK 836 million in 2015. Purchase prices and sales prices are stated net of cash acquired and disposed.

ny's general meeting. The assessment includes evaluations of both Aker's absolute and relative ownership interests, as well as the historic attendance by the minority shareholders at recent general meetings of both Det norske and comparable companies. The conclusion reached is that Aker no longer has control with Aker BP subsequent to the transaction. At closing, Aker therefore has deconsolidated its investment in Det norske, and accounts for its continuing investment in Aker BP as an associate.

Based on the above, Aker classified its investment in Det norske as a disposal group held-for-sale and discontinued operations from the date of announcement of the transaction in June 2016. The comparative statement of profit and loss has been restated to show the discontinued operations separately from continuing operations.

At the time of closing of the transaction on 30 September 2016, Aker has recognised a gain of NOK 12 524 million and simultaneously recognised its remaining 40 per cent ownership as investment in associate at an initial amount equal to fair value of the shares at that date. The gain is included in "Profit and gain on sale from discontinued operations, net of tax".

Discontinued operations within Akastor

In August 2016, MH Wirth sold Managed Pressure Operations (MPO), and as of 31 December 2016, Akastor completed the transaction to sell Frontica's IT business line (Frontica Business Solutions) and Fjords Processing segment. The three businesses are classified as discontinued operations and the comparative statement of profit and loss has been restated to show the discontinued operations separately from continuing operations. The group recognised a total gain from the three sales of NOK 895 million in 2016.

SALE OF SUBSIDIARIES IN 2015

In October 2015, Aker sold the shares and a receivable on the subsidiary Ocean Harvest AS. The consideration for the shares and receivable was NOK 341 million and 195 million. The sale of shares resulted in a gain of NOK 121 million. In November 2015, Fornebuporten Holding AS sold the subsidiary Fornebuporten AS. The consideration was NOK 1.0 billion and resulted in a gain of NOK 430 million. In addition, sales consideration for other companies was NOK 27 million. The disposals do not represent a separate major line of business, and is not presented as discontinued operations.

RESULTS FROM DISCONTINUED OPERATIONS 2016

Amounts in NOK million	Det norske	Havfisk	Norway Seafoods	Operations within Akastor	Other and elim	Total
Operating revenues	5 958	929	1 398	4 616	(2 486)	10 414
Operating expenses	(5 060)	(675)	(1 426)	(4 715)	3 817	(8 059)
Financial items	(222)	(32)	(20)	(4)	4	(274)
Profit before tax	675	221	(48)	(102)	1 335	2 081
Tax expense	182	(56)	-	(58)	(1 012)	(943)
Profit for the period	857	166	(47)	(160)	323	1 138
Gain after tax from discontinued operations	12 524	1 401	130	895	-	14 949
Classified as discontinued operations previous years:						
Operations within Kvaerner (effects of the settlement of the Longview Power project)					345	345
Total profit from discontinued operations	13 382	1 566	82	734	667	16 432

RESULTS FROM DISCONTINUED OPERATIONS 2015

Amounts in NOK million	Det norske	Havfisk	Norway Seafoods	Operations within Akastor	Other and elim	Total
Operating revenues	9 852	1 131	1 979	5 832	(3 860)	14 935
Operating expenses	(9 519)	(852)	(1 999)	(6 474)	3 884	(14 960)
Financial items	(1 250)	(51)	(7)	(13)	6	(1 315)
Profit before tax	(916)	228	(26)	(655)	30	(1 340)
Tax expense	(1 605)	(55)	(12)	(65)	(3)	(1 740)
Profit for the period	(2 521)	173	(38)	(720)	27	(3 081)
Classified as discontinued operations previous years:						
Operations within Kvaerner					56	56
Operations within Akastor				(23)		(23)
Total profit from discontinued operations	(2 521)	173	(38)	(743)	82	(3 048)

EARNINGS PER SHARE OF DISCONTINUED OPERATIONS

Amounts in NOK	2016	2015
Basic earnings per share from discontinued operations	203.40	(18.87)
Diluted earnings per share from discontinued operations	203.40	(18.87)

CASH FLOW FROM DISCONTINUED OPERATIONS 2016

Amounts in NOK million	Det norske	Havfisk	Norway Seafoods	Operations within Akastor	Other and elim	Total
Net cash flow from operating activities	4 820	248	(24)	(73)	-	4 971
Net cash flow from investing activities	(6 865)	(12)	(5)	2 333	-	(4 549)
Net cash flow discontinued operations	(2 045)	236	(29)	2 260	-	422
Operations within Kvaerner classified as discontinued operations previous years						
Total from discontinued operations	(2 045)	236	(29)	2 260	4	426

CASH FLOW FROM DISCONTINUED OPERATIONS 2015

Amounts in NOK million	Det norske	Havfisk	Norway Seafoods	Operations within Akastor	Other and elim	Total
Net cash flow from operating activities	5 533	278	(24)	(314)	-	5 473
Net cash flow from investing activities	(9 421)	(50)	(10)	(4)	-	(9 485)
Net cash flow discontinued operations	(3 888)	228	(34)	(318)	-	(4 012)
Operations within Kvaerner classified as discontinued operations previous years						
Total from discontinued operations	(3 888)	228	(34)	(318)	6	(4 006)

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Amounts in NOK million	2016
Property, plant, and equipment	30 441
Intangibles assets	17 972
Interest-bearing fixed assets	70
Cash and cash equivalent	3 466
Interest-bearing liabilities	(26 794)
Net tax liabilities(-)/assets	(12 451)
Other assets and liabilities	(4 546)
Equity	8 158
Minority interest	(3 345)
Total equity attributable to equity holders of the parent	4 813

ASSETS AND LIABILITIES HELD FOR SALE

Assets of NOK 207 million and liabilities of NOK 227 million classified as held for sale at 31 December 2016 are mainly related to Frontica Advantage in Akastor and remaining legacies related to Kvaerner's sale of its the onshore construction business in North America in 2013.

Note 9 | Operating segments and significant subsidiaries

Operating segments are identified based on the Group's internal management- and reporting structure. The Group's chief operating decision makers, who are responsible for the allocation of resources and assessment of performance in the different operating segments, are defined as the board of directors, the CEO and the CFO.

Aker's investment portfolio comprises two segments: Industrial holdings and Financial investments. The primary focus for businesses within Industrial holdings is long-term value creation. Businesses within Financial

investments are managed as a portfolio with focus on financial and strategic opportunities.

Recognition and measurement applied to segment reporting are consistent with the accounting principles applied when preparing the financial statements. Transactions between segments are conducted on market terms and conditions. Operational revenues and segment assets are based on the geographical location of companies.

AN OVERVIEW OF OPERATING SEGMENTS:

Industrial holdings

Aker Solutions	Leading global supplier of products, systems and services for the oil and gas industry. The Aker Group's ownership interest is 46.93%. Aker ASA indirectly owns 34.76%. Aker Kvaerner Holding AS owns 40.56 % of Aker Solutions ASA. Aker ASA owns 70 % of Aker Kvaerner Holding AS. In addition, Aker ASA owns directly 6.37% of Aker Solutions ASA.
Akastor	Akastor is an oil-services investment company with a portfolio of industrial holdings, real estate and other investments. The Aker Group's ownership interest is 48.78 %. Aker ASA indirectly owns 36.71%. Aker Kvaerner Holding AS owns 40.27 % of Akastor ASA. Aker ASA owns 70 % of Aker Kvaerner Holding AS. In addition, Aker ASA owns directly 8.52% of Akastor ASA.
Aker BP	Oil company. Exploration and production on the Norwegian continental shelf. Ownership interest 40.00 %. The company is defined as an associated company in the Aker Group, and is accounted for using the equity method.
Kvaerner	Leading global provider of engineering and construction services to the energy and process industry. The Aker Group's ownership interest is 41.02 %. Aker ASA indirectly owns 28.71%. Aker Kvaerner Holding AS owns 41.02 % of Kvaerner ASA. Aker ASA owns 70 % of Aker Kvaerner Holding AS.
Ocean Yield	Owens, operates and charters vessels. Ownership interest 66.22%.
Aker BioMarine	Biotechnology company. Harvesting of krill, production and sale. Ownership interest 99.51%.

Financial investments

Philly Shipyard	Design and construction of vessels. Ownership interest 57.56 %.
Solstad Offshore	Owens and operates platform supply-vessels, anchor-handling-vessels and construction service-vessels. Ownership interest 24.43 %. The company is defined as an associated company in the Aker Group, and is accounted for using the equity method.

Other and eliminations

Aker ASA and holding companies	Cash, other financial investments and other assets. Companies included are listed in Note 1 in annual accounts of Aker ASA and holding companies.
Other	Other companies and eliminations. See next section for overview of group entities.

SUBSIDIARIES

Aker Solutions, Akastor and Kvaerner

The board and management of Aker have considered whether the company's indirect and direct ownership interests in Aker Solutions and Akastor, as well as the indirect ownership in Kvaerner, are sufficient to give it control under IFRS 10. The primary consideration has been whether Aker is able to control the outcome of voting at the companies' general meetings. After careful consideration of this question based on both the absolute and relative ownership interests and attendance at previous general meetings of the companies and comparable companies, Aker has concluded that such control exists. Consideration has

also been given to all other relevant factors mentioned in IFRS 10 that may help to illuminate the question of control further. Factors indicating that Aker has control include Aker's representation on the nomination committees, the fact that leading employees have previously worked for Aker, the fact that the companies themselves consider Aker an active owner, etc. On the other hand, in isolation, the shareholder's agreement with the Norwegian State relating to the holding company Aker Kvaerner Holding AS is a factor in favour of Aker not having control. Based on an overall assessment, the conclusion is that Aker does have control over Aker Solutions, Akastor and Kvaerner.

SIGNIFICANT SUBSIDIARIES IN THE AKER GROUP ACCOUNTS ARE PRESENTED IN THE TABLE BELOW.

Companies owned directly by Aker ASA are highlighted. Group's ownership in % and Group's share of votes in % are equal if nothing else is indicated.

	Group's ownership in % ¹⁾	Business address	
		City location	Country
Aker BioMarine AS	99.51	Fornebu	Norway
Aker BioMarine Antarctic AS	100.00	Fornebu	Norway
Aker Capital AS	100.00	Fornebu	Norway
Philly Shipyard ASA (PHLY)	57.56	Oslo	Norway
Fornebuporten Holding AS ¹⁾	100.00	Fornebu	Norway
Ocean Yield ASA (OCY)	66.22	Fornebu	Norway
Aker Contracting FP AS	100.00	Fornebu	Norway
Connector 1 AS	100.00	Fornebu	Norway
F-Shiplease AS	100.00	Fornebu	Norway
Ocean Holding AS	100.00	Fornebu	Norway
OCY Albany AS	100.00	Fornebu	Norway
OCY Containerinvest AS	100.00	Fornebu	Norway
OCY Wayfarer AS	100.00	Fornebu	Norway
OS Installer	75.00	Fornebu	Norway
Aker Kvaerner Holding AS	70.00	Fornebu	Norway
Aker Solutions ASA (AKSO)	40.56 ²⁾	Fornebu	Norway
Aker Offshore Partner Ltd	100.00	London	United Kingdom
Aker Solutions AS	100.00	Fornebu	Norway
Aker Solutions do Brasil Ltda	100.00	Curitiba	Brazil
Aker Solutions Enterprises LDA	49.00	Luanda	Angola
Aker Solutions Inc	100.00	Houston	USA
Aker Solutions Ltd	100.00	Maidenhead	United Kingdom
Akastor ASA (AKA)	40.27 ³⁾	Fornebu	Norway
AKOFS 1 AS	100.00	Oslo	Norway
AKOFS 2 AS	100.00	Oslo	Norway
AKOFS 3 AS	100.00	Oslo	Norway
AKOFS Offshore Servicos de Petroleo e Gas do Brazil Ltda	100.00	Rio de Janeiro	Brazil
KOP Surface Products Singapore Pte Ltd	100.00	Singapore	Singapore
MHWirth AS	100.00	Kristiansand	Norway
MHWirth GmbH	100.00	Erkelenz	Germany
MHWirth Inc	100.00	Houston	USA
Kvaerner ASA (KVAER)	41.02	Fornebu	Norway
Kvaerner AS	100.00	Stord	Norway

¹⁾ In accordance with UK Companies Act 2006, the Fornebuporten Holding subsidiaries Abstract (Aberdeen 2) Limited (reg. no. 8271923), Abstract (Aberdeen 3) Limited (reg. no. 9137931), Abstract (Aberdeen 4) Limited (reg. no. 9137913), Abstract (Aberdeen 5) Limited (reg. no. 9137895), Abstract (Aberdeen 6) Limited (reg. no. 9137897), Abstract (Aberdeen 7) Limited (reg. no. 9137984), Abstract (Aberdeen 8) Limited (reg. no. 9138091), Abstract (Aberdeen 9) Limited (reg. no. 9137993), Abstract (Aberdeen 10) Limited (reg. no. 9251169), Aberdeen Residual Land Holdings Limited (reg. no. 9138539), and Aberdeen International Business Park Limited (reg. no. 8361458) are exempt from audit of accounts under section 479A.

²⁾ In addition, Aker ASA owns 6.37 % directly.

³⁾ In addition, Aker ASA owns 8.52 % directly.

^{*)} Ownership percentage shown is percentage ownership of the relevant entity's parent.



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AKER ASA

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2016 - OPERATING SEGMENTS

Amounts in NOK million	Aker Solutions	Akastor	Aker BP	Kvaerner	Ocean Yield	Aker Bio-Marine	Havfisk	Eliminations	Total industrial holdings	Financial investments and eliminations	Total
External operating revenues	24 884	5 081	-	7 782	2 274	981	-	-	41 000	2 673	43 673
Inter-segment revenues	673	229	-	114	200	-	-	(1 213)	3	(3)	-
Operating revenues	25 557	5 310	-	7 896	2 473	981	-	(1 213)	41 003	2 670	43 673
EBITDA	1 929	69	-	629	2 228	239	-	(195)	4 899	863	5 762
Depreciation and amortisation	(778)	(746)	-	(100)	(838)	(163)	-	12	(2 613)	(40)	(2 653)
Impairments	(464)	(473)	-	(198)	(305)	(5)	-	-	(1 445)	(93)	(1 538)
Operating profit	687	(1 151)	-	331	1 086	71	-	(182)	841	730	1 572
Share of earnings in associates and joint ventures	-	(214)	(225)	-	-	-	-	-	(439)	(161)	(600)
Interest income	65	10	-	16	158	2	-	-	252	129	381
Interest expense	(405)	(506)	-	(20)	(445)	(67)	-	292	(1 150)	(386)	(1 536)
Other financial items	(74)	(463)	-	(113)	(9)	(19)	-	-	(679)	(157)	(836)
Profit before tax	273	(2 324)	(225)	214	790	(12)	-	110	(1 174)	154	(1 020)
Tax expense	(121)	307	-	(132)	(139)	(5)	-	(28)	(118)	(228)	(345)
Profit for the year from continuing operations	152	(2 017)	(225)	82	651	(17)	-	83	(1 292)	(74)	(1 365)
Result from discontinued operations (net of tax)	-	734	857	345	-	-	166	-	2 102	14 329	16 432
Profit for the year	152	(1 282)	633	426	651	(17)	166	83	811	14 256	15 066
Profit for the year to equity holders of the parent	20	(488)	63	127	449	(17)	99	34	287	14 125	14 412
Property, plant, and equipment	3 808	5 198	-	798	10 722	1 217	-	(153)	21 589	1 104	22 693
Intangibles assets	5 647	1 731	-	666	84	584	-	-	8 712	717	9 429
Investment in equity accounted companies	1	93	17 936	35	1 616	-	-	-	19 681	987	20 668
External interest-bearing fixed assets	472	66	-	-	6 239	-	-	-	6 777	1 187	7 964
Internal interest-bearing fixed assets	-	-	-	-	1 738	-	-	(1 738)	-	-	-
Cash and cash equivalent ¹⁾	2 480	487	-	3 047	1 427	30	-	-	7 471	5 248	12 718
Internal interest-bearing liabilities	-	(1 621)	-	-	-	-	-	1 621	-	-	-
External interest-bearing liabilities	(3 954)	(1 433)	-	-	(13 395)	(1 483)	-	-	(20 263)	(10 037)	(30 300)
Net tax liabilities(-)/assets	547	587	-	(108)	175	-	-	123	1 324	150	1 474
Other assets and liabilities	(2 585)	472	-	(1 783)	(1 579)	290	-	(160)	(5 345)	718	(4 627)
Equity	6 415	5 580	17 936	2 656	7 027	638	-	(307)	39 945	74	40 019
Minority interest	(138)	-	-	-	(94)	-	-	83	(150)	(18 027)	(18 177)
Total equity attributable to equity holders of the parent	6 278	5 580	17 936	2 656	6 932	638	-	(225)	39 796	(17 953)	21 842
Value 100 per cent ²⁾	11 233	4 394	20 873	3 210	9 631	1 411	-	-	50 753	574	23 993
Investments ³⁾	893	203	7 388	203	1 137	92	18	-	9 933	1 134	11 067

Aker ASA and holding companies key figures:

Dividends received	-	-	209	-	567	-	80	-	857	574	1 430
Gross asset value (GAV) ⁴⁾	3 912	1 629	20 873	935	6 386	1 405	-	-	35 139	7 950	43 089

1) There are restrictions on the cash transfers between Aker ASA and holding companies and subsidiaries. Restricted cash at end of 2016 was NOK 39 million.

2) Listed companies at 100 per cent of market value, with exception of Aker BP, which is 40 per cent of market value, other companies at book value in Aker ASA and holding companies. Total is market value of Aker ASA.

3) Investment include acquisitions of property, plant and equipment and intangibles (including increases due to business combinations).

4) Listed companies at market value and other companies at book value.

2015 - OPERATING SEGMENTS

Amounts in NOK million	Aker Solutions	Akastor	Det norske oljeselskap	Kvaerner	Ocean Yield	Aker Bio-Marine	Havfisk	Eliminations	Total industrial holdings	Financial investments and eliminations	Total
External operating revenues	30 525	9 612	-	11 936	1 914	848	-	-	54 834	3 636	58 470
Inter-segment revenues	1 371	371	-	149	156	-	-	(2 046)	1	(1)	-
Operating revenues	31 896	9 983	-	12 084	2 070	848	-	(2 046)	54 835	3 635	58 470
EBITDA	1 841	567	-	574	1 808	207	-	(212)	4 784	337	5 121
Depreciation and amortisation	(719)	(829)	-	(81)	(780)	(128)	-	(10)	(2 547)	(94)	(2 641)
Impairments	(163)	(1 256)	-	-	(230)	(15)	-	-	(1 665)	(88)	(1 753)
Operating profit	958	(1 518)	-	493	797	64	-	(222)	572	155	727
Share of earnings in associates and joint ventures	-	(73)	-	-	-	(32)	-	-	(105)	(232)	(337)
Interest income	76	12	-	12	147	1	-	-	248	70	318
Interest expense	(264)	(205)	-	(47)	(299)	(58)	-	279	(594)	(440)	(1 033)
Other financial items	(86)	(412)	-	121	3	33	-	-	(340)	10	(330)
Profit before tax	685	(2 195)	-	579	649	7	-	57	(219)	(437)	(656)
Tax expense	(302)	351	-	(241)	198	(1)	-	(15)	(10)	(108)	(118)
Profit for the year from continuing operations	383	(1 844)	-	337	847	6	-	42	(229)	(545)	(773)
Result from discontinued operations (net of tax)	-	(743)	(2 521)	56	-	-	173	-	(3 036)	(12)	(3 048)
Profit for the year	383	(2 587)	(2 521)	393	847	6	173	42	(3 264)	(557)	(3 821)
Profit for the year to equity holders of the parent	109	(960)	(1 260)	112	612	6	125	9	(1 246)	(577)	(1 823)
Property, plant, and equipment	3 962	6 480	26 246	687	10 919	998	1 158	(40)	50 410	3 454	53 864
Intangibles assets	6 207	2 785	15 024	873	86	616	773	-	26 364	3 514	29 878
Investment in equity accounted companies	1	178	-	134	-	3	-	-	316	1 062	1 377
External interest-bearing fixed assets	20	155	39	1 726	3 048	134	3	-	5 126	(489)	4 637
Internal interest-bearing fixed assets	-	-	-	-	1 165	-	209	(1 165)	209	(209)	-
Cash and cash equivalent ¹⁾	3 862	563	798	1 560	1 037	24	233	-	8 078	2 310	10 388
Internal interest-bearing liabilities	(1)	(1 645)	-	-	-	(199)	-	1 646	(199)	199	-
External interest-bearing liabilities	(3 696)	(3 992)	(23 101)	-	(10 209)	(1 196)	(1 212)	-	(43 405)	(8 290)	(51 695)
Net tax liabilities(-)/assets	159	330	(10 833)	(71)	317	(1)	(148)	151	(10 096)	(1 333)	(11 429)
Other assets and liabilities	(3 883)	2 532	(5 188)	(2 359)	(120)	291	(31)	(982)	(9 740)	2 139	(7 601)
Equity	6 630	7 386	2 986	2 550	6 244	671	986	(390)	27 063	2 356	29 419
Minority interest	(234)	-	-	-	(102)	-	(6)	131	(210)	(21 251)	(21 462)
Total equity attributable to equity holders of the parent	6 397	7 386	2 986	2 550	6 142	671	980	(259)	26 853	(18 896)	7 957
Value 100 per cent ²⁾	8 243	3 288	11 195	2 211	9 222	1 411	2 387	-	37 957	616	12 163
Investments ³⁾	1 330	1 659	8 281	55	394	141	51	-	11 911	1 154	13 065

Aker ASA and holding companies key figures:

Dividends received	136	-	-	63	480	-	47	-	725	616	1 340
Gross asset value (GAV) ⁴⁾	2 865	1 207	5 596	635	6 730	1 405	1 748	-	20 186	7 693	27 879

1) There are restrictions on the cash transfers between Aker ASA and holding companies and subsidiaries. Restricted cash at end of 2015 was NOK 183 million.

2) Listed companies at market value, other companies at book value in Aker ASA and holding companies. Total is market value of Aker ASA.

3) Investment include acquisitions of property, plant and equipment and intangibles (including increases due to business combinations).

4) Listed companies at market value and other companies at book value.

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AKER ASA

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GEOGRAPHICAL SEGMENTS

Amounts in NOK million	Operating revenue based on location of the company		Total property, plants, equipment and intangibles by company location	
	2016	2015	2016	2015
Norway	25 248	44 372	23 598	73 907
EU	5 009	9 630	3 307	4 751
The Americas	5 776	9 183	4 025	3 759
Asia	4 245	7 529	790	726
Other areas	3 395	2 691	403	599
Discontinued operations	-	(14 935)	-	-
Total	43 673	58 470	32 122	83 742

CASH FLOW CONTINUED AND DISCONTINUED OPERATIONS

Amounts in NOK million	Operating activities	Investing activities	Debt financing activities	Equity financing activities	Total
Continued operations	4 398	(5 379)	3 292	(605)	1 706
Discontinued operations					
Cash flow in discontinued operations	4 971	(6 931)	4 244	(127)	2 157
Acquisition of Aker BP shares and net cash disposed in Det norske	-	(5 472)	-	-	(5 472)
Disposals of discontinued operations, net of cash disposed	-	4 352	-	-	4 352
Total discontinued operations	4 971	(8 051)	4 244	(127)	1 037
Total	9 369	(13 430)	7 536	(732)	2 743

Note 10 | Operating revenue

ANALYSIS OF OPERATING REVENUES BY CATEGORY

Amounts in NOK million	2016	2015
Construction contract revenue	23 218	35 419
Revenue from services	13 293	16 899
Leasing income	2 621	2 787
Petroleum revenues	-	9 343
Other sales of goods	2 265	6 451
Other income	2 277	2 505
Discontinued business	-	(14 935)
Total	43 673	58 470

IMPORTANT CUSTOMERS

Aker has three customers that have been invoiced for more than 10 per cent of the group's revenues in 2016.

ORDER BACKLOG CONSTRUCTION CONTRACTS AND OTHER CONTRACTS

The activities of Aker Solutions, Akastor, Kvaerner, Ocean Yield and Philly Shipyard are largely based on deliveries in accordance with customer contracts. The order backlog represents an obligation to deliver goods and services not yet produced, as well as Aker's contractual entitlement to make future deliveries.

Order intake and order backlog for the companies in the Aker Group as at year-end 2016 :

(Figures are unaudited. Internal order backlog and order intake are not eliminated)

Amounts in NOK million	Ocean Yield	Aker Solutions	Akastor	Kvaerner	Philly Shipyard	Total
Duration of less than one year	1 930	-	726	-	-	2 656
Duration of between one and five years	5 016	-	4 223	-	-	9 239
Duration of more than five years	3 757	-	581	-	-	4 338
Total leasing agreements - operational lease	10 703	-	5 530	-	-	16 233
Duration of less than one year	805	-	-	-	-	805
Duration of between one and five years	3 076	-	-	-	-	3 076
Duration of more than five years	6 631	-	-	-	-	6 631
Total leasing agreements - financial lease ¹⁾	10 513	-	-	-	-	10 513
Other order backlog	336	31 188	2 223	6 459	6 762	46 968
Order backlog end of 2016	21 551	31 188	7 753	6 459	6 762	73 713
Order intake 2016	1 255	17 004	3 907	2 938	-	25 104

¹⁾ The table show gross future revenues from finance lease contracts. Present value of the future financial lease contracts is NOK 6 062 million.

CONSTRUCTION CONTRACT REVENUE

Construction contract revenue in 2016 amounts to NOK 23 218 million and aggregate amount of cost incurred and recognised profits (less losses) for project at progress at 31 December 2016 totalled approximately NOK 57 billion.

Amounts in NOK million	2016	2015
Construction revenue in the year	23 218	35 419
Amounts due from customers for contract work	1 253	4 724
Amounts due to customers for contract work	(5 333)	(8 464)
Construction contracts in progress, net position	(4 080)	(3 741)

Construction contracts in progress at the end of the reporting period:
 Aggregate amount of cost incurred and recognised profits (less losses) 57 480 71 112
 Advances from customers 4 305 5 808

OTHER SALES OF GOODS

Other sales of goods of NOK 2 265 million in 2016 consists mainly of NOK 918 million in sale of oil- and gas related products in Akastor, NOK 968 million in sales of krill products by Aker BioMarine and NOK 278 million in sales of apartments by Fornebuporten.

Other sales of goods of NOK 6 451 million in 2015 consists mainly of NOK 1 683 million in sale of oil- and gas related products in Akastor, NOK 833

million in sales of krill products by Aker BioMarine, NOK 1 283 million in harvesting revenues generated by Havfisk and Ocean Harvest and NOK 1 962 million in sales of whitefish products by Norway Seafoods.

OTHER INCOME

Other income of NOK 2 277 million in 2016 consist among others of gain from sale of subsidiaries and other assets and in addition NOK 307 million in share of earnings in joint ventures and associated companies.

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Note 11 | Wages, personnel expenses and other operating expenses

Amounts in NOK million	2016	2015
Wages	11 872	17 396
Social security contributions	1 525	2 116
Pension costs	782	941
Other expenses	707	1 210
Personnel expenses included in other items ¹⁾	(477)	(1 428)
Discontinued operation	-	(2 366)
Total wages and other personnel expenses	14 409	17 869
Average number of employees	23 390	27 512
Number of employees at year-end	20 753	26 026

¹⁾ Other items in 2016 consist of NOK 477 million related to capitalised construction expenses in Philly Shipyard (2015: NOK 274 million). Other items in 2015 also includes 154 million related to reimbursable licence expenses and research-, development- and production expenses in Det norske oljeselskap.

Geographical split of number of employees by region:	2016	2015
Norway	9 697	14 301
EU	2 343	3 589
Asia	3 430	4 236
North America	1 354	1 816
Other regions	3 929	2 084
Total	20 753	26 026

OTHER OPERATING EXPENSES CONSIST OF THE FOLLOWING:

Amounts in NOK million	2016	2015
Rent and leasing expenses	1 471	1 877
Exploration expenses oil and gas	-	616
Production cost oil and gas	-	1 137
Office equipment, sales- and administration expenses	1 062	1 236
External consultants and hired-ins, exclusive audit expenses (see below)	738	1 124
Travel expenses	561	712
Insurance	170	271
Bunkers	89	286
Loss on customer receivables	67	155
Miscellaneous operating expenses ¹⁾	1 730	4 172
Discontinued operation	-	(3 254)
Total	5 887	8 331

¹⁾ Other operating expenses include, among others, operation and maintenance of properties.

FEES TO AUDITORS OF THE AKER GROUP ARE INCLUDED IN MISCELLANEOUS OPERATING EXPENSE, AND DISTRIBUTED AS FOLLOWS:

Amounts in NOK million	Ordinary auditing	Consulting services	Total 2016	2015 Restated
Aker ASA	2	1	3	2
Subsidiaries	42	10	52	56
Total	44	11	55	58

Ordinary audit fees totalled NOK 44 million in 2016 (NOK 43 million in 2015 Restated).

Consulting services of NOK 11 million consist of NOK 4 million in other assurance services, NOK 4 million in tax advisory services and NOK 3 million in other non-audit services.

OPERATING LEASES

Lease and sublease payments recognised in the income statement:

Amounts in NOK million	Minimum lease payments	Sublease income	2016	2015
Buildings and vessel	1 454	(9)	1 446	1 846
Machinery and equipment	15	-	15	21
Other agreements	10	-	10	10
Discontinued operations	-	-	-	(52)
Leasing agreements	1 479	(9)	1 471	1 825

Irrevocable operating leases where the Group is the lessee, are payable as follows:

Amounts in NOK million	2016	2015
Less than one year	1 440	1 243
Between one and five years	4 313	3 873
More than five years	5 066	4 282
Discontinued operations	-	(15)
Total	10 818	9 383

Aker's operational lease costs and future commitments relate mainly to rent of office facilities, IT services and vessels, the majority of these relates to agreements in Aker Solutions with NOK 7 978 million, Akastor with NOK 2 298 million and Kvaerner NOK 352 million. The contracts relate to leasing of buildings and locations around the world, typical lease periods are 10-15 years with options for renewal at market value. The lease contracts regarding IT services, vehicles and equipment have an average lease term of 3-5 years.

Note 12 | Impairments

Amounts in NOK million	2016	2015
Impairment losses on intangible assets (Note 16)	(643)	(4 399)
Impairment losses on property, plant and equipment (Note 15)	(906)	(1 311)
Reversal of impairment losses on property, plant and equipment (Note 15)	12	-
Discontinued operations	-	3 957
Total	(1 538)	(1 753)

Impairment losses on intangible assets in 2016 of NOK 643 million are mainly attributable to Aker Solutions with NOK 385 million, Kvaerner with NOK 198 million and Akastor with NOK 55 million. The impairment in Aker Solutions relates to capitalised development cost, the main reason for the impairment charges was the decreased expectations in oil market. The impairment in Kvaerner relates to goodwill allocated to Concrete Solutions and is due to uncertainty in both the market situation and timing for new project awards. The impairment in Akastor relates to intangible assets in MHWirth that is not expected to generate future benefits.

Impairment loss on property, plant and equipment of NOK 906 million in 2016 are mainly attributable to NOK 419 million in Akastor, NOK 299 million in Ocean Yield and NOK 79 million in Aker Solutions. The impairment in Akastor mainly relates to the Macae plant in Brazil and the vessel AKOFS Seafarer and is due to weak market conditions, expected to continue in the short to medium term. The impairment in Ocean Yield relates to the vessel Lewek Connector, based on value in use calculated as the present value of estimated future charter cash flows. The impairment

in Aker Solutions relates to the Subsea segment and done on basis of uncertainty in the oil service market.

Impairment losses on intangible assets in 2015 of NOK 4 399 million are mainly attributable to Det norske with NOK 3 446 million and Akastor with NOK 533 million. The main reason for the impairment charges in Det norske was the impact from the decreased expectations to future oil- and gas prices. The impairment in Akastor relates to goodwill and other intangible assets related to Managed Pressure Operations (MPO) in MHWirth.

Impairment loss on property, plant and equipment of NOK 1 311 million in 2015 are mainly attributable to Akastor. The impairment was triggered by the current weak market conditions, which are expected to continue in the short to medium term.

See also Note 15 Property, plant and equipment and Note 16 Intangible assets.

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Note 13 | Financial income and financial expenses

Amounts in NOK million	2016	2015
Interest income	381	361
Dividends on available for sale financial assets	120	88
Net foreign exchange gain	-	698
Other financial income	113	100
Discontinued operations included above (see Note 8)	-	(645)
Total financial income	614	603
Interest expense on financial liabilities measured at amortised cost	(1 489)	(2 224)
Interest expense on financial liabilities measured at fair value	(47)	(39)
Net foreign exchange loss	(15)	-
Foreign exchange loss from hedge instruments	(594)	(401)
Net loss from interest rate swaps	(34)	(457)
Net loss and impairment on available for sale financial assets	(84)	(200)
Net change in fair value of financial assets at fair value through profit and loss	(37)	(129)
Net other financial expenses	(305)	(159)
Discontinued operations included above (see Note 8)	-	1 960
Total financial expenses	(2 606)	(1 648)
Net financial items	(1 991)	(1 045)

Dividends on available for sale financial assets of NOK 120 million mainly relate to dividends received from American Shipping Company ASA of NOK 117 million. Other financial income of NOK 113 million includes earn-out of NOK 60 million from the sale of Oslo Asset Management in 2014. Net loss and impairment on available for sale financial assets of NOK 84 million

mainly consists of write-down of share investment in NBT AS of NOK 54 million. Net other financial expenses of NOK 305 million mainly consists of write-downs of various bond investments and other receivables of NOK 157 million and refinancing expenses in Akastor of NOK 53 million.

Note 14 | Tax

TAX EXPENSE(-)/TAX INCOME(+)

Amounts in NOK million	2016	2015
		Restated*
Recognised in income statement:		
This year net tax receivable (+) and payable (-)	(746)	(799)
Adjustment prior year	(67)	42
Total current tax expense	(813)	(757)
Deferred tax expense:		
Origination and reversal of temporary differences	413	453
Utilisation of previously unrecognised tax losses	54	187
Total deferred tax expense	468	639
Income tax - continued operations	(345)	(118)

RECONCILIATION OF EFFECTIVE TAX RATE

Amounts in NOK million	2016	2015
		Restated*
Profit before tax	(1 020)	(656)
Nominal tax rate in Norway 25% (2015: 27%)	255	177
Tax rate differences in Norway and abroad	(18)	74
Permanent differences	(41)	(217)
Utilisation of previously unrecognised tax losses	54	187
Tax losses for which no deferred income tax asset was recognised	(333)	(458)
Tax effect of associated companies	(120)	(45)
Other differences	(142)	165
Total income tax expenses in income statement	(345)	(118)

*) See Note 8

TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME:

Amounts in NOK million	2016	2015
Remeasurement of defined benefit liabilities	(5)	(43)
Changes in fair value of cash flow hedges	(148)	85
Currency translation differences	(35)	-
Total tax expenses other comprehensive income	(188)	42

DEFERRED TAX ASSETS ARE ALLOCATED AS FOLLOWS:

Amounts in NOK million	2016	2015
Aker Solutions	666	332
Akastor	600	468
Kvaerner	-	1
Ocean Yield	176	321
Other companies	166	126
Total	1 608	1 248

Deferred tax assets refer to NOK 3 426 million in loss carried forward and NOK -1 818 million in temporary differences. The loss carry forward was reduced by NOK 493 million in 2016.

The total non-recognised tax assets are NOK 2 159 million at year-end 2016.

CHANGES IN NET DEFERRED TAX LIABILITIES ARE AS FOLLOWS:

Amounts in NOK million	Property, plant and equipment	Oil- and gas exploration expenses	Intangible assets	Projects under construction	Abandonment provision	Tax losses carry forward	Other	Total
At 1 January 2016	(10 688)	(3 543)	(4 766)	(3 092)	2 909	2 757	4 046	(12 377)
Exchange rate differences	895	179	257	33	(250)	(44)	82	1 152
Acquisitions and sales of subsidiaries	10 877	3 364	4 178	(67)	(2 426)	(120)	(2 087)	13 719
Deferred tax income statement - continued operations	188	-	45	(318)	13	833	(293)	468
Deferred tax income statement - discontinued operations	(1 499)	-	(6)	-	-	-	(188)	(1 693)
Deferred tax expenses in other comprehensive income	-	-	-	-	-	-	(187)	(187)
Prepaid withholding tax	-	-	-	-	-	-	252	252
At 31 December 2016	(227)	-	(292)	(3 444)	246	3 426	1 625	1 334

Allocated between deferred tax assets and liabilities as follows:

Deferred tax assets	(50)	-	(251)	(1 299)	246	3 426	(464)	1 608
Deferred tax liabilities	(177)	-	(42)	(2 145)	-	-	2 089	(275)

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CHANGES IN NET DEFERRED TAX LIABILITIES ARE AS FOLLOWS:

Amounts in NOK million	Property, plant and equipment	Oil- and gas exploration expenses	Intangible assets	Projects under construction	Abandonment provision	Tax losses carry forward	Other	Total
At 1 January 2015	(3 550)	(3 147)	(9 552)	(2 990)	2 827	1 989	3 492	(10 933)
Exchange rate differences	(1 174)	(325)	(954)	(15)	615	100	(120)	(1 872)
Acquisitions and sales of subsidiaries	(2)	-	760	-	-	25	(7)	776
Deferred tax income statement - continued operations	(142)	-	(31)	(92)	-	652	252	639
Deferred tax income statement - discontinued operations	(5 820)	(70)	5 011	5	(533)	(10)	78	(1 339)
Deferred tax expenses in other comprehensive income	-	-	-	-	-	-	42	42
Prepaid withholding tax	-	-	-	-	-	-	309	309
At 31 December 2015	(10 688)	(3 543)	(4 766)	(3 092)	2 909	2 757	4 046	(12 377)
Allocated between deferred assets and liabilities as follows:								
Deferred tax assets	(159)	-	(251)	(1 488)	-	5 754	(2 608)	1 248
Deferred tax liabilities	(10 530)	(3 543)	(4 515)	(1 604)	2 909	(2 998)	6 654	(13 625)

TAX PAYABLE AND INCOME TAX RECEIVABLE

Tax payable amounts to NOK 219 million and tax receivable amount to NOK 359 million. Tax receivable mainly relates Aker Solutions with NOK 242 million, Akastor with NOK 65 million and Philly Shipyard with NOK 52 million. The 2016 figures are based on preliminary estimates of non-taxable income, non-tax deductible items and temporary differences between the financial accounts and the tax accounts. The final result will be calculated based on the tax return, and may differ from the estimates above.

Note 15 | Property, Plant and Equipment

Amounts in NOK million	Vessels	Machinery, vehicles	Land and buildings	Assets under construction	Oil fields under development	Oil production plants, including wells	Total
Cost at 1 January 2016	27 001	10 996	6 353	2 504	13 264	22 148	82 266
Acquisitions through business combinations	1	64	155	7	-	143	371
Other acquisitions 1)	1 742	642	544	37	5 166	1 056	9 188
Sales of operations	(1 560)	(2 016)	(1 743)	(23)	(17 071)	(21 228)	(43 642)
Other disposals	(1 418)	(597)	(124)	(205)	-	-	(2 344)
Transferred from assets under construction and other reclassifications	70	740	413	(1 760)	1	(177)	(713)
Effects of changes in foreign exchange rates	(407)	(96)	(14)	33	(1 360)	(1 942)	(3 785)
Cost at 31 December 2016	25 429	9 733	5 582	594	-	-	41 339
Accumulated depreciation and impairment at 1 January 2016							
Depreciation charge for the year	(1 226)	(1 034)	(204)	-	-	(1 332)	(3 796)
Impairments (see Note 12)	(434)	(188)	(320)	(56)	-	-	(998)
Reversals of impairments	7	-	-	-	83	-	90
Sales / disposals of operations	526	1 425	637	-	13	9 626	12 226
Reclassifications	48	(71)	2	10	(1)	14	3
Other disposals	537	573	42	-	-	-	1 152
Effects of changes in foreign exchange rates	81	77	24	1	10	885	1 079
Accumulated depreciation and impairment at 31 December 2016	(10 513)	(5 965)	(2 006)	(161)	-	-	(18 646)
Carrying amount at 31 December 2016	14 916	3 768	3 577	434	-	-	22 693
Book value of leasing agreements recorded in the balance sheet	-	12	147	-	-	-	159

1) Capitalised interest in 2016 amounted to NOK 367 million.

Amounts in NOK million	Vessels	Machinery, vehicles	Land and buildings	Assets under construction	Oil fields under development	Oil production plants, including wells	Total
Cost at 1 January 2015	22 874	10 637	5 860	3 503	9 814	13 301	65 989
Acquisitions through business combination	-	-	181	557	-	-	738
Other acquisitions 1)	1 599	539	69	1 944	5 994	626	10 770
Sales of operations	(938)	(48)	(438)	(1 847)	-	-	(3 271)
Other disposals	(32)	(811)	(80)	(997)	-	-	(1 920)
Transferred from assets under construction and other reclassifications	(134)	22	539	(562)	(4 532)	5 173	506
Effects of changes in foreign exchange rates	3 632	657	222	(93)	1 988	3 048	9 454
Cost amount at 31 December 2015	27 001	10 996	6 353	2 504	13 264	22 148	82 266
Accumulated depreciation and impairment at 1 January 2015							
Depreciation charge of the year	(1 301)	(1 135)	(251)	-	-	(3 243)	(5 930)
Impairments (see Note 12)	(1 055)	(197)	(23)	(10)	(25)	-	(1 310)
Other disposals	554	22	-	-	-	-	576
Reclassifications from work in process	156	38	76	61	(72)	(423)	(164)
Effects of changes in foreign exchange rates	31	804	55	496	-	-	1 386
Reclassified to Assets Held for Sale	(1 207)	(350)	(91)	(51)	(9)	(1 163)	(2 871)
Accumulated depreciation and impairment at 31 December 2015	(10 053)	(6 747)	(2 187)	(116)	(105)	(9 193)	(28 402)
Carrying amount at 31 December 2015	16 947	4 249	4 166	2 388	13 159	12 955	53 864
Book value of leasing agreements recorded in the balance sheet	-	18	164	-	-	-	183

1) Capitalised interest in 2015 amounted to NOK 584 million

Carrying amount at the end of 2016 amount to NOK 22 693 million, a decrease of NOK 31 170 million during the year. The decrease mainly relates to deconsolidation of Det norske in addition to sale of Havfisk and Norway Seafoods.

This year's depreciation of NOK 3 796 million is divided between NOK 2 271 in continuing operations and NOK 1 525 in discontinued operations. The impairment of the year is NOK 908 million, hereof NOK 894 million related to continued and NOK 13 million to discontinued operations.

Vessels

Vessels totalled NOK 14 916 million at the end of 2016, with a decrease of NOK 2.0 billion during the year. The decrease is mainly attributed to sale of Havfisk with NOK 1 billion, sale of ship in Akastor and Ocean Yield, depreciation, impairment and foreign exchange fluctuations. The decrease was partly offset by investment of NOK 1.7 billion in gas- and car carriers in Ocean Yield. The impairment loss in 2016 of NOK 434 million is mainly related to the vessels AKOFS Seafarer in Akastor and Lewek Connector in Ocean Yield (see also Note 12 and Note 16).

The depreciation period for the hulls are between 10 and 30 years, while the machinery and equipment on board are depreciated over a period between 3 and 15 years.

Machinery, vehicles

Machinery and vehicles totalled NOK 3 768 million, a reduction from previous year of NOK 481 million. The reduction is due to sale and deconsolidation of operations of NOK 604 million in total. The investment of the year, business combinations and reclassification from asset under construction amount to NOK 1.5 billion, offset by depreciations and impairment of NOK 1.2 billion and in addition foreign exchange fluctuations. Impairment loss of NOK 188 million is related Akastor plants in Brasil and Asia and the Subsea segment in Aker Solutions.

Machinery, vehicles are depreciated over a period between 3 to 15 years.

Buildings and land

Buildings and land totalled NOK 3 577 million, with a decrease of NOK 589 million in 2016. The decrease is mainly related to sale of operations with NOK 1.1 billion, partly offset by investments, business combinations and reclassification from asset under construction totalling NOK 1.1 billion and depreciation, impairment and other sales of net NOK 608 million. The impairment is NOK 320 million and relates mainly to Akastor's plants in Brasil and Asia.

Land is not depreciated. The depreciation period for buildings are between 8 to 30 years.

Assets under construction

The assets under construction are reduced with NOK 2 billion during 2016 to NOK 434 million at the end of 2016. The reduction relates mainly to reclassifications to ship, machinery and buildings.

Contractual commitments

Aker Solutions has at the end of 2016 entered into contracts on investments in real estate and plants of NOK 52 million in total.

Ocean Yield has entered contractual obligations for the purchase of vessels, currently under construction, of NOK 1.2 billion in total during 2017.

Effect of exchange rate changes on property, plant and equipment

Effects from exchange rate fluctuations represent NOK -2 706 million and are mainly attributable to changes in the USD/NOK in Ocean Yield, Akastor, Aker Solutions, Aker BioMarine and Philly Shipyard. Based on book values as at 31 December 2016, a decrease of USD rate of 10 per cent will reduce assets by about NOK 1,9 billion.

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Note 16 | Intangible assets

Amounts in NOK million	Oil- and gas licenses	Goodwill	Capitalised oil- and gas exploration expenses	Other	Total
Carrying amount at 1 January 2016	7 327	16 445	2 554	3 551	29 878
Acquisitions through business combinations	-	126	-	16	142
Other acquisitions	39	-	977	350	1 366
Sales / disposals of subsidiaries and operations	(6 533)	(7 892)	(2 912)	(680)	(18 016)
Expensed dry wells	-	-	(367)	-	(367)
Amortisation for the year	(303)	-	-	(419)	(722)
Impairment losses (see Note 12)	(71)	(435)	-	(537)	(1 043)
Effects of changes in foreign exchange rates	(459)	(963)	(251)	(136)	(1 809)
Carrying amount at 31 December 2016	-	7 282	-	2 147	9 429

Amounts in NOK million	Oil- and gas licenses	Goodwill	Capitalised oil- and gas exploration expenses	Other	Total
Carrying amount at 1 January 2015	6 422	18 522	2 395	3 509	30 850
Acquisitions through business combinations	80	48	-	-	128
Other acquisitions	517	-	258	654	1 429
Other disposals	-	-	(202)	-	(202)
Expensed dry wells	-	-	(94)	-	(94)
Reclassifications to property, plant and equipment (see Note 15)	31	-	(72)	-	(41)
Amortisation for the year	(599)	-	-	(403)	(1 001)
Impairment losses (see Note 12)	(23)	(3 934)	(53)	(389)	(4 398)
Effects of changes in foreign exchange rates	898	1 809	322	179	3 208
Carrying amount at 31 December 2015	7 327	16 445	2 554	3 551	29 878

Goodwill

Goodwill totalled NOK 7 282 million at the end of 2016. The change in 2016 of NOK -9 163 million is mainly attributable to the deconsolidation of Det norske oljeselskap with NOK -7 226 million, divestments of businesses within Akastor of NOK -485 million, impairments of NOK -435 million (including impairments from discontinued operations of NOK 237 million), and currency effects of NOK -963 million.

See table below for the allocation of goodwill per company. Goodwill related to Aker Solutions, Akastor and Kvaerner originates from various acquisitions and other transactions through the years. The goodwill in Aker BioMarine stems from Aker's acquisition of Natural and establishment of Aker BioMarine in December 2006, and is fully allocated to the krill business.

Other intangible assets

The carrying amount of other intangible assets of NOK 2 147 million at the end of 2016 mainly consists of NOK 1 845 million in capitalised development expenses, of which NOK 1 465 million represents capitalised expenses for internal R&D projects in Aker Solutions and capitalised de-

velopment projects in Akastor totalling NOK 314 million. The net change of NOK -1.4 billion in 2016 is largely attributable to the divestments of Havfisk and businesses within Akastor totalling NOK -680 million, impairments in Aker Solutions and Akastor of NOK -386 million and NOK -145 million respectively, capitalised expenses of NOK 329 million and amortisation of NOK -419 million. Currency effects represented NOK -136 million.

Amortisation and impairments

This year's amortisation of NOK 722 million is allocated with NOK 382 million to continued operations and NOK 339 million to discontinued operations. Impairment of intangible assets in 2016 of NOK 1 043 million is mainly attributable to impairment of goodwill of NOK 435 million and NOK 440 million in development expenses that no longer are expected to generate future economic benefits. The impairment charge is allocated with NOK 643 million to continued operations (see [Note 12](#)) and NOK 399 million to discontinued operations. The impairment for discontinued operations is related to impairments of goodwill and licenses in Det norske oljeselskap with NOK 308 million and impairments of other intangible assets of NOK 91 million in MHWirth's MPO business.

Amounts in NOK million	Goodwill		Other intangible assets	
	2016	2015	2016	2015
Det norske	-	8 034	-	-
Aker Solutions	4 367	4 632	1 664	2 036
Akastor	1 341	1 823	402	896
Kvaerner	929	1 127	59	68
Aker BioMarine	562	574	22	42
Havfisk	-	168	-	492
Other	84	87	-	18
Total	7 282	16 445	2 147	3 551

IMPAIRMENT ASSESSMENTS**Determination of the recoverable amount**

When performing impairment assessments, cash generating units are determined at the lowest level possible to identify independent cash flows.

For capitalised development expenses and other intangible assets, all development projects are tested quarterly for impairment in which it is taken into account market and technology development, changes in order backlog, costs incurred compared to the budget, and other factors that potentially may deteriorate the book value. For uncompleted projects, full impairment tests are performed annually by reviewing and updating the original business case for each project so future cash flows are revised and new present value calculated. An impairment loss is recognised for projects where the net present value of future cash flows is lower than expected recognised capitalised amount at project completion.

For years 2016 and 2015, the recoverable amounts of the cash generating units are found by calculating the value in use. The calculations are based on future cash flows as assumed in current budgets and strategic plans. Cash flow after tax is used in the calculations and correspondingly discount rate after tax.

Discount rates:

Discount rates are derived from a weighted average cost of capital (WACC) model. The rate is estimated as a weighted average of the required return on equity and expected borrowing costs. The capital asset pricing model for a peer group of companies within the same sector has been applied when calculating the WACC. The risk-free interest rate is based on the interest rate for 10-year government bonds at the time of the impairment assessment. Borrowing costs are based on a risk-free rate, with an adjustment reflecting long-term interest margin. The discount rate is set for each CGU.

	Discount rate. post tax		Discount rate. pre tax		Growth rate terminal value	
	2016	2015	2016	2015	2016	2015
Aker Solutions	9.6-10.0	8.6-8.9	11.1-11.4	10.7-11.3	1.5	1.5
Akastor	9.2-11.5	7.8-11.0	10.0-13.2	11.1-14.6	≤ 2.0	≤ 2.0
Kvaerner	10.3	10.4	12.7-22.5	12.8-13.4	2.0	1.5
Ocean Yield	7.0	5.8	9.1	11.8	5.0	5.0
Aker BioMarine	10.0	10.5	11.5	12.9	2.0	2.0

CASH FLOW ASSUMPTIONS:

Cash flow assumptions varies between the different CGUs, and the assumptions used in the most material assessments are described below.

For **Aker Solutions**, expectations about the long-term oil prices are important when assessing the future market development for the products and services of the company. It has been assumed that the downturn in the market will remain through 2017, with a recovery in 2018. In the terminal year, the long-term oil price per barrel has been estimated to be USD 65. This assumption is particularly sensitive in the current market conditions. For the period 2017 to 2021, projected cash flows are based on the forecast and strategy process approved by management in 2016. The forecasts are based on firm orders in the backlog and identified prospects in addition to expected service revenue. Changes in the assumptions related to the expected prospects can have a significant impact on the forecasted cash flows. The forecasted cash flows used in the impairment tests reflect organic growth only. Other parameters in the assessment are the mix of products and services, level of operating expenses and capital expenditure for maintenance of the asset portfolio.

For **Akastor**, the value-in-use calculations represent the operating earnings before depreciation and amortisation and are estimated based on the expected future performance of the existing businesses. Assumptions are made regarding revenue growth, gross margins and other cost components based on historical experience as well as assessment of future market development and conditions. These assumptions require a high degree of judgement, given the significant degree of uncertainty regarding oil price development and oilfield service activities in the forecast period. Akastor uses a constant growth rate not exceeding 2 per cent (including inflation) for periods beyond the management's forecast period of five years. For AKOFS Offshore, the cash flow projections reflect vessel-specific rates as reflected in charter-agreements and, for periods when the vessels are operating in the spot market, rates achieved in most recent charter agreements.

For **Kvaerner**, assumed project awards is an essential element in the impairment testing. Assumed project awards reflect past experience, strategic considerations and Kvaerner's capacity to execute projects. Cash flow projections for Process Solutions and Structural Solutions are based on budgets and strategic forecasts for the period 2017-2020. These projections include both current on-going projects and assumed project wins. Assumed new projects are included with full cash flow values. If these projects are not awarded there are several back-up projects that can be pursued. Terminal values reflecting long-term, steady state revenue and margin levels for Process Solutions and Structural Solutions are estimated based on a combination of historic levels and judgment. An annual growth rate of two per cent is used in calculating the terminal value for Process Solutions and Structural Solutions.

Due to higher uncertainty regarding the market situation and potential new project awards for Concrete Solutions, a different model is used for this operational area. Prospects are included based on a probability weighting, i.e. probability that projects will go ahead and probability that Kvaerner will be selected as supplier. The forecasting period for Concrete Solutions is 2017 to 2028. This is based on the actual prospects in the market for Concrete Solutions. No terminal value is calculated for this area.

For **Aker BioMarine**, projected cash flows are based on management's best estimates of budget and the business plan for the Krill business for the subsequent five-year period. The budget is based on detailed budgets prepared by the various departments in the Krill business. For subsequent periods, the model is based on estimated terminal growth of 2.0 per cent, which is in line with long-term forecasts for growth in GDP. For the five-year forecast period, revenues are projected based on existing sales agreements, expectations from customer communication and management assessment of the potential for new agreements. The budgeted operating margin is in accordance with management's forecast which is based on the scalability in the business model. As large proportion of the

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company's operating expenses are independent of production volumes means that increased sales levels will contribute to higher operating margins. The terminal value in the model is based on a stable operating margin which is on a par with the projected operating margin for 2021. Investment levels have also been set at the same level as projected depreciation to maintain sales and production capacity.

Sensitivity analysis and recoverable amount

In relation to the impairment testing, the companies have performed various sensitivity analysis. Below is a summary of the sensitivity analysis performed in the largest companies.

Aker Solutions

Multiple sensitivity tests have been run to address the current uncertainty in the oil services market. The impairment testing is sensitive to changes in the long-term oil price, which also will have an impact on the expected order intake, and to changes in the discount rate, growth rates, product mix and cost levels.

Sensitivity testing of goodwill is performed by changing assumptions related to discount rate and growth rate in addition to reducing the expected cash flows in the future. The recoverable amounts exceed book value for all scenarios in all the CGUs in the goodwill impairment testing. Due to the current market uncertainties and the fact that Subsea has a significant book value of goodwill, sensitivities are included below. The table below illustrates the highest rates or changes to assumptions that would not result in goodwill impairment in Subsea.

	Subsea
Highest post-tax WACC that can be used without resulting in impairment	13.6 %
Largest negative growth rate that can be applied to the terminal value without resulting in impairment	-5.0 %
Lowest reduction of free cash flows that can be used without resulting in impairment	-35.0 %

Similar sensitivity testing has been performed when testing assets other than goodwill. Some CGUs are more sensitive to changes than others if the long-term market outlook deteriorates more than what were expected in the current test. Upon testing of capitalised development expenses, some development projects were identified whose book values could no longer be justified by due to the oil service downturn, and impairments of NOK 386 million were recognised.

The group monitors the market development on a quarterly basis and will perform impairment testing if indicators of impairment are identified.

Akastor

For the portfolio companies containing goodwill, the recoverable amounts are higher than the carrying amounts based on the value in use analysis and consequently no impairment loss of goodwill was recognised in 2016. The group has performed sensitivity calculations to identify any reasonably possible change in key assumptions that could cause the carrying amount to exceed the recoverable amount.

In AKOFS Offshore, an impairment testing was triggered by impairment indicators in the fourth quarter of 2016 and an impairment loss of NOK 118 million was recognised related to AKOFS Seafarer, see also [Note 15](#) Property, plant and equipment for more information. Following the impairment of AKOFS Seafarer, no impairment of goodwill was recognised in AKOFS Offshore. The estimated recoverable amount of AKOFS Seafarer is equal to the carrying amount and hence, any adverse change in key assumptions may result in further impairment in AKOFS Seafarer. However, as a result of impairment of AKOFS Seafarer, the group believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amount of the portfolio company to exceed its recoverable amount and trigger an impairment of goodwill.

In MHWirth, Akastor believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amount of the portfolio company to exceed its recoverable amount.

Kvaerner

No reasonable changes in key assumptions would lead to required impairment of goodwill related to Process Solutions. For Structural Solutions the following adverse changes could occur simultaneously before any impairment is required; revenue reduction of 30 per cent, EBITDA margin reduction of one percentage point and increase in pre-tax discount rate of 1.4 percentage points.

Aker BioMarine

Sensitivity analysis of goodwill have been performed by using simulations of various combinations of discount rates and terminal value growth. No reasonably possible combination of these factors results in a value in use being lower than the value recognised in the balance sheet as of 31 December 2016.

Note 17 | Investments in associates and joint ventures

The Aker Group has interests in several associates and joint ventures ("JV"), of which the most important ones are: Aker BP ASA (40 per cent associate), BOX Holding Inc.(49.5 per cent associate), Solstad Offshore ASA (24.4 per cent, associate), DOF Deepwater AS (50 per cent, JV), Kiewit- Kvaerner Contractors (50 per cent, JV), Philly Tankers AS (53.7 per cent, JV), Align AS (38.8 per cent, associate), Trygg Pharma Group AS (50 per cent, JV) and Avium Subsea AS (50 per cent, JV).

Aker BP ASA is an integrated E&P company with activities within exploration, development and production on the NCS.

BOX Holding Inc. owns six container vessels, of which two vessels are under construction.

Solstad Offshore ASA owns and operates 61 vessels in the offshore supply vessel industry, subdivided into three segments of the market. Platform supply vessels, anchor handling vessels and construction service vessels.

DOF Deepwater AS operates in the marine sector. The company owns a series of five anchor-handling (AHTS) vessels.

Kiewit-Kvaerner Contractors is a partnership between Peter Kiewit Infrastructure Co and Kvaerner. The partnership was established with the purpose of delivery of the contract awarded by ExxonMobil for the Hebron Project gravity based structure (GBS) offshore Newfoundland, Canada.

Philly Tankers AS established in 2014 with contracts for eco-design product tanker. The vessels are built by Philly Shipyard.

Align AS is a supplier of technical safety and total fire-fighting solutions for the global oil and gas market.

Trygg Pharma Group AS is a Norwegian late-stage biotechnology company developing marine based omega-3 fatty acids for pharmaceutical applications.

Avium Subsea AS is a joint venture with MITSUI & CO. Ltd, which owns and operates the Skandi Santos vessel.

The associated companies and joint ventures are accounted for by using the equity method.

Amounts in NOK million	Book value at 1 January 2016	Acquisitions and disposals	Share of profits / losses	Changes due to exchange differences and hedges	Dividends received	Other changes in equity	Book value at 31 December 2016	
Aker BP ASA	1)	-	2 560	(225)	1 199	(209)	14 611	17 936
BOX Holdings Inc.	1)	-	878	56	200	-	482	1 616
Solstad Offshore ASA	1)	-	251	(87)	14	-	23	201
DOF Deepwater AS	2)	138	-	(207)	-	-	149	79
Kiewit-Kvaerner Contractors	2)	66	-	166	-	(232)	-	(1)
Philly Tankers AS	2)	499	-	65	(9)	-	-	555
Align AS	1)	88	-	(30)	-	-	-	58
Trygg Pharma Group AS	2)	176	-	(47)	(6)	-	(6)	117
Avium Subsea AS	2)	-	119	(1)	-	-	(118)	-
Fornebu Gateway AS	1)	307	(325)	(5)	-	-	23	-
Other entities		105	53	21	(10)	(45)	(17)	107
Total		1 377	3 535	(294)	1 389	(486)	15 146	20 668
1) Associates		441	3 359	(292)	1 414	(212)	15 122	19 831
2) Joint ventures		937	176	(2)	(25)	(274)	25	837
Total		1 377	3 535	(294)	1 389	(486)	15 146	20 668

Shares of profits/losses from associates and joint ventures are based on the companies' net profit including profit/loss from discontinued operations. The purpose of the investment determines where its results are presented in the income statement. When entities are formed to share risk in executing project or are closely related to the operating activities, the shares of the profits and losses are reported as part of other income

in the operating profit. Shares of profits or losses from financial investments are reported as part of financial items.

Share of profits/losses for 2016 is allocated with NOK 307 million as other income and NOK -600 million as share of profit/loss from associates and joint ventures as part of financial items.

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SUMMARY OF FINANCIAL INFORMATION AND THE GROUP'S OWNERSHIP IN MAJOR ASSOCIATES AND JOINT VENTURES IS AS FOLLOWS:

Amounts in NOK million	Aker BP ASA	BOX	Solstad	DOF		Kiewit-		Philly Tankers	
	Sept to Dec	Holdings Inc. Jun to Des	Offshore ASA Sept to Dec	Deepwater AS		Contractors		AS	
	2016	2016	2016	2016	2015	2016	2015	2016	2015
Country	Norway	Marshall Islands	Norway	Norway		Canada		Norway	
Ownership and voting rights	40.0 %	49.5 %	24.4 %	50.0 %	50.0 %	50.0 %	50.0 %	53.7 %	53.7 %
Operating revenues	5 508	166	476	204	316	3 670	5 412	97	10
Operating expenses	(3 149)	(2)	(1 593)	(568)	(281)	(3 339)	(5 134)	-	-
Financial items	(593)	(58)	(379)	(61)	(177)	-	-	-	-
Net profit (100%)	(563)	106	(1 498)	(427)	(143)	331	278	97	1
Share of net profit result	(225)	52	(439)	(214)	(72)	166	139	52	1
Elimination of unrealised sales gain and profit discontinuing business	-	4	32	7	6	-	-	12	-
Impairment/reversal of impairment	-	-	319	-	-	-	-	-	-
Share of earnings	(225)	56	(87)	(207)	(66)	166	139	65	1
Non-current assets	69 623	4 964	19 316	1 221	1 604	-	-	591	826
Current assets	10 157	412	3 041	195	149	99	212	499	181
Total assets	79 780	5 376	22 357	1 416	1 753	99	212	1 090	837
Non-current liabilities	(51 041)	(3 489)	(17 822)	(1 122)	(1 215)	-	-	-	-
Current liabilities	(7 626)	(360)	(1 081)	(108)	(224)	(101)	(81)	(6)	(1)
Minority interests	-	-	(63)	-	-	-	-	-	-
Net assets (100%)	21 112	1 527	3 391	185	314	(2)	131	1 084	837
Share of net assets	8 445	756	828	93	157	(1)	66	582	540
Elimination of unrealised gains and losses, deferred payment and adjustments	-	859	273	(13)	(19)	-	-	(28)	(41)
Excess value	9 491	-	(900)	-	-	-	-	-	-
Balance end of period	17 936	1 616	201	79	138	(1)	66	555	499
Dividends received	209	-	-	-	-	232	340	-	-

Aker BP

Initial amount of NOK 17.2 billion as associate is equal to the fair value of the shares at 30 September 2016.

The excess value of NOK 9.5 billion are allocated to the Johan Svedrup field NOK 7.1 billion and Krafla/North of Alvheim field NOK 2.4 billion.

Aker BP ASA and Solstad Offshore ASA are listed companies. Shown below are the share prices and market values of Aker Group's share in Aker BP ASA and Solstad Offshore ASA:

	Number of shares in millions	Quoted price in NOK	Book value in NOK million	Market value in NOK million
At 31 December 2016				
Aker BP ASA	135.1	154.50	17 936	20 873
Solstad Offshore ASA - Class A shares	20.0	11.50	186	230
Solstad Offshore ASA - Class B shares	1.7	10.20	15	17

Together with the company Aker is performing impairment assessments. Sensitivity analysis of excess value have been performed by using simulations of various combinations of discount rates, oil price and value growth. No reasonably possible combination of these factors results in a value in use being lower than the value recognised in the balance sheet as of 31 December 2016.

Note 18 | Financial interest-bearing assets

Amounts in NOK million

	2016	2015
Restricted deposits	378	408
Loans to employees	5	12
Loans to related parties	300	217
Long-term bonds	1 722	1 696
Finance lease receivable	4 326	1 130
Other interest-bearing receivables	1 232	1 174
Total	7 964	4 637
Recorded as follows:		
Interest-bearing long-term receivables	7 451	4 114
Interest-bearing short-term receivables	513	523
Total	7 964	4 637

Restricted deposits in 2016 relates to loan agreements in Ocean Yield of NOK 205 million and deposits related to construction contracts in Philly Shipyard totalling NOK 173 million.

Loans to related parties consists of a loan to the joint venture DOF Deepwater AS of NOK 50 million and a convertible loan to the associate Solstad Offshore ASA of NOK 250 million.

Long-term bonds mainly consists of NOK 1 701 million for Ocean Yield's ownership of 93.05 per cent of the unsecured bonds in American Shipping Company ASA, with maturity in 2018 and with interest of LIBOR

+6.00 per cent. In February 2017, American Shipping Company ASA completed a refinancing. The outstanding bonds were repaid and a new bond loan of USD 220 million was issued. Ocean Yield was awarded a USD 50 million interest in the new bond loan. Net cash release to Ocean Yield from the restructuring was USD 156 million.

The finance lease receivable NOK 4.3 billion consists of Ocean Yield's ownership in ten chemical tankers and four product tankers.

Interest-bearing receivables are classified as loans and receivables.

Note 19 | Other shares and non-current assets

Amounts in NOK million

	2016	2015
Norron funds	442	434
American Shipping Company ASA	281	306
Shares in other companies	293	367
Total other shares and fund investments	1 016	1 107
Pension assets (Note 26)	5	15
Derivatives (Note 6 and Note 30)	-	112
Other interest-free long-term receivables	189	1 034
Total other non-current assets	193	1 160
Total other shares and other non-current assets	1 209	2 267

Other shares and non-current assets were reduced by NOK 1 058 million in 2016. The reduction in other shares relates to write-downs of NOK 84 million, net investment of NOK 18 million and deconsolidation of a share investment owned by Det norske oljeselskap of minus NOK 25 million.

The reduction in other interest-free long-term receivables in 2016 mainly relates to delivering of tankers in Ocean Yield and pre-delivery advances on tankers that amounted to NOK 816 million at the end of 2015.

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Note 20 | Inventories

Amounts in NOK million	2016	2015
Raw materials	1 023	1 584
Work in progress	1 633	586
Finished goods	901	1 296
Total	3 557	3 466
Impairment of inventory recognised as expense during the period	304	259
Reversal of impairment recognised as an expense reduction during the period	51	2
Carrying amount of inventory pledged as security for liabilities	236	499

Note 21 | Trade and other short-term interest-free receivables

Amounts in NOK million	2016	2015
Trade receivables	6 000	8 990
Amount due to from customers for construction work	1 253	4 724
Other short-term interest-free receivables	4 639	8 115
Total	11 892	21 828

In 2016, the group recorded impairment losses of trade receivables of NOK 67 million. In 2015 the loss was NOK 155 million. The loss has been included in other operating expenses in the income statement.

Other short-term receivables in 2016 includes accrued operating revenue from service contracts (Aker Solutions), and advance payments to suppliers. See also [Note 6](#) Financial risk and exposure.

Note 22 | Earnings per share, dividend per share, and paid-in equity

Earnings per share	2016	2015
Amounts in NOK million		
Continued operations:		
Net profit (loss) from continued operations	(1 365)	(773)
Minority interests	(676)	(337)
Profit from continued operations attributable to equity holders of the Parent	(690)	(437)
Discontinued operations:		
Net profit (loss) from discontinued operations	16 432	(3 048)
Minority interests	1 330	(1 661)
Profit from discontinued operations attributable to equity holders of the parent	15 102	(1 387)
Total profit attributable to equity holders of the parent	14 412	(1 823)

Shares outstanding at 1 January	74 162 977	72 345 940
Share issue (dividend issue)	-	1 947 134
Changes in own shares held	118 984	(130 097)
Total shares outstanding at 31 December	74 281 961	74 162 977

Allocation:	2016	2015
Issued shares at 31 December	74 321 862	74 321 862
Own shares held	(39 901)	(158 885)
Total shares outstanding at 31 December	74 281 961	74 162 977
Weighted average number of shares at 31 December	74 248 937	73 482 463

DILUTED EARNINGS PER SHARE

No instruments with a potential dilution effect were outstanding at 31 December 2016 or 31 December 2015.

DIVIDEND

Dividends paid in 2016 was NOK 10.00 per share, NOK 742 million in total. In 2015, the dividend per share was NOK 10.00 and NOK 724 million in total. Half of the 2015 dividend included an optional settlement between cash and new Aker shares. In 2015, a total of NOK 419 million was paid to shareholders, while the remaining NOK 305 million was reclassified to

equity due to shareholders choosing to receive parts of their dividend in new shares.

A dividend of NOK 16.00 per share, totally NOK 1 189 million will be proposed at the Annual General Meeting on 21 April 2017.

PAID-IN CAPITAL

See [Note 10](#) to the Aker ASA separate financial statement for a specification of share capital as at 31 December 2016.

Note 23 | Minority interests

The Aker Group includes several subsidiaries owned less than 100 per cent. See [Note 9](#) Operating segments and significant subsidiaries for key figures for some of these companies.

Amounts in NOK million	Per cent minority-interests as at 31 December	Balance at 1 January	Profit for the year	Other comprehensive income	Dividend	New minority, release of minority	Share issue by subsidiary	Balance at 31 December
Aker Solutions	65.24	9 868	170	(77)	(34)	(198)	-	9 728
Akastor	63.30	3 681	(791)	(330)	-	-	-	2 561
Det norske oljeselskap	-	2 381	570	(147)	-	(2 804)	-	-
Kværner	71.29	2 818	306	(218)	-	(15)	-	2 890
Ocean Yield	33.78	1 629	202	46	(248)	-	869	2 499
Aker BioMarine	0.49	6	-	-	-	-	-	6
Havfisk	-	371	66	7	(47)	(397)	-	-
Philly Shipyard	42.44	647	125	(18)	(304)	-	-	449
Norway Seafoods	-	51	(11)	-	-	(41)	-	-
Other companies	-	9	16	(1)	(5)	24	-	43
Total		21 462	654	(739)	(637)	(3 432)	869	18 177

Minority interest in Aker Kværner Holding

The minority interest in Aker Kværner Holding of NOK 5 869 million at 31 December 2016 is broken down in the table above on the companies where Aker Kværner Holding has ownership interests, with NOK 3 465 million for Aker Solutions, NOK 1 378 million for Akastor and NOK 1 026 million for Kværner.

New minority, release of minority

In 2016, the minority interests were reduced as a consequence of the deconsolidation of Det norske oljeselskap (Aker BP), and the divestments of Havfisk and Norway Seafoods. The minority interests were also reduced as Aker Solutions in October 2016 increased its ownership in Aker Powergas Pvt Ltd., as subsidiaries repurchased and sold own shares, and due to various other smaller transactions. See also [Note 7](#) and [Note 8](#).

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Note 24 | Other comprehensive income

Amounts in NOK million	Translation reserve	Fair value reserves	Hedging reserves	Total translation and other reserves	Retained earnings	Total	Minority interests	Total equity
2016								
Defined benefit plan actuarial gains (losses)	-	-	-	-	(27)	(27)	(15)	(42)
Other changes	-	-	-	-	5	5	9	14
Items that will not be reclassified to income statement	-	-	-	-	(22)	(22)	(6)	(28)
Changes in fair value of available-for-sale financial assets	-	(11)	-	(11)	-	(11)	18	7
Changes in fair value of cash flow hedges	-	-	31	31	-	31	63	93
Reclassified to profit or loss: changes in fair value of available for sale financial assets, translation differences and cash flow hedges	(701)	-	141	(560)	-	(560)	(64)	(624)
Currency translation differences	(674)	-	-	(674)	-	(674)	(809)	(1 482)
Changes in other comprehensive income from associated and joint venture companies	1 227	-	103	1 330	-	1 330	58	1 389
Items that may be reclassified to income statement subsequently	(147)	(11)	274	116	-	116	(734)	(618)
Other comprehensive income 2016	(147)	(11)	274	116	(22)	94	(739)	(646)

Amounts in NOK million	Translation reserve	Fair value reserves	Hedging reserves	Total translation and other reserves	Retained earnings	Total	Minority interests	Total equity
2015								
Defined benefit plan actuarial gains (losses)	-	-	-	-	33	33	51	84
Items that will not be reclassified to income statement	-	-	-	-	33	33	51	84
Changes in fair value of available-for-sale financial assets	-	(74)	-	(74)	-	(74)	-	(74)
Changes in fair value of cash flow hedges	-	-	(498)	(498)	-	(498)	(946)	(1 444)
Reclassified to profit or loss: changes in fair value of available-for-sale financial assets, translation differences and cash flow hedges	(43)	(12)	411	356	-	356	667	1 023
Currency translation differences	1 756	-	-	1 756	-	1 756	1 786	3 542
Changes in other comprehensive income from associated and joint venture companies	65	-	8	73	-	73	34	107
Items that may be reclassified to income statement subsequently	1 777	(86)	(78)	1 613	-	1 613	1 542	3 155
Other comprehensive income 2015	1 777	(86)	(78)	1 613	33	1 647	1 593	3 240

Note 25 | Interest-bearing loans and liabilities

Amounts in NOK million	2016	2015
Secured bank loans	15 839	11 550
Unsecured bank loans	2 837	5 139
Unsecured bond issues	11 306	15 462
Reserve-base lending facility	-	18 666
Finance lease liabilities	4	6
Loan from associated companies and other related parties	11	121
Overdraft facilities	88	146
Other interest-bearing liabilities	214	605
Total interest-bearing liabilities	30 300	51 695
Recorded as follows:		
Current liabilities	6 392	6 882
Non-current liabilities	23 909	44 813
Total interest-bearing liabilities	30 300	51 695

THE CONTRACTUAL TERMS OF INTEREST-BEARING LIABILITIES AS AT 31 DECEMBER 2016 ARE AS FOLLOWS:

Amounts in million	Currency	Nominal interest rate	Maturity	Nominal value	Carrying amount (NOK)
Aker Solutions					
Unsecured bond 2017	NOK	3 mths Nibor + 4,25%	June 2017	1 500	1 505
Unsecured bond 2019	NOK	3 mths Nibor + 4,20%	October 2019	1 000	1 007
Unsecured bank loan - Brazilian Development Bank EXIM loan	BRL	From 3,5% to 19,03%	2016 to 2022	548	1 451
Other loans					-9
Total Aker Solutions					3 954
Akastor					
Unsecured bank loan - Term loan	USD	Libor + 2,75 %	July 2019	139	1 195
Unsecured bank loan - Brazilian Development Bank EXIM loan	BRL	TJLP + margin	May 2022	89	237
Total Akastor					1 433
Ocean Yield					
Secured loans in USD	USD	Libor + 1.5 %-2.75%	2018 to 2023	1 194	10 295
Secured loans in NOK	NOK	3,69%	2025	705	705
Unsecured bond 14/19 FRN (Ocean Yield ASA)	NOK	Nibor + 3,9%	2019	753	753
Unsecured bond 15/20 FRN (Ocean Yield ASA)	NOK	Nibor + 4,0%	2020	901	901
Unsecured bond 16/21 FRN (Ocean Yield ASA)	NOK	Nibor + 4,5%	2021	741	741
Total Ocean Yield					13 395
Aker BioMarine					
Secured bank loan -DNB	USD	Libor + 3,4%	April 2017	125	1 081
Other mortgage loans	NOK			124	124
Other loans and overdraft facilities				-	277
Total Aker BioMarine					1 483
Aker ASA and holding companies					
Unsecured bond issue	SEK	Stibor + 3,25%	July 2019	1 500	1 427
Unsecured bond issue	NOK	Nibor + margin	2018 to 2022	5 000	5 000
Term loan facilities - SEB	USD	Libor + margin	2019	225	1 940
Loan fees				-	(36)
Total Aker ASA and holding companies					8 331
Other companies					
Fornebuporten	NOK	Nibor + margin	2018 to 2019	348	348
Philly Shipyard	USD	Libor + margin		158	1 358
Total other companies					1 706
Total interest-bearing liabilities					30 300

Aker Solutions

Unsecured bonds: The bonds are unsecured on a negative pledge basis and include no dividend restrictions. All bonds issued are listed on the Oslo Stock Exchange.

Bank loans: The terms and conditions of Brazilian Development Bank EXIM loan include restrictions which are customary for this kind of facility.

Credit facility: Aker Solutions has a credit facility of NOK 5 billion. Nothing was drawn on this facility per 31 December 2016. The credit facility expires 3 July 2019.

Akastor

Bank loans: The terms and conditions include restrictions which are cus-

tomary for this kind of facilities, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers. There are also certain change of control provisions included.

As of 31 December 2016, the ICR level was below the minimum level and external borrowings of NOK 1.2 billion with maturity in 2019, were therefore reclassified from non-current to current borrowings. On 1 March 2017, Akastor signed an agreement with its bank syndicate to replace its ICR covenant with a nominal EBITDA amount until Q2 2018.

Kvaerner

Revolving credit facility of NOK 2 billion, is maturing in July 2020. The revolving credit facility was undrawn per 31 December 2016.

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Ocean Yield

Mortgage loan: The mortgage loans in USD are with a different bank syndicates and are secured in 1 FPSO, 30 vessels and 3 newbuilding with a book value of NOK 16.8 billion. The loans have mainly a floating interest rate. The mortgage loan has an average debt maturity of 5 year with maturity from May 2018 to July 2027. Interests mainly paid quarterly.

Unsecured bonds: The senior unsecured bond issue 14/19 have a floating interest, which is paid quarterly. The Company has entered into cross currency interest rate swaps with an average interest rate of LIBOR + 4.6% p.a. The senior unsecured bond issue 15/19 have a floating interest, which is paid quarterly. The Company has entered into cross currency interest rate swaps with an average interest rate of LIBOR + 4.45% p.a. The senior unsecured bond issue 16/21 have a floating interest, which is paid quarterly. The Company has entered into cross currency interest rate swaps with an average interest rate of LIBOR + 4.94% p.a.

The facilities includes financial covenants as to equity ratio, interest coverage ratio and minimum liquidity. Ocean Yield was in compliance with all covenants at year-end 2016.

Aker BioMarine

Secured loans: Mortgage loan from DNB where instalments and interest are paid semi-annually. The mortgages and overdraft facility, totalling NOK 1 294 million in total, are secured in vessels and other assets with book values of NOK 1 575 million.

The loan and overdraft facilities includes several financial covenants. Aker BioMarine was in compliance with all covenants at year-end 2016.

CHANGES IN THE GROUP'S INTEREST-BEARING LIABILITIES IN 2016:

Amounts in NOK million	Long-term	Short-term	Total
Interest-bearing liabilities as at 1 January 2016	44 813	6 882	51 695
Det norske oljeselskap RBL facilities	4 311	-	4 311
Aker ASA and holding companies bank facility in USD	2 013	-	2 013
Bond in Ocean Yield	750	-	750
Bank loan in Ocean Yield	4 134	-	4 134
Bank loan in Akastor	421	-	421
Bank loan in Aker Maritime Finance	600	-	600
Other new loans	1 324	742	2 066
Change in credit facilities	-	29	29
Loan fees and establishment costs	(12)	-	(12)
Total payment from new short-term and long-term loans (excluding construction loans)	13 541	771	14 312
Repayment of loans in Akastor	-	(3 045)	(3 045)
Other repayments	(3 422)	(308)	(3 730)
Total repayment of short-term and long-term loans	(3 422)	(3 353)	(6 775)
Deconsolidation of Det norske	(25 485)	-	(25 485)
Sale of Havfisk and Norway Seafoods	(1 072)	(231)	(1 303)
Other acquisition and sale of subsidiaries	(425)	-	(425)
Reclassification / first year instalments	(2 303)	2 303	-
Currency translation and other changes	(1 738)	20	(1 718)
Interest-bearing liabilities as at 31 December 2016	23 909	6 392	30 300

Currency adjustments total NOK 1.7 billion and are mainly attributable to the USD loans described above. Loans denominated in USD at the end of the year totalled USD 1.9 billion. A 10 per cent decrease in the USD exchange rate compared to the rate of 8.62 on the balance sheet date would have caused a reduction in debt expressed in NOK of NOK 1.6 billion.

Aker ASA and holding companies

Senior unsecured bonds: The maturity dates and interest rates are shown more in detail in Aker ASA account Note 15. The bonds has an average debt maturity of 2.8 year with maturity from April 2017 to September 2022. The principal falls due on the maturity date and interest is payable quarterly until maturity.

Mortgage loan: The mortgage loans and the interest are paid quarterly, until maturity. The loan are secured with 33.8 million Aker BP ASA shares.

There are several conditions associated with Aker ASA and holding companies loans, including debt ratio and total internal loans and guarantees in relation to Aker ASA and holding companies net asset value. Aker ASA has fulfilled all the conditions of the loan agreement by the end of 2016.

Fornebuporten

Loans with a group of Norwegian banks with floating interest. Interest and instalment are payable quarterly until maturity. The loans mature with NOK 2 million in 2017, NOK 174 million in 2018 and NOK 172 million after 2018.

Philly Shipyard

The company loans are secured.

Collateral

Collateral for interest-bearing debt of NOK 15.9 billion has been issued related to secured loans and overdraft facilities. The book value of the assets used as collateral is NOK 24.3 billion.

Note 26 | Pension expenses and pension liabilities

The Aker Group's Norwegian companies mainly cover their pension liabilities through group pension plans managed by life insurance companies. The Norwegian companies in the Group are subject to the Norwegian Act relating to mandatory occupational pensions, and the Group meets the requirements of this legislation.

In addition, the Norwegian business is a member of an agreement-based early retirement plan (AFP). The schemes provide a large proportion of the Norwegian employees the opportunity to retire before the normal retirement age in Norway of 67 years. Employees who choose will retain a lifelong benefit from the age of 62 years. The Group's companies outside Norway have pension plans based on local practice and regulations.

The Group also has uninsured pension liabilities for which provisions have been made.

The discount rate used in 2016 and 2015 is based on the Norwegian high-quality corporate bond rate.

The following assumptions have been made when calculating liabilities and expenses in Norway:

	Balance 2016	Profit/loss 2016 and balance 2015
Expected return	2.5 %	2.6 %
Discount rate	2.5 %	2.6 %
Wage growth	2.3 %	2.5 %
Pension adjustment	0.0 %	0.8 %
Mortality table	K2013	K2013

PENSION EXPENSE RECOGNISED IN PROFIT AND LOSS:

Amounts in NOK million	2016	2015
Expense related to benefits earned during the period	101	104
Interest expense accrued on pension liabilities	46	53
Expected return on pension funds	(14)	(18)
Service costs	2	3
Curtailement / settlement	-	(6)
Pension expense recognised from defined benefit plans	136	136
Contribution plans (employer's contribution)	678	840
Total pension expense recognised in profit and loss	814	976

Allocation in income statement:

Pension cost part of wages and other personal expenses	782	941
Interest expenses and expected return part of net financial items	33	35
Total pension expense recognised in profit and loss	814	976

REMEASUREMENT LOSS (GAIN) INCLUDED IN OTHER COMPREHENSIVE INCOME:

Amounts in NOK million	2016	2015
Change in discount rate and other financial assumptions	(182)	(144)
Change in mortality table	202	-
Change in other assumptions	17	17
Other comprehensive income - loss/(gain) before tax	37	(127)
Tax	5	43
Other comprehensive income - loss/(gain) after tax	42	(84)

CHANGES IN NET PRESENT VALUE OF BENEFIT-BASED PENSION LIABILITIES:

Amounts in NOK million	2016	2015
Net pension liabilities as at 1 January	1 512	1 551
Pension expense recognised from defined benefit plans	136	136
Acquisitions and disposals	(215)	-
Pension payments	(94)	(136)
Payments received	(137)	(81)
Remeasurements included in other comprehensive income	37	(127)
Effects of changes in exchange rates and other changes 1)	(1)	169
Net pension liabilities at 31 December	1 238	1 512

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NET DEFINED-BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET:

Amounts in NOK million

	2016	2015
Pension liabilities as at 31 December	(3 203)	(3 877)
Fair value of pension funds as at 31 December	1 965	2 365
Net liabilities for benefit-based pension liabilities as at 31 December	(1 238)	(1 512)
Pension funds	5	15
Pension liabilities	(1 242)	(1 526)
Net liabilities for benefit based pension liabilities as at 31 December	(1 238)	(1 512)

PLAN ASSETS PER CATEGORY:

Amounts in NOK million

	2016	2015
Total equity securities	59	46
Total bonds	1 630	1 875
Other	139	74
Total funds Norwegian plans	1 829	1 995
Total funds for plans outside Norway	136	369
Total funds	1 965	2 365

The equity securities are invested globally, and the value is based on quoted price at the reporting date without any deduction for estimated future selling cost. The bond investments are mainly in Norwegian municipalities. Norwegian municipalities are assumed to have a rating equal to AA, but there are no official ratings for the majority of these investments. The remaining bond investments is primarily in the Norwegian market within bonds classified as being "Investment Grade".

is depicted given a 1%-point increase or decrease in the discount rate. The effect of a 1%-point increase or reduction in wage growth and pension adjustment is shown as well.

FINANCIAL ASSUMPTIONS (NORWEGIAN PLANS):

In the table below, the effect on pension expenses and pension liabilities

Beløp i millioner kroner	1%-point increase	1%-point reduction
Discount rate	(270)	319
Future salary growth	59	(56)
Future pension growth	259	(223)

Note 27 | Other interest-free long-term liabilities

Amounts in NOK million

	2016	2015
Interest-free long-term debt to related party (see Note 13 to the Aker ASA financial statement)	125	-
Derivatives (see also Note 30)	268	1 164
Deferred revenue and deferred considerations	469	310
Other interest-free long-term debt	50	197
Total other interest-free long-term liabilities	912	1 670

At 31 December 2016 interest free-long-term liabilities comprised NOK 268 million in derivatives (see also [Note 30](#) Financial instruments) and NOK 469 million in deferred revenue and deferred considerations. The derivatives consist of interest rate swaps in Ocean Yield and forward ex-

change contracts in Aker ASA. Deferred revenue consist mainly of NOK 322 million (2015: NOK 294 million) in Ocean Yield related to deferred income in Aker Floating Production and prepaid charter hire related to the PCTC vessels Høegh Xiamen and Høegh Beijing.

Note 28 | Provisions

Amounts in NOK million

	Warranties	Abandonment provision	Other	Total
Balance as at 1 January 2016	953	3 964	1 412	6 328
Acquisition and disposals of subsidiaries	-	(3 729)	(92)	(3 821)
Provisions made during the year	209	-	733	942
Provisions used during the year	(157)	-	(891)	(1 048)
Provisions reversed during the year	(56)	-	(64)	(121)
Reclassifications	(115)	16	87	(13)
Currency exchange adjustment	(32)	(5)	(31)	(68)
Balance as at 31 December 2016	801	246	1 154	2 201
Non-current liabilities	4	246	356	606
Current liabilities	797	-	798	1 595
Balance as at 31 December 2016	801	246	1 154	2 201

Amounts in NOK million

	Warranties	Abandonment provision	Other	Total
Balance as at 1 January 2015	1 005	3 623	425	5 053
Acquisition and disposals of subsidiaries	-	-	(49)	(49)
Provisions made during the year	278	-	1 152	1 430
Provisions used during the year	(156)	(101)	(219)	(475)
Provisions reversed during the year	(205)	(642)	(3)	(850)
Reclassifications	(30)	427	74	471
Currency exchange adjustment	60	655	33	749
Balance as at 31 December 2015	953	3 963	1 412	6 328
Non-current liabilities	85	3 871	256	4 212
Current liabilities	867	93	1 156	2 116
Balance as at 31 December 2015	953	3 963	1 412	6 328

Warranties

The provision for warranties mainly relates to the possibility that Aker, based on contractual agreements, may have to perform guarantee work related to products and services delivered to customers. The provision is based on Aker's contractual obligations and empirical estimates of the frequency and cost of work that may need to be done. The warranty period is normally two years and any cash effects will arise during this period.

NOK 573 million has been provided for warranties in Aker Solutions, NOK 105 million in Akastor, NOK 103 million in Kvaerner and NOK 19 million in Philly Shipyard.

Removal and decommissioning liabilities

The non-current obligation of NOK 246 million relates to FPSO Dhirubai-1 in Aker Floating Production. The vessel is on a contract with Reliance Industries Ltd (RIL) that expire in 2018. The amount and timing of a potential decommission is uncertain and dependent of a number of factors, among them whether RIL exercise the purchase option at expiration of the contract. A total decommission cost of USD 31.3 million in September 2018 is estimated. At year-end, the provision is 28.5 million, representing the present value of the estimated obligation.

Other provision

Other provisions include mainly Akastor with 581 million and Aker Solutions with 514 million. The provision relates to workforce reductions and restructuring in addition to lease obligations for vacant properties.

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Note 29 | Trade and other payables

Amounts in NOK million	2016	2015
Trade accounts payable	2 032	3 831
Amount due to customers for contract work and advances	5 333	8 464
Accruals of operating- and financial expenses	6 148	6 833
Other short-term interest-free liabilities	1 998	5 753
Total	15 511	24 881

Other current liabilities include VAT, payroll tax and tax withholding and reserves for unpaid wages and holiday payments.

Note 30 | Financial instruments

See also [Note 6](#) Financial risk and exposure for description of financial instruments.

FAIR VALUE AND CARRYING AMOUNTS

The estimates of fair value and the carrying amounts shown in the balance sheet are as follows:

Amounts in NOK million	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets carried at fair value				
Available for sale financial assets	1 016	1 016	1 110	1 110
Financial assets at fair value through profit and loss (including derivatives)	46	46	643	643
Financial assets designated at fair value through profit and loss	202	202	156	156
Foreign exchange contracts - hedge accounting	340	340	3 108	3 108
Total financial assets carried at fair value	1 604	1 604	5 017	5 017
Financial assets carried at amortised cost				
Loans and receivables	19 008	19 643	26 327	26 330
Cash and cash equivalents (including long-term restricted deposits, see Note 18)	13 036	13 036	10 734	10 734
Total financial assets carried at amortised cost	32 044	32 680	37 061	37 065
Financial liabilities carried at fair value				
Interest rate swaps - hedge accounting	33	33	120	120
Foreign exchange contracts - hedge accounting	1 329	1 329	4 336	4 336
Other derivative contracts - hedge accounting	-	-	24	24
Derivative contracts - not hedge accounting	692	692	1 663	1 663
Total financial assets carried at fair value	2 054	2 054	6 143	6 143
Financial liabilities carried at amortised cost				
Bonds and convertible loans	10 806	10 963	15 462	15 031
Other interest-bearing debt	19 495	19 601	36 233	36 281
Interest-free long-term financial liabilities	559	559	507	507
Interest-free short-term financial liabilities	9 135	9 135	15 145	15 145
Total financial liabilities carried at amortised cost	39 995	40 259	67 346	66 963

NOK 5.9 billion of financial liabilities classified as fixed rate in the interest profile table ([Note 6](#)) are liabilities that pursuant to contract have floating interest rates but have been swapped to fixed rates using interest rate swaps. In the table above, the changes in the fair value of these derivatives due to interest rate changes is shown on the line Interest rate swaps-hedge accounting and the line Derivative contracts-not hedge accounting.

FAIR VALUE HIERARCHY

The table below analyses financial instruments by valuation method. See [Note 5](#) Accounting principles for definitions of the different levels in the fair value hierarchy.

Amounts in NOK million	2016		
	Level 1	Level 2	Level 3
Financial assets carried at fair value			
Available for sale financial assets	851	27	138
Financial assets at fair value through profit and loss (including derivatives)	-	46	-
Financial assets designated at fair value through profit and loss	-	97	105
Foreign exchange contracts used for hedging	-	340	-
Total	851	510	243
Financial liabilities carried at fair value			
Interest rate swaps used for hedging	-	33	-
Foreign exchange contracts used for hedging	-	1 329	-
Other derivative contracts - liability	-	692	-
Total	-	2 054	-
Interest-bearing financial liabilities carried at amortised cost			
Bonds and convertible loans	6 541	2 012	2 410
Other interest-bearing debt	-	19 600	-
Total	6 541	21 612	2 410

THE FOLLOWING TABLE PRESENTS THE CHANGES FOR RECURRING FAIR VALUE MEASUREMENTS CLASSIFIED AS LEVEL 3 AS AT 31 DECEMBER:

Amounts in NOK million	2016 Financial assets	2015 Financial assets
Carrying amount as at 1 January	198	200
Transfer to level 3	161	-
Transfer from level 3	-	(2)
Total gains or losses for the period recognised in the income statement	(110)	(1)
Divestment and other	(6)	-
Carrying amount as at 31 December	243	198
The amount of gains or losses for the period included in profit and loss and other comprehensive income that is attributable to gains or losses related to assets and liabilities at level 3 still held at the end of the reporting period	(54)	-

Note 31 | Contingencies, guarantee liabilities and legal claims

GUARANTEES

In the course of ordinary operations, completion guarantees are issued and advance payments are received from customers. Guarantees are typically issued to the customer by a financial institution.

Akastor ASA has issued financial guarantees in favour of financial institutions related to financing of the five vessels in DOF Deepwater AS. The guarantee was NOK 533 million per 31 December 2016.

LEGAL DISPUTES

Through their activities, the group companies are involved in various disputes all over the world. Provisions are made to cover expected losses resulting from such disputes if a negative outcome is likely and a reliable estimate can be prepared. However, the final decision in such cases will always be associated with uncertainty, and a liability may thus exceed the provision made in the accounts.

Kvaerner - Nordsee Ost Project

In 2012, arbitration related to the Nordsee Ost project was filed. The last wind jackets for the project were delivered in October 2013. The arbitration process for the project will take time due to high complexity. It is currently not possible to estimate when the arbitration will be finalised. There is substantial uncertainty with respect to the final financial outcome of the Nordsee Ost project.

TAX CLAIMS

Group companies are regularly involved in matters under consideration by local tax authorities in various countries. The group treats matters, which have not been finally resolved, in accordance with the information available at the time the annual accounts are issued.

Aker Solutions - Tax claim Brazil

The tax authorities in the state of Parana in Brazil has claimed the Aker

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Solutions company in Brazil for around NOK 740 million (including penalties and interests), stating that the conditions for the export exemption from ICMS are not fulfilled. ICMS is a value added tax on sales and services related to the movement of goods. Aker Solutions do Brasil Ltda believes that, based on current law and practice, a successful outcome in the administrative appeal system is regarded as likely. The claim is

Note 32 | Transactions and agreements with related parties

Aker ASA's main shareholder is TRG Holding AS, controlled by Kjell Inge Røkke and his family through The Resource Group TRG AS (TRG AS). The Aker Group treats all companies controlled by Kjell Inge Røkke as related parties.

TRANSACTIONS WITH KJELL INGE RØKKE AND FAMILY

In February 2016, Aker entered into agreements for the sale of its ownership interests in Fornebu Gateway AS and Aker Maritime Finance AS ("AMF" - a company who mainly owns industrial properties) to Kjell Inge Røkke and his company TRG AS. On 22 April 2016, the transactions were approved by the general meeting of Aker ASA, and the transactions were closed on 9 May 2016 with total proceeds of NOK 952 million received by Aker. In addition, AMF repaid to Aker an intercompany receivable of NOK 600 million, after the company secured external financing. Subsequent to these transactions, Kjell Inge Røkke owns all the shares in AMF and through TRG AS he owns 40 per cent of the shares in Fornebu Gateway. During 2016, companies within the Aker group has paid NOK 86 million in rent to AMF and NOK 98 million in rent to Fornebu Gateway AS (NOK 7.4 million in 2015 for the period subsequent to the sale of the office properties to Fornebu Gateway AS). Since 2015, Aker ASA has guaranteed for certain pension liabilities in AMF (see [Note 13](#) to Aker ASA's separate financial statement).

Except for the above transactions, and remuneration for his work as chairman of the board of Aker ASA and board representative in other companies within the group (see [Note 33](#)), Aker has no material outstanding accounts or other transactions with Kjell Inge Røkke.

When Aker employees perform services for Kjell Inge Røkke or other related parties, Aker's expenses are billed. In 2016, Kjell Inge Røkke paid NOK 1.9 million plus value added tax for services and rental of premises (NOK 1.7 million in 2015). TRG AS and Kjell Inge Røkke have provided services to Aker for NOK 1.6 million in 2016 (NOK 2.4 million in 2015).

Through its fully owned company Antarctic Harvesting Holding AS, TRG in September 2015 subscribed to 555 900 new shares in Aker BioMarine Antarctic AS for a cash consideration of NOK 11 million. Aker BioMarine Antarctic AS is a subsidiary of Aker BioMarine AS. The shares subscribed to constitute a separate share class with rights to an annual preferential dividend of 7 per cent of the invested capital, but with no economic rights to any profits above this level. The structure enables Aker BioMarine to access foreign capital while remaining in compliance with its fishing licenses.

Kristian Røkke, son of Kjell Inge Røkke, earned in 2016 NOK 7 579 460 in salary and other remuneration as CEO of Akastor, and NOK 26 667 in remuneration from Philly Shipyard ASA as Chairman until 1 February 2016.

regarded as a contingent liability since the possible outcome will be confirmed by the occurrence of an uncertain future event (a potential court decision). No provision has been made for this contingent liability since a cash outflow is not considered probable, nor is it possible to establish a reliable estimate.

In 2015, he received NOK 2 458 734 in salary and other remuneration as CEO of Akastor from August 2015, and NOK 781 688 in remuneration from Philly Shipyard ASA as Chairman (including as Executive Chairman until 15 April 2015). He also earned remuneration for his role as director in Aker ASA from 22 April 2016 (see [Note 33](#)).

TRANSACTIONS WITH EMPLOYEES

In October 2015, in relation to the change in leadership of Aker BioMarine AS, Aker ASA reacquired from the outgoing management 0.49 per cent of the shares in the company for NOK 7 million.

In October 2015, Aker's investment in Ocean Harvest AS was divested in a management buy-out. The acquiring company, Ocean Harvest Invest AS, is controlled by two former employees of Aker ASA and Aker BioMarine AS. Aker facilitated the transaction by providing a seller's credit of USD 66.5 million and guaranteeing for the company's long-term debt.

As a step in the process of dissolving the fund structure of Converto Capital Fund, Aker decided in July 2015 to take over the remaining 9.99 per cent outstanding shareholding of Converto Capital Fund AS from Fausken Invest AS. Fausken Invest AS is a company controlled by Frank O. Reite, who was President and CEO of Akastor ASA until July 2015 and since August 2015 has been the CFO of Aker ASA. The purchase price for shareholding was NOK 24.7 million. Simultaneously, Converto Capital Fund AS terminated an advisory services contract that had been entered into between Converto Capital Fund AS and Converto AS, for a termination fee of NOK 20.3 million. Converto AS was at the time of the transaction controlled by Frank O. Reite through Fausken Invest AS.

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

DOF Deepwater AS

At 31 December 2015, Aker's subsidiary Akastor had issued a shareholder's loan with a book value of NOK 82 million to the joint venture DOF Deepwater AS (a company owned 50 per cent by Akastor and 50 per cent by DOF ASA). During 2016, the shareholder's loan was increased by NOK 110 million. As of 31 December 2016, the carrying amount of the loan was NOK 50 million after NOK 150 million of the loan was converted to equity in the company. The ownership of the joint venture remains unchanged. Akastor ASA has issued financial guarantees in favour of financial institutions related to financing of the five vessels in DOF Deepwater AS.

Avium Subsea AS

In November 2016, Aker's subsidiary AKOFS Offshore together with Mitsui established a joint venture, Avium Subsea AS, each with a 50 per cent ownership. Avium Subsea acquired the Skandi Santos topside equipment from AKOFS Offshore and an accounting gain of NOK 172 million was

recognised, representing 50 per cent of the total gain on the sale. Avium Subsea AS then entered into a lease agreement with AKOFS Offshore corresponding to the remaining Skandi Santos contract duration between AKOFS Offshore and Petrobras. Akastor AS has issued financial guarantees related to lease obligations for Avium Subsea AS.

Philly Tankers AS

In July 2014, Philly Tankers completed a USD 65 million private placement with a subsequent listing on the Norwegian OTC. Prior to the Philly Tankers private placement, Philly Shipyard contributed a promissory note with a face value of USD 58 million to the equity capital of Philly Tankers. This note was reduced dollar-for-dollar as the shipyard spent its own funds on the construction of Hulls 025 and 026. As the note was issued as an interest-free instrument, Philly Shipyard discounted its value and imputed interest expense on the discounted amount. The full amount was due and payable on the earlier of the date of delivery of Hull 026 or 30 November 2018. The dollar-for-dollar reductions commenced in the third quarter of 2015 with a total reduction of the full USD 58 million through 31 December 2016.

G&A Air AS

G&A Air AS, a company owned 50 per cent by Aker ASA and 50 per cent by Bjørn Rune Gjelsten, acquired in June 2016 an airplane from Aker ASA

for NOK 136 million. The airplane is operated by Sundt Air Management who based on market terms (for the use) directly invoices the users of the airplane. In addition, the owners pay in agreement with G&A Air an annual amount sufficient to cover G&A Air's uncovered expenses for depreciation and operating costs. In 2016, this amounted to NOK 1.4 million.

Solstad Offshore ASA

In December 2016, the merger was completed between Rem Offshore ASA («REM») and Solship Invest 1 AS. Solship Invest 1 AS is a wholly owned subsidiary of Solstad Offshore ASA ("Solstad") which is an associate in the Aker Group. Prior to the merger, Aker owned bonds in REM that was partly converted to shares in the company. Aker was therefore awarded 1 807 150 Class B shares in Solstad as part of the merger. Immediately after the merger, in order to facilitate for the required number of shareholders holding Class B shares, Aker sold 139 100 of its Class B shares to Solstad, who in turn resold these share to its employees. Aker was paid NOK 13.08 per share.

Aker BP ASA

Aker Solutions has in 2016 entered into an agreement with Aker BP to sub-lease offices in Stavanger, Norway. Annual lease income to Aker Solutions is NOK 30 million and the contract commenced late 2016.

TRANSACTIONS AND OUTSTANDING BALANCES INVOLVING RELATED PARTIES IN 2016 AND 2015

Amounts in NOK million

	2016	2015
Income statement:		
Operating revenues	757	452
Operating expenses	(73)	(99)
Net financial items	8	(12)
Profit before tax	692	341
Balance sheet:		
Interest-bearing receivable	300	216
Trade receivable and other interest-free current assets	142	57
Total assets	442	273
Trade liabilities and other interest-free current liabilities	(31)	(6)
Interest-bearing debt	-	(121)
Net exposure	411	146

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AKER ASA

AKER ASA AND HOLDING COMPANIES

Note 33 | Salaries and other remunerations to the board of directors, nomination committee, CEO and other senior executives at Aker ASA

REMUNERATION TO AND SHARES OWNED BY THE BOARD OF DIRECTORS

Amounts in NOK million	Shares owned as of 31 December 2016	2016	2015
Kjell Inge Røkke (Chairman of the Board) ¹⁾	50 673 577	555 000	555 000
Finn Berg Jacobsen (Deputy Chairman)	5 159	385 000	385 000
Kristin Krohn Devold (Director)	-	335 000	335 000
Karen Simon (Director)	-	335 000	335 000
Anne Marie Cannon (Director since 17 April 2015)	-	335 000	223 333
Kristian Røkke (Director since 22 April 2016)	-	223 333	-
Atle Tranøy (Employee representative)	-	167 500	167 500
Arnfinn Stensø (Employee representative)	-	167 500	167 500
Amram Hadida (Employee representative since 17 April 2015)	-	167 500	111 667
Anne Tysdal Egaas (Employee representative since 17 September 2016)	-	48 854	-
Leif O. Høegh (Director until 22 April 2016)	-	111 667	335 000
Inger Elise Karlsen (Employee representative from 17 April 2015 until 17 September 2016)	-	118 646	111 667
Stine Bosse (Director until 17 April 2015)	-	-	111 667
Tommy Angeltveit (Employee representative until 17 April 2015)	-	-	55 833
Nina Hanssen (Employee representative until 17 April 2015)	-	-	55 833
Total		2 950 000	2 950 000

¹⁾ Owns 100 per cent of The Resource Group TRG AS (TRG AS) together with his wife Anne Grete Eidsvig. TRG AS owns 99.71 per cent of TRG Holding AS, which owns 66.99 per cent of Aker ASA. In addition, TRG AS owns 1.19 per cent of Aker ASA directly. Kjell Inge Røkke also owns 280 800 shares in Ocean Yield ASA directly.

REMUNERATION TO THE AUDIT COMMITTEE

Amounts in NOK million	2016	2015
Finn Berg Jacobsen (Chairman of the audit committee)	170 000	170 000
Atle Tranøy	115 000	115 000
Kristin Krohn Devold (from 17 April 2015)	115 000	76 667
Stine Bosse (until 17 April 2015)	-	38 333
Total	400 000	400 000

REMUNERATION TO THE NOMINATION COMMITTEE

Amounts in NOK million	2016	2015
Kjell Inge Røkke (Chairman of the nomination committee from 17 April 2015)	55 000	36 667
Gerhard Heiberg	55 000	55 000
Leif-Arne Langøy	55 000	55 000
Total	165 000	146 667

All remunerations are vested during the year. Where amounts have not been paid by the end of the year, provisions have been made in accordance with best estimates.

In 2016, The Resource Group AS (TRG) earned NOK 610 000 in board remuneration (remuneration to the nomination committee included) from Aker ASA (NOK 591 667 in 2015), through Chairman of the Board Kjell Inge Røkke. TRG also earned board remuneration from other Aker-owned companies totalling NOK 1 552 167 through Kjell Inge Røkke in 2016 (NOK 1 433 867 in 2015). See also [Note 32](#) Transactions and agreements with related parties.

The board members earned no payments from Aker ASA in 2016 or 2015 except as described above. Some board members also hold directorships in other companies within the Aker Group.

AKER'S ORGANISATIONAL STRUCTURE

Aker ASA's numerous operational companies are organised into two portfolios; one industrial and one financial. As a consequence of this organisational structure, Aker ASA does not have a group executive team in its traditional form. At the end of 2016, Aker's executive team consisted of President and CEO Øyvind Eriksen and CFO Frank O. Reite.

GUIDELINES FOR REMUNERATION OF THE CEO AND SENIOR COMPANY EXECUTIVES

Advisory guidelines

The total remuneration package for executives consists of a fixed salary, standard employee pension and insurance coverage and a variable salary element. The main purpose of the system is to stimulate a strong and enduring profit-oriented culture that ensures share price growth.

The intention of the variable salary element is to promote the achievement of good financial results and leadership in accordance with the company's values and business ethics. The variable salary element has three main components. The first component is a payment based on the dividend on the company's shares, and the second component is a payment based on personal goal achievement. Work on special projects may entitle an employee to an additional bonus. The third component of the variable salary is described under "Binding guidelines" below.

Senior executives participate in a collective pension and insurance scheme open to all employees. The collective pension and insurance scheme applies for salaries up to 12G. The members of the executive team are offered standard employment contracts and standard employment conditions with respect to notice periods and severance pay. Their employment contracts can be terminated on three months' notice. If the company terminates a contract, the executive is entitled to three months' pay after the end of the notice period.

Binding guidelines

One of the three components of the variable salary is a granting of bonus shares calculated on the basis of the increase in value-adjusted equity. The other components of the variable salary are described under "Advisory guidelines" above. In addition, the employees have an option to buy Aker ASA shares at a discount (see [Note 2](#) to the separate financial statement for Aker ASA). The company does not offer stock option programmes for its employees.

REMUNERATION OF SENIOR EXECUTIVES

Øyvind Eriksen's appointment as President and CEO can be terminated by either party on three months' notice. If his contract is terminated by the company, Mr. Eriksen is entitled to three months' notice and three months' salary from the date of termination. This amount will not be paid if he continues to be employed by another company in the Aker Group. The remuneration plan for Mr. Eriksen includes a fixed salary, standard employee pension and insurance coverage and a variable salary element. The variable salary element may total up to two-thirds of the fixed salary. In 2016, Mr. Eriksen earned a salary of NOK 15 342 079 (NOK 15 342 079 in 2015), and variable pay of NOK 9 576 335 (NOK 9 407 048 in 2015). The value of additional remuneration was NOK 16 937 in 2016 (NOK 12

545 in 2015), while the net pension expense for Mr. Eriksen was NOK 283 316 (NOK 311 193 in 2015). As per 31 December 2016, Mr. Eriksen owns 219 072 shares in Aker ASA through his wholly-owned company Erøy AS, of which 74 161 shares were purchased in 2016 at a 20 per cent discount based on a three-year look-up period for the shares. Erøy AS also owns 100 000 Class-B shares (0.2 per cent) in TRG Holding AS.

Frank O. Reite's appointment as CFO can be terminated by either party on three months' notice. If his contract is terminated by the company, Mr. Reite is entitled to three months' salary from the date of termination. This amount will not be paid if he continues to be employed by another company in the Aker Group. The remuneration plan for Mr. Reite includes a fixed salary, standard employee pension and insurance coverage and a variable salary element. Mr. Reite's variable salary also includes a bonus-share award scheme including an option to buy Aker ASA shares at a discount (see Aker ASA Note 2 for a description of the scheme). Mr. Reite's variable salary may total up to 140 per cent of his fixed salary. Mr. Reite earned a fixed salary of NOK 3 701 658 in 2016 (NOK 1 547 862 in 2015), as well as variable pay of NOK 5 190 277 (NOK 1 869 482 in 2015). This includes the value of allocated bonus shares in Aker ASA for the year. The value of additional remuneration was NOK 242 542 in 2016 (NOK 6 836 in 2015), while the net pension expense for Mr. Reite was NOK 295 096 in 2016 (NOK 124 955 in 2015). In 2016, through his wholly-owned company Fausken Invest AS, Mr. Reite purchased 54 832 Aker ASA shares at a discount (5 435 shares in 2015), and was allocated 2 112 bonus-shares for 2015. As per 31 December 2016, Mr. Reite owns 62 379 shares in Aker ASA through Fausken Invest AS. In addition, Fausken Invest AS owns 200 000 shares in Akastor ASA and 11 111 shares in Ocean Yield ASA.

Senior executives receive no remuneration for directorships or membership of nomination committees of other Aker companies. In 2016, Aker ASA earned a total of NOK 1 221 999 in respect of Øyvind Eriksen's directorships of other Aker companies. Aker ASA earned NOK 1 167 500 in respect of Frank O. Reite's directorships of other Aker companies in 2016.

The President and CEO and other senior executives receive no other remuneration than described above. Accordingly, their employment conditions include no loans, guarantees or stock option rights.

Note 34 | Events after the balance sheet date

AKASTOR – SALE OF FRONTICA STAFFING BUSINESS

On 6 January 2017, Aker's subsidiary Akastor completed the transaction to join Frontica's staffing business (Advantage) into NES Global Talent. Initially Akastor is holding a 15.2 per cent economic ownership position in the combined entity with potential to increase its ownership depending on the growth of Advantage over the next three years.

OCEAN YIELD – LEWEK CONNECTOR CHARTER CONTRACT

On 13 February 2017, Ocean Yield announced that the company had sent a notice of termination to EMAS AMC AS, being the charterer of the vessel Lewek Connector, in order to protect the company's legal interest. Ocean Yield will however continue to participate in the discussions regarding a financial restructuring of its counterparty. EMAS AMC AS' obligations are guaranteed by Ezra Holdings Limited. See also the 2016 impairment charge of the vessel, described in [Note 12](#).

OCEAN YIELD – AMSC'S BOND REFINANCING

In February 2017, American Shipping Company ASA successfully completed a refinancing of its outstanding bonds. A new USD 220 million, five year unsecured bond was issued, carrying a coupon of 9.25% p.a. Ocean Yield subscribed for a 50% participation of the new issue and was allocated a total of USD 50 million. The net cash proceeds to Ocean Yield was USD 156 million. The bonds allocated will be held as a financial investment and are freely available for sale in the market.

AKASTOR – COVENANTS

On 1 March 2017, Akastor signed an agreement with its bank syndicate to: i) replace its ICR covenant with a nominal EBITDA amount until 2Q 2018; and ii) to be allowed to use the existing RCF to make acquisitions for up to NOK 1.0 billion under certain conditions.

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AKER ASA AND HOLDING

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Income statement

Amounts in NOK million	Note	2016	2015
Salaries and other personnel related expenses	2,12,20	(114)	(135)
Depreciation, write-downs, and reversal of write-downs for fixed assets	4	(32)	(31)
Other operating expenses	2	(84)	(80)
Operating profit (loss)		(230)	(246)
Interest income from subsidiaries	7	20	172
Other interest income	7,9	52	43
Reversed impairments of shares and receivables	8	1 822	386
Dividends from subsidiaries	5	1 707	950
Foreign exchange gains		150	24
Gains on sale of shares	3	42	7 539
Other financial income		89	136
Total financial income		3 882	9 250
Interest expenses to subsidiaries	14	(18)	(146)
Other interest expenses	15	(330)	(372)
Impairments of shares and receivables	8	-	(2 069)
Foreign exchange losses		(21)	(163)
Other financial expenses	18	(207)	(88)
Total financial expenses		(576)	(2 838)
Net financial items		3 306	6 412
Profit before tax		3 076	6 166
Tax expense	11	-	-
Profit after tax		3 076	6 166
Allocation of profit/loss for the year:			
Profit (+) / loss (-)		3 076	6 166
Allocation of dividend		(1 189)	(742)
Transferred from (+) / allocated to (-) other equity		(1 887)	(5 424)
Total	10	-	-

Balance sheet as at 31 December

Amounts in NOK million	Note	2016	2015
ASSETS			
Deferred tax assets	11	-	-
Art, equipment, cars and fixtures		113	73
Airplane		-	157
Buildings, property and land		7	7
Total tangible fixed assets	4	120	237
Shares in subsidiaries	5,8	24 094	23 258
Investments in associates and joint ventures	6	68	10
Other investments in shares	6	3	3
Non-current receivables from subsidiaries	7	56	253
Other non-current financial assets	7	234	292
Total financial fixed assets		24 455	23 816
Total non-current assets		24 575	24 053
Current receivables from subsidiaries	7	1 204	257
Other current receivables		27	10
Cash and cash equivalents	9	3 248	1 459
Total current assets		4 479	1 726
Total assets		29 054	25 779
EQUITY AND LIABILITIES			
Share capital		2 081	2 081
Own shares		(1)	(4)
Share premium		250	250
Total paid-in equity		2 330	2 327
Other equity		17 494	15 614
Total equity	10	19 824	17 940
Pension liabilities	12	126	157
Other non-current provisions	13	168	151
Non-current liabilities to subsidiaries	14	1 217	95
Non-current external interest-bearing debt	15	5 900	6 534
Total non-current liabilities		7 411	6 937
Allocated dividend	10	1 189	742
Current debt to subsidiaries		8	3
Current external interest-bearing debt	15	500	-
Other current liabilities	16	122	157
Total current liabilities		1 819	902
Total equity and liabilities		29 054	25 779

FORNEBU, 23 MARCH 2017

Aker ASA

Kjell Inge Røkke (sign)
Chairman

Finn Berg Jacobsen (sign)
Deputy Chairman

Anne Marie Cannon (sign)
Director

Kristin Krohn Devold (sign)
Director

Kristian Røkke (sign)
Director

Karen Simon (sign)
Director

Atle Tranøy (sign)
Director

Arnfinn Stensø (sign)
Director

Anne Tysdal Egaas (sign)
Director

Amram Hadida (sign)
Director

Øyvind Eriksen (sign)
President and CEO

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Cash flow statement

Amounts in NOK million	Note	2016	2015
Profit before tax		3 076	6 166
Gain/-loss on sales of fixed assets and write-down/reversals	3, 8	(1 864)	(5 856)
Unrealised foreign exchange gain/-loss		(129)	153
Depreciation/reversal write downs	4	32	31
Change in other current items, etc.		(817)	271
Cash flow from operating activities		298	765
Acquisition/sale of non-current assets	4	86	(51)
Acquisition of shares and other equity investments	5, 6	(58)	(695)
Repayment on non-current interest-bearing receivables	7	704	1 283
Payments on non-current interest-bearing receivables	7	(646)	(657)
Sale of shares and other equity disposals	5, 6	621	-
Cash flow from other investments/disposals	7	262	(285)
Cash flow from investment activities		969	(405)
Issue of non-current debt	15	2 309	644
Repayment of non-current debt	15	(1 054)	-
Change in current interest-bearing receivables	7	-	(1 238)
Dividend and group contributions paid/received and other changes in equity	10	(733)	(1 000)
Cash flow from financing activities		522	(1 594)
Cash flow for the year		1 789	(1 234)
Cash and cash equivalents as at 1 January	9	1 459	2 693
Cash and cash equivalents as at 31 December	9	3 248	1 459

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Notes to the financial statements

Note 1 | Accounting principles

The financial statements are prepared and presented in Norwegian kroner (NOK). The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway as at 31 December 2016.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Subsidiaries are companies in which Aker ASA has control. This normally means an ownership interest of more than 50 per cent, and that the investment is long-term and of a strategic nature. Associates are companies in which Aker ASA has significant influence, but not control, which normally is the case when Aker ASA holds between 20 per cent and 50 per cent of the voting shares. Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity that is subject to joint control, and whereby the parties have rights to the net assets of the arrangement.

Subsidiaries, associates and joint ventures are accounted for using the cost method in Aker ASA's separate financial statements. A write-down to fair value is made whenever impairment is due to causes that are assumed to be non-transient. A reversal is made whenever the impairment is no longer present.

Dividends exceeding the share of retained profits since acquisition are deemed as refunds of invested capital. Such dividends reduce the book value of the investments. Received dividends from companies owned less than 90 per cent are accounted for when the dividends are approved.

A group contribution received that exceeds Aker ASA's share of retained profits since acquisition, is booked as a deduction from the book value of the investment, with a corresponding deduction of the deferred tax asset (or an increase in deferred tax). In cases where no deferred tax asset is booked and an amount equal to the group contribution is transferred back to the subsidiary as a group contribution without tax effect, the entire received group contribution will be recorded as a deduction from the book value of the investment (without any corresponding entry with respect to deferred tax assets/deferred tax). The group contribution without tax effect is then correspondingly recorded as an increase in the book value of the investment, with the result that the net effect on the investment is zero. This reflects the fact that, overall, the "circular group contribution" has not constituted a transfer of value between Aker ASA and the subsidiary.

CLASSIFICATION AND ASSESSMENT OF BALANCE SHEET ITEMS

Current assets and current liabilities comprise items that fall due within one year after the balance sheet date. Other items are classified as non-current assets/non-current liabilities.

Current assets are valued at the lower of acquisition cost or fair value. Current debt is recognised at its nominal value at the time it was recorded.

Non-current assets are valued at acquisition cost but written down to fair value whenever impairment is deemed non-transient. Non-current debt is recognised at its nominal value at the time it was established. Fixed interest rate bonds are accounted for at amortised cost.

RECEIVABLES

Trade receivables and other receivables are recorded at par value after the subtraction of a provision for expected losses. Provisions are made for losses based on individual assessments of each receivable.

FOREIGN CURRENCY

Transactions in foreign currencies are translated into NOK using the exchange rates applicable at the time of each transaction. Monetary items in foreign currencies are translated into NOK using the exchange rates applicable on the balance sheet date. Non-monetary items that are measured at fair value in a foreign currency are translated into NOK using the exchange rates applicable on the date of measurement. Valuation changes due to exchange rate fluctuations are recorded on a continuous basis under other financial items.

NON-CURRENT ASSETS

Non-current assets are recognised and depreciated over their estimated useful life. Direct maintenance of operating assets is expensed on an ongoing basis as operating costs, while improvements and enhancements are added to the acquisition cost and depreciated in line with the asset. If the recoverable amount of the operating asset is less than its carrying value, the recoverable amount is impaired. The recoverable amount is the higher of net sales value and value-in-use. Value-in-use is the present value of the future cash flows that the asset is expected to generate.

PENSIONS

Pension costs and pension liabilities are calculated according to linear vesting based on expected final salary. The calculation is based on a number of assumptions such as the discount rate, future salary increases, pensions and other social benefits from the Norwegian national insurance system (Folketrygden), future returns on pension funds and actuarial assumptions regarding mortality and voluntary retirement. Pension funds are recognised at fair value.

TAX

The tax expense in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated at a nominal value rate based on the temporary differences that exist between accounting and tax values, and tax losses carried forward at the end of the accounting year. Tax increasing and tax decreasing temporary differences that reverse or can be reversed in the same period are offset. Net deferred tax assets are recognised to the extent that it is probable that they can be utilised.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents consist of cash, bank deposits and other current, liquid investments.

THE USE OF ESTIMATES

Preparation of the annual accounts in accordance with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting principles, as well as the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed and assessed on an ongoing basis, and are based on historical experience and various other factors considered to be reasonable. Changes to the accounting estimates are recognised in the profit and loss account in the same period as the one in which the estimates are revised, unless deferred allocations are prescribed by generally accepted accounting principles.

Note 2 | Salaries and other personnel expenses

Amounts in NOK million	2016	2015
Salaries	106	92
Social security contributions	17	15
Pension expenses (see Note 12)	(23)	13
Other benefits	14	15
Total salaries and other personnel expenses	114	135
Average number of employees	40	43
Average number of man years	39	42

AUDIT FEE IS INCLUDED IN OTHER OPERATING EXPENSES AND CONSISTS OF THE FOLLOWING:

Amounts in NOK million, inclusive VAT	2016	2015
Statutory audit	2.2	1.9
Attestation services	0.5	0.1
Tax services	-	-
Other services	0.1	0.3
Total	2.9	2.3

REMUNERATION TO/FROM GROUP COMPANIES AND RELATED PARTIES CONSIST OF THE FOLLOWING:

Amounts in NOK million	2016	2015
Invoiced for services and office rent within the Group	13.1	17.8
Procured services from the The Resource Group TRG AS and Kjell Inge Røkke	(1.6)	(2.4)
Board fee to The Resource Group TRG AS, excluding payroll tax	(0.7)	(0.6)
Invoiced for services to The Resource Group TRG AS	1.9	1.7
Total	12.7	16.5

In 2016, Aker ASA has sold Aker Maritime Finance AS to Kjell Inge Røkke of NOK 277 million and a receivable on Aker Maritime Finance AS was sold to TRG AS for NOK 350 million. See [Note 32](#) to the group accounts for more information and other transactions with related parties.

INCENTIVE PROGRAMME FOR EMPLOYEES (EXCLUDING THE PRESIDENT AND CEO)

Aker ASA has adopted an incentive programme to promote the company's goals and give employees the same motivation as shareholders. In 2016, the incentive programme had the following elements:

- a dividend bonus, based on the Aker ASA dividend
- a personal bonus, based on personal achievement
- bonus shares, allocated on the basis of on an agreed increase in net asset value
- an option to purchase Aker ASA shares at a discount but subject to a lock-up period.

See [Note 33](#) to the group accounts regarding the incentive programme for the President and CEO.

BONUS CEILING

Dividends and personal bonuses are paid in cash in the year after the vesting year. Participants can achieve a total bonus equal to a defined percentage of fixed salary (bonus ceiling), split into a dividend bonus and a personal bonus.

DIVIDEND BONUS

The dividend bonus is linked to dividends paid for the vesting year. A defined number of shadow shares are used as the basis for calculating the dividend bonus. The calculation of the shadow shares is based on the

target yield for net asset value and the target dividend for the vesting year. Participants receive a dividend bonus (cash) equal to the dividend per share proposed by the board of directors multiplied by the number of shadow shares.

PERSONAL BONUS

The personal bonus is linked to the achievement of personal results and goals, and is set based on an overall evaluation covering each participant's personal achievements and development, the results and development of the company and the unit to which the participant belong, and the participant's contribution to the Aker-community.

BONUS SHARES

Participants may be awarded shares in the company if the company achieves an increase in net asset value of more than 10 per cent in the relevant year. The number of potential bonus shares cannot be determined before allocation takes place, as the final number is based on the share price on the determination date and the participant's salary as at 31 December of the vesting year. An allocation range is calculated for the award of bonus shares at the beginning of the vesting year, equal to 50 per cent of the range for the dividend bonus. The fixed allocation range is a gross range. The participant's estimated tax on the free bonus shares is deducted from this gross range, as the company pays this amount in by way of advance tax deduction. Deduction of tax leaves a net range as a basis for calculating the number of bonus shares. The value of the bonus shares equals the share price on the vesting date minus a deduction to take into the account

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the lock-up period (20 per cent). The lock-up period is three years from the date the bonus shares are received. The limitations on the right of participants to dispose of the discounted shares freely are registered in VPS as a restriction in favour of the company. If a participant leaves the company during the lock-up period, 50 per cent of the distributed bonus shares are returned to the company without compensation to the participant.

OPTION TO PURCHASE OF SHARES AT A DISCOUNT BUT SUBJECT TO A LOCK-UP PERIOD

Participants may purchase shares in the company at a price equal to 80 per cent of the share price at the time the shares are purchased. The number of shares that can be bought during the vesting year is calculated based on the estimated number of bonus shares the participant may theoretically receive at the end of the earning year if he/she achieves the maximum bonus. Participants choose how many shares they want to buy within their allocation range. A lock-up period of three years applies from the date the

shares are received. The limitations on the right of participants to dispose of the discounted shares freely are registered in VPS as a restriction in favour of the company. The lock-up period continues to apply if the participant leaves the company during the lock-up period, unless the company and the participant agree otherwise.

Dividend bonuses and personal bonuses are recorded as salary expenses. An allocation of NOK 26 million has been made under other current liabilities as at 31 December 2016 in respect of dividend bonuses and personal bonuses including holiday pay and payroll tax.

Bonus shares and shares purchased at a discount have a three-year lock-up period. The accrual of bonus shares is recorded as a salary expense in the income statement distributed over the lock-up period. The contra entry is other equity. It is recorded an accrual related to 2016 bonus shares of NOK 5 million.

Note 3 | Gains from sale of shares

Amounts in NOK million	2016	2015
Cork Oak Holding AS (gain on liquidation)	1	-
Aker Maritime Finance AS	41	-
Havfisk ASA	-	1 089
Ocean Yield ASA	-	3 668
Aker Capital II AS	-	25
Converto Capital Fund IS	-	2 757
Total gain	42	7 539

During 2015, Aker ASA transferred its equity holdings in Converto Capital Fund AS (later in 2015 renamed to Aker Capital II AS and in 2016 merged with Aker Capital AS), Converto Capital Fund IS, Havfisk ASA and Ocean Yield ASA to Aker Capital AS, a wholly owned subsidiary of Aker ASA. The transactions were carried out at arm-lengths basis based on fair values at the time of the transactions.

Note 4 | Tangible fixed assets

Amounts in NOK million	Airplane	Equipment/ cars/ fixtures/art	Property/ Buildings/ Land	Total
Acquisition cost as at 1 January	240	118	8	366
Additions	-	51	-	51
Disposal at acquisition cost	(240)	-	-	(240)
Acquisition cost as at 31 December	-	169	8	177
Accumulated depreciation and write-down	-	(56)	(1)	(57)
Book value as at 31 December	-	113	7	120
Depreciation for the year	(5)	(11)	-	(16)
Write-down for the year	(16)	-	-	(16)
Useful life	25 years	0-8 years	50 years	
Depreciation plan	Linear	Linear	Linear	

G&A Air AS, a company owned 50 per cent by Aker ASA, acquired in June 2016 an airplane from Aker ASA for NOK 136 million. See more information in [Note 32](#) to the group accounts.

Note 5 | Shares in subsidiaries

Amounts in NOK million	Ownership in % ¹⁾	Location, city	Equity as at 31 Dec. 2016 ²⁾	Profit before tax 2016 ²⁾	Dividend received	Book value
Intellectual Property Holdings AS	100.0	Fornebu	4	-	-	8
Aker Capital AS	100.0	Fornebu	16 380	1 281	1 703	16 814
Aker Kværner Holding AS	70.0	Fornebu	7 688	2 111	-	5 382
Akastor ASA ³⁾	8.5	Fornebu	5 580	(2 324)	-	378
Aker Solutions ASA ⁴⁾	6.4	Fornebu	6 415	273	-	717
Norron AB	48.2	Stockholm	43	28	4	46
Aker Achievements AS	100.0	Fornebu	6	1	-	-
Old Aker BioMarine AS	100.0	Fornebu	-	-	-	-
Resource Group International AS	100.0	Fornebu	15	-	-	11
Aker BioMarine AS	100.0	Fornebu	638	(12)	-	739
Total					1 707	24 094

1) The shareholder's agreement for Norron AB gives Aker ASA the right to elect two out of four board members, including the chairman of the board. For all other companies, Aker ASA's ownership and share of votes are the same.

2) 100 per cent of the company's equity before dividends and group contributions as at 31 December 2016 and profit before tax in 2016. Akastor ASA, Aker Solutions ASA and Aker BioMarine AS figures are group figures.

3) In addition, Aker ASA owns 40.3 per cent through Aker Kværner Holding AS.

4) In addition, Aker ASA owns 40.6 per cent through Aker Kværner Holding AS.

The investments are recorded at the lowest of fair value and cost price.

Note 6 | Other investments in associates, joint ventures and other shares

Amounts in NOK million	Cost	Accum. writedown	Book value 2016	Book value 2015
Akerhallen AS (associate)	1	(1)	-	-
G&A Air AS (joint venture)	68	-	68	10
Total investments in associates and joint ventures	69	(1)	68	10
Aker Pensjonskasse	3	-	3	3
Total investments in other shares	3	-	3	3

The investments are recorded at the lowest of fair value and cost.

Note 7 | Other non-current financial assets and receivables from subsidiaries

Amounts in NOK million	2016	2015
Non-current receivable American Shipping Company ASA	172	176
Non-current derivatives	-	112
Other non-current receivables	62	3
Total other non-current financial assets	234	292

Amounts in NOK million	2016	2015
Krill Pharma AS	-	4
Navigator Marine AS	-	20
Aker BioMarine AS	56	229
Total non-current receivables from subsidiaries	56	253

The receivables have maturities of more than one year. Interest terms on the receivables reflect market terms.

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Amounts in NOK million	2016	2015
Aker Capital AS	1 203	-
Aker Maritime Finance AS	-	255
Other	1	2
Total current receivables from subsidiaries	1 204	257

Note 8 | Impairments and reversals of impairment of shares and receivables

Amounts in NOK million	2016	2015
Aker Capital AS	-	384
Aker Maritime Finance AS	50	-
Aker Kværner Holding AS	1 478	-
Akastor ASA	98	-
Aker Solutions ASA	192	-
Total reversals of shares	1 818	384
Reversed write-downs on receivables	5	2
Total reversals of shares and receivables	1 822	386
Aker Kværner Holding AS	-	(1 662)
Akastor ASA	-	(158)
Aker Solutions ASA	-	(195)
Other shares	-	(50)
Total impairment shares	-	(2 065)
Impairment receivables	-	(3)
Total impairments of shares and receivables	-	(2 069)

Note 9 | Cash and cash equivalents

Amounts in NOK million	2016	2015
Restricted cash	19	17
Unrestricted cash	3 229	1 442
Total cash and cash equivalents	3 248	1 459

Note 10 | Shareholders' equity

The share capital at 31 December 2016 consisted of 74 321 862 shares with a nominal value of NOK 28 per share. All shares have equal voting rights and are entitled to dividends. Aker ASA has no voting rights for its own shares. At 31 December 2016, Aker ASA had 39 901 own shares, and the number of shares outstanding was 74 281 961. On the General Meeting 21 April 2017, it will be proposed a dividend of NOK 16 per share, totalling NOK 1 189 million.

CHANGES IN SHAREHOLDERS' EQUITY IN 2016 ARE SHOWN BELOW:

Amounts in NOK million	Share capital	Premium on shares	Share premium	Total paid-in capital	Other equity	Total equity
Equity as at 1 January	2 081	(4)	250	2 327	15 614	17 940
Purchased/sold/bonus treasury shares	-	3	-	3	8	11
Pension directly against the equity	-	-	-	-	(16)	(16)
Allocation of dividend	-	-	-	-	(1 189)	(1 189)
Profit for the year	-	-	-	-	3 076	3 076
Equity as at 31 December	2 081	(1)	250	2 330	17 494	19 824

In 2016, the company has acquired 50 000 treasury shares and sold/distributed 168 984 own shares in connection with the employees incentive program. Net recorded NOK 9 million has increased equity.

In addition, accrued share bonus in 2016 with NOK 2 million has been recorded as an expense and increased other equity. Other equity has been reduced through distribution of profit and loss with the same amount and accrued share bonus totally has net zero effect on other equity.

THE 20 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2016:

	Number of shares	Per cent
TRG Holding AS ¹⁾	49 785 635	67,0%
Folketrygdfondet	2 588 294	3,5%
J.P. Morgan Chase BANK N.A. London	2 478 798	3,3%
The Resource Group TRG AS ¹⁾	887 942	1,2%
KLP Aksjenorge	755 438	1,0%
Tvenge, Torstein Ingvald	750 000	1,0%
State Street Bank & Trust Company	600 334	0,8%
Norron Sicav - Target	398 000	0,5%
KBC Securities NV	367 668	0,5%
Oslo Pensjonsforsikring AS PM	358 200	0,5%
Skandinaviska Enskilda Banken AB	354 950	0,5%
Morgan Stanley & Co LLC	304 091	0,4%
Kommunal Landspensjonskasse	278 110	0,4%
State Street Bank & Trust Company	260 884	0,4%
Pagano AS	225 477	0,3%
Statoil Pensjon	225 001	0,3%
Gothic Corporation	221 358	0,3%
KBC Securities NV, Belgia	219 936	0,3%
Erøy AS	219 072	0,3%
DnB Nor Markets	206 282	0,3%
Others	12 836 392	17,3%
Total	74 321 862	100%

¹⁾ Kjell Inge Røkke controls 68.2 per cent of the shares in Aker ASA through TRG Holding AS and The Resource Group TRG AS.

Note 11 | Tax expense and deferred tax

The table below shows the difference between accounting and tax values at the end of 2016 and 2015 respectively, changes in these differences, deferred tax assets at the end of each year and the change in deferred tax assets.

Amounts in NOK million	2016	2015
Provisions and accruals	(72)	27
Fixed asset differences	2	72
Net pension liability	(251)	(295)
Capital gains and loss reserve	52	4
Total differences	(269)	(192)
Tax losses carried forward	(3 317)	(2 834)
Cut-off interest deduction carried forward	(3)	(3)
Total deferred tax basis	(3 589)	(3 029)
Net deferred tax 24% (2015: 25%)	(861)	(757)
Write-down deferred tax assets	861	757
Recognised deferred tax assets	-	-

Deferred tax asset is recognised in the balance sheet if future utilisation of the asset is expected. The deferred tax assets have been written down to zero as of 31 December 2016. NOK 834 million of the tax losses carried forward are disputed.

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ESTIMATED TAXABLE INCOME

Amounts in NOK million	2016	2015
Profit before tax	3 076	6 166
Permanent differences	(3 636)	(6 774)
Change in temporary differences	78	(139)
Utilization of accumulated tax losses	-	-
Estimated taxable income	(483)	(747)
Tax payable 25% in the profit and loss account (2015: 27%)	-	-
Tax payable 25% in the balance sheet (2015: 27%)	-	-

INCOME TAX EXPENSE / INCOME:

Amounts in NOK million	2016	2015
Tax payable in the profit and loss account	-	-
Change in deferred tax	-	-
Total tax expense	-	-

RECONCILIATION OF EFFECTIVE TAX RATE IN THE PROFIT AND LOSS ACCOUNT:

Amounts in NOK million	2016	2015
25% tax on profit before tax (2015: 27%)	(769)	(1 664)
25% tax on permanent differences (2015: 27%)	909	1 828
Change in unrecognised deferred tax asset	(140)	(164)
Estimated tax expense	-	-
Effective tax rate (tax expense compared with profit / loss before tax)	0%	0%

Note 12 | Pension expenses and pension liabilities

According to the Norwegian Occupational Pensions Act (Lov om tjenestepensjon), the company is required to provide a pension plan for all its employees. The company's pension plans meets the statutory requirements. Aker ASA primarily covers its pension liabilities through a group pension plan provided by a life insurance company. For accounting purposes, the plan has been treated as a defined benefit plan. Aker ASA also has uninsured pension liabilities. The schemes provide defined future benefits. These benefits depend mainly on the number of years the individual has been a member of the plan, the level of salary at the time of retirement and the level of benefits provided by the Norwegian national insurance scheme.

ACTUARIAL CALCULATIONS HAVE BEEN UNDERTAKEN BASED ON THE FOLLOWING ASSUMPTIONS:	2016	2015
Discount rate	2.5%	2.5%
Wage increases	2.3%	2.5%
Social security base adjustment / inflation	2.0%	2.3%
Pension adjustment	0.0%	0.8%

The actuarial assumptions are based on assumptions commonly used in the life insurance industry with respect to demographic factors. The discount rate is based on the Norwegian high-quality corporate bond rate.

PERCENTAGE COMPOSITION OF PENSION ASSETS:	2016	2015
Bonds	84.6%	79.3%
Money market	5.4%	11.5%
Shares	6.4%	6.5%
Property/other	3.6%	2.7%

PENSION EXPENSES

Amounts in NOK million	2016	2015
Present value of this year's pension accruals	26	(9)
Interest expense on accrued pension liabilities	(5)	(6)
Expected return on pension funds	2	2
Net pension expenses (-)	23	(13)

NET PENSION LIABILITIES AS AT 31 DECEMBER:

Amounts in NOK million	2016 ¹⁾	2015 ¹⁾
Present value of accrued pension liabilities	(196)	(223)
Value of pension funds	70	66
Net pension liabilities ²⁾	(126)	(157)
Number of individuals covered	105	109

The plans include 41 active and 64 retired persons.

1) Aker ASA had only underfunded plans in 2016 and 2015 i.e. plans where the value of the pension liabilities exceeds the value of the pension funds.

2) Provision has been made for social security contributions on plans with net pension liabilities.

Pension funds are invested in accordance with the general guidelines for life insurance companies. Recorded pension liabilities are calculated on the basis of estimated future pension liabilities and accrued in accordance with generally accepted accounting principles. The pension liability recorded in the accounts is not the same as the vested pension rights as at 31 December.

Note 13 | Other non-current provisions

Amounts in NOK million	2016	2015
Guarantee US pension Aker Maritime Finance AS	125	139
Unrealised loss on foreign exchange derivatives	43	12
Total other non-current provisions	168	151

Aker ASA had earlier a guarantee commitment to Kvaerner US Inc. (KUSI) relating to the US pension fund Kvaerner Consolidated Retirement Plan. As of December 2015, Aker Maritime Finance AS took over the pension liability from KUSI in order to avoid accelerated payments under the Aker ASA guarantee because of a potential bankruptcy of KUSI. Aker ASA continues to guarantee for the liability and will cover for all Aker Maritime Finance AS's expenses related to the pension plan. In 2016, Aker Maritime Finance AS was sold to Kjell Inge Røkke and the provision was therefore reclassified from debt to subsidiaries to other non-current provisions. As at 31 December 2016, Aker ASA has made a provision of NOK 125 million in the balance sheet.

Note 14 | Non-current liabilities to subsidiaries

Amounts in NOK million	2016	2015
Resource Group International AS	-	53
A-S Norway AS	-	19
Aker Holding Start 2 AS	24	23
Aker Capital AS	1 193	-
Total non-current liabilities to subsidiaries	1 217	95



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Note 15 | External interest-bearing debt

Amounts in NOK million	Interest	Maturity	2016	2015
Bond AKER08	Nibor + 4%	March 2017	-	500
Bond AKER11	Nibor + 3.5%	June 2018	1 300	1 300
Bond AKER07	Nibor + 5%	January 2019	500	500
Bond AKER12	Stibor + 3.25%	July 2019	1 427	1 571
Bond AKER10	Nibor + 4%	June 2020	700	700
Bond AKER13	Nibor + 3.5%	May 2020	1 000	1 000
Bond AKER09	Nibor + 5%	September 2022	1 000	1 000
Loan expenses			(26)	(37)
Total non-current external interest-bearing liabilities			5 900	6 534
Bond AKER08	Nibor + 4%	March 2017	500	-
Total current external interest-bearing liabilities			500	-

The loans are all denominated in NOK, except for the AKER12 bond that is denominated in SEK. The company is in no breaches to its covenants as of 31 December 2016.

Note 16 | Other current liabilities

Amounts in NOK million	2016	2015
Accrued interest external	30	32
Other accrued expenses	32	33
Foreign exchange derivatives	29	62
Other	32	30
Total other current liabilities	122	157

Note 17 | Guarantee obligations

Amounts in NOK million	2016	2015
Loan guarantees	308	308
Completion and other guarantees	3	-
Total guarantee obligations	311	308

Loan guarantees as at 31 December 2016 consisted of guarantees related to Aker BioMarine AS NOK 305 million and Noro Fotball AS NOK 3 million.

Note 18 | Financial market risk

The company are exposed to several types of financial risk, the most significant of which are credit, liquidity, foreign exchange and interest rate risk. The purpose of risk management is to measure and manage financial risks in a reliable manner, in order to increase predictability and simultaneously minimise any negative impacts on Aker's financial results. Aker ASA has loan and guarantee commitments that contain equity covenants. At 31 December 2016, Aker ASA was in compliance with all such covenants. See also [Note 6](#) to the group accounts. Aker ASA secures net exposure in cash flow in foreign exchange and normally not balance items. Cash flow, including detectable structural transactions and possi-

ble loans in foreign exchange are secured within fixed intervals. In total, Aker ASA has hedged USD 150 million net by means of forward contracts and options. In addition Aker ASA has an interest- and foreign currency agreement of SEK 1 150 million. As at 31 December 2016, the accounts show an unrealised net loss of NOK 71 million on all foreign exchange agreement. The amount is included in other financial items in the profit and loss accounts. In the balance sheet the amount is included in other non-current provisions with 43 million and other current liabilities with NOK 29 million. See [Notes 13](#) and [16](#).

Note 19 | Shares owned by board members and key executives

See [Note 33](#) to the financial statements of the Group.

Note 20 | Salary and other remuneration to the Board of directors, nomination committee, CEO and other senior executives

See [Note 33](#) to the financial statements of the Group.

Note 21 | Disputes and contingent liabilities

There are no known major disputes or contingent liabilities as at 31 December 2016.

Note 22 | Events after the balance sheet date

There have not been any major events after the balance sheet date. See also [Note 34](#) in the financial statements of the Group.

Directors' responsibility statement

Today, the board of directors and the president and chief executive officer reviewed and approved the board of directors' report and the consolidated and separate annual financial statements of Aker ASA, consolidated and parent company for the year ending and as of 31 December 2016.

Aker ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs adopted by the EU as well as additional disclosure requirements in the Norwegian Accounting Act and as such are to be applied per 31 December 2016. The separate financial statements of Aker ASA and the parent company have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as at 31 December 2016. The board of directors' report for the group and the parent company satisfy with the requirements of the Norwegian Accounting Act and Norwegian accounting standard no. 16, as at 31 December 2016.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2016 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair overall view of the assets, liabilities, financial position and profit/loss of the group and for the parent company as of 31 December.
- The board of directors' report provides a true and fair review of the
 - development and performance of the business and the position of the group and the parent company,
 - the principal risks and uncertainties the group and the parent company may face.

FORNEBU, 23 MARCH 2017
Aker ASA

Kjell Inge Røkke (sign)
Chairman

Finn Berg Jacobsen (sign)
Deputy Chairman

Anne Marie Cannon (sign)
Director

Kristin Krohn Devold (sign)
Director

Kristian Røkke (sign)
Director

Karen Simon (sign)
Director

Atle Tranøy (sign)
Director

Arnfinn Stensø (sign)
Director

Anne Tysdal Egaas (sign)
Director

Amram Hadida (sign)
Director

Øyvind Eriksen (sign)
President and CEO

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KPMG AS
P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the Annual Shareholders' Meeting of Aker ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aker ASA. The financial statements comprise:

- The financial statements of the parent company Aker ASA (the "Company"), which comprise the balance sheet as at 31 December 2016, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
 - The consolidated financial statements of Aker ASA and its subsidiaries (the "Group"), which comprise the balance sheet at 31 December 2016, the income statement and the statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- In our opinion:
- The financial statements are prepared in accordance with the law and regulations.
 - The financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway ("NGAAP").
 - The financial statements give a true and fair view of the financial position of the Group as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and of the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Offices in:
Oslo, Ålesund, Trondheim, Molde, Tromsø, etc.

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening



1. Assessment of the carrying value of Goodwill

Reference is made to Note 2 Basis for preparation, Note 5 Accounting principles, Note 12 Impairments, Note 16 Intangible assets, and the Board of Directors' report.

The key audit matter	How the matter was addressed in our audit
<p>The Group has goodwill of NOK 7 282 million which is mainly related to Aker Solutions ASA, Akastor ASA and Kværner ASA, as detailed in note 16 to the financial statements.</p> <p>The impairment assessment of goodwill is considered to be a risk area due to the size of the balances, their judgmental nature, recent impairments and the current economic environment in the Group's operating segments.</p> <p>The Group has recognised impairment charges in respect of goodwill during the year of NOK 435 million.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • We assessed the Board of Directors and the Managing Director ("management's") process and results for identification and classification of cash generating units (CGUs) to ensure they were appropriate and in accordance to IAS 36 <i>Impairment of Assets</i>; • We evaluated the historical accuracy of management's budgets and forecasts and challenged management on the current year cash flow forecasts; • We evaluated and challenged management on the growth assumptions in the cash flow forecasts; • We used KPMG valuation specialists to verify the mathematical and methodological integrity of management's impairment models and to assess the reasonableness of discount rates applied with reference to market data; and • We considered whether the disclosures regarding key assumptions and sensitivities adequately reflected the underlying goodwill impairment assessments. <p>From the audit evidence obtained, we consider management's assessment of the carrying value of goodwill to be in accordance with the requirements under the relevant accounting standards.</p>

2. Assessment of the carrying value of property, plant and equipment

Reference is made to Note 2 Basis for preparation, Note 5 Accounting principles, Note 12 Impairments, and Note 15 Property, plant and equipment.

The key audit matter	How the matter was addressed in our audit
<p>The impairment assessment of property, plant and equipment, with a carrying value of NOK 22 693 million, is considered to be a risk area due to the size of the balances, the number and size of recent impairments, the current economic environment in the Group's operating segments as well as their judgmental nature, similar to that noted in the assessment of the carrying value of goodwill above.</p> <p>The Group has recognised impairment charges</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • We assessed management's process and results for identification and classification of CGU's to ensure they were appropriate and in accordance to IAS 36; • We evaluated management's assessment of impairment triggers; • We evaluated the historical accuracy of management's budgets and forecasts and challenged management on the current year

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in respect of items of property, plant and equipment during the year of NOK 998 million, and a reversal of previous years' write-downs of NOK 90 million

- cash flow forecasts;
- We used KPMG valuation specialists to verify the mathematical and methodological integrity of management's impairment models and to assess the reasonableness of discount rates applied with reference to market data;
- We challenged the appropriateness of the key assumptions in the impairment test; and
- We evaluated the adequacy and appropriateness of the disclosures related to the carrying value of property, plant and equipment.

From the audit evidence obtained, we consider management's assessment of the carrying value of property, plant and equipment to be in accordance with the requirements under the relevant accounting standards.

3. Construction contract estimates and revenue recognition

Reference is made to Note 2 Basis for preparation, Note 5 Accounting principles, and Note 10 Operating revenue.

The key audit matter	How the matter was addressed in our audit
<p>Accounting for long term projects is considered to be a risk area due to the significant judgement and estimation applied by management as well as the degree of complexity of the contracts currently in the Group's portfolio.</p> <p>The key judgements and estimates applied by management include their assessment of the stage of project completion as well as assessing the estimated future contract revenue and cost outcomes. Revenue and cost outcomes factored in management's forecasts include:</p> <ul style="list-style-type: none"> • incentive payments; • key performance indicators; • liquidating damages; • expected total costs to complete; and • evaluation of the overall contract risk and uncertain elements of costs to complete forecasts. <p>These management estimates and judgements are often complex and involve assumptions regarding future events for which there may be little or no external corroborative evidence available. As such, these contract accounting estimates also require significant attention during the audit and are subject to a high degree of auditor judgement.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • We evaluated management's process for assessing the stage of completion and the methods applied; • We challenged management on the estimate of cost to complete, timing of the cost and the risk assessment related to forecast cost; • We challenged management on estimated realisation of incentive payments, key performance indicators and liquidated damages; • We evaluated the consistency in the application of the Group's accounting policies and the factors which resulted in significant changes in estimated contract revenues and costs during the year to consider whether they represented indications of management bias requiring further audit consideration; and • We evaluated the adequacy and appropriateness of the disclosures in the financial statements related to revenue from long term projects. <p>From the audit evidence obtained, we consider construction contract estimates and revenue recognition to be consistent with the requirements under the relevant accounting standards.</p>



4. Deconsolidation of Aker BP ASA

Reference is made to Note 2 Basis for preparation, Note 5 Accounting principles, Note 8 Sale of subsidiaries and discontinued operations, and the Board of Directors' report.

The key audit matter	How the matter was addressed in our audit
<p>Following Aker BP ASA's (former Det norske oljeselskap ASA) acquisition of BP Norge AS on 30 September 2016, the Group's ownership in Aker BP ASA was reduced from 49.99 per cent to 40 per cent.</p> <p>From 30 September 2016 onwards management considers Aker BP ASA as an associated company of the Group.</p> <p>The control definition in IFRS 10 <i>Consolidated Financial Statements</i> requires judgment to assess whether Aker ASA has de facto control over Aker BP ASA, in particular the assessment of Aker ASA's ability to direct the relevant activities that significantly affect Aker BP ASA's returns due to the 40 % ownership.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • We evaluated management's assessment of de facto control in relation to IFRS 10; • We evaluated the Shareholders Agreement; and • We considered the historical attendance at the Shareholder's Meeting in Aker BP ASA and in other listed entities if relevant. <p>From the audit evidence obtained, we consider the assessment of de facto control performed by management to be appropriate and in accordance with IFRS 10.</p>

Other Information

Management is responsible for the other information. The other information comprises the information in the Annual Report, with the exception of the financial statements and the Independent auditor's report.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon, with the exception of our report on Other Legal and Regulatory Requirements below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director ("Management") are responsible for the preparation and fair presentation of the financial statements of the Company in accordance with NGAAP, and for the preparation and fair presentation of the financial statements of the Group in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use

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the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 23 March 2017
KPMG AS

Vegard Tangerud
State authorised public accountant

[Translation has been made for information purposes only]

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Combined income statement

Amounts in NOK million	Note	2016	2015
Operating revenues	<u>2</u>	1 906	-
Operating expenses		(198)	(219)
Depreciation and write-down	<u>8</u>	(32)	(31)
Operating profit		1 675	(250)
Dividends received	<u>3</u>	1 430	1 340
Other financial items	<u>4</u>	(480)	(632)
Value changes	<u>5</u>	(8)	153
Profit before tax		2 617	611
Income tax expense	<u>6</u>	-	-
Profit for the year		2 617	611

Combined balance sheet as at 31 December

Amounts in NOK million	Note	2016	2015
ASSETS			
Tangible fixed assets	<u>8</u>	131	249
Financial interest-bearing fixed assets	<u>9</u>	1 114	986
Financial interest-free fixed assets	<u>8, 9</u>	60	159
Equity investments	<u>7</u>	17 381	16 184
Total financial fixed assets		18 555	17 329
Total fixed assets		18 685	17 578
Current interest-free receivables		43	246
Current interest-bearing receivables	<u>9</u>	-	262
Cash and cash equivalents	<u>10</u>	4 466	1 488
Total current assets		4 509	1 996
Total assets		23 194	19 574
SHAREHOLDERS' EQUITY AND LIABILITIES			
Paid-in capital	<u>11</u>	2 330	2 327
Retained earnings		10 921	9 504
Total equity		13 251	11 831
Non-current provisions	<u>12</u>	294	308
Non-current interest-bearing liabilities	<u>13</u>	7 831	6 534
Total non-current liabilities		8 125	6 842
Current interest-free liabilities	<u>12</u>	1 319	901
Current interest-bearing liabilities	<u>13</u>	500	-
Total current liabilities		1 818	901
Total equity and liabilities		23 194	19 574

FORNEBU, 23 MARCH 2017

Aker ASA

Kjell Inge Røkke (sign)
Chairman

Finn Berg Jacobsen (sign)
Deputy Chairman

Anne Marie Cannon (sign)
Director

Kristin Krohn Devold (sign)
Director

Kristian Røkke (sign)
Director

Karen Simon (sign)
Director

Atle Tranøy (sign)
Director

Arnfinn Stensø (sign)
Director

Anne Tysdal Egaas (sign)
Director

Amram Hadida (sign)
Director

Øyvind Eriksen (sign)
President and CEO

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Notes to the financial statements

Note 1 | Accounting principles and basis for preparation

The combined financial statements of Aker ASA and holding companies have been prepared to present Aker's financial position as a parent holding company. The traditional financial statement of the parent company has been extended to include all subordinate administrative service and holding companies that are wholly-owned by Aker ASA and have balance sheets containing only investments, bank deposits and debt.

THE COMPANIES THAT HAVE BEEN COMBINED ARE AS FOLLOWS:

- Aker ASA
- Aker Capital AS
- Aker Holding Start 2 AS
- Aker US Services LLC
- Resource Group International AS

In January 2016, Krill Pharma AS merged with its parent Aker Pharma Holdco AS. The latter company was at that time included in Aker ASA and holding companies. The merger resulted in a reduction in equity of NOK 4 million. In April 2016, Aker Pharma Holdco AS then merged with its parent Aker Capital AS. The merger had no effect on Aker ASA and holding companies.

In October 2016, Aker Capital II AS, A-S Norway AS and Navigator Marine AS merged with their parent Aker Capital AS. The two first mentioned companies were prior to the merger included in Aker ASA and holding companies, while Navigator Marine AS during 2016 had sold the vessel that constituted the main business for the company. The merger had no material effect on the equity of Aker ASA and holding companies.

To the extent applicable, the accounting principles of Aker ASA and holding companies are based on the same accounting principles as Aker ASA. See [accounting principles of Aker ASA](#) on page 49. One exception from Aker ASA's accounting principles is that the acquisition and disposal of companies is part of the ordinary business of Aker ASA and holding companies. Consequently, gains on sales of shares are classified as operating revenues in the combined income statement. Gains and losses are only recognised when assets are sold to third parties. This is one reason why the accounts of Aker ASA and holding companies may show different historical cost for share investments than the company accounts of the underlying companies included in the combined financial statements.

Note 2 | Operating revenues

Amounts in NOK million	2016	2015
Gain on sale of shares in Havfisk ASA	1 793	-
Gain on sale of shares in Aker Maritime Finance AS	90	-
Gain on sale of shares in Norway Seafoods AS	22	-
Total operating revenues	1 906	-

Note 3 | Dividends received

Amounts in NOK million	2016	2015
Ocean Yield ASA	567	480
Philly Shipyard ASA	452	31
Aker BP ASA	209	-
American Shipping Company ASA	117	43
Havfisk ASA	80	47
Aker Kværner Holding AS	-	173
Fornebuporten Holding AS	-	500
Aker Solutions ASA (direct investment)	-	25
Other	4	42
Total dividends received	1 430	1 340

Note 4 | Other financial items

Amounts in NOK million	2016	2015
Interest income from companies within the group	20	32
Other interest	(247)	(319)
Other financial items	(254)	(345)
Total other financial items	(480)	(632)

Other financial items in 2016 included a loss on foreign exchange including hedge instruments totalling NOK 218 million, and a loss on total return swap (TRS) agreements of NOK 46 million.

Other financial items in 2015 included a write-down of an internal receivable from Setanta totalling NOK 139 million, and a loss on total return swap (TRS) agreements of NOK 191 million.

Note 5 | Value changes on share investments

Amounts in NOK million	2016	2015
Aker Solutions ASA (direct investment)	192	(195)
Akastor ASA (direct investment)	98	(158)
Norway Seafoods AS	8	(8)
Navigator Marine AS	7	(37)
Align AS	(127)	(63)
Trygg Pharma Group AS	(79)	(153)
NBT AS	(54)	-
Solstad Offshore ASA	(28)	-
American Shipping Company ASA	(28)	(9)
Aker BP ASA	-	735
Other changes in value of shares	3	41
Total value changes on share investments	(8)	153

Note 6 | Tax

Deferred tax asset is incorporated in the balance sheet if budgets and plans indicate that the asset will be utilised in the future. The deferred tax assets have been written down to zero as of 31 December 2016 and 31 December 2015.

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Note 7 | Equity investments

As at 31 December 2016	Ownership in per cent	Number of shares	Book value (NOK million)	Per share market value (NOK)	Investment market value ⁴⁾ (NOK million)
Industrial Holdings					
Aker Solutions ASA ¹⁾	28.39	77 233 531		41.37	3 195
Akastor ASA ²⁾	28.19	77 233 531		16.20	1 251
Kværner ASA ³⁾	28.71	77 233 531		12.10	935
Aker Kværner Holding AS	70.00		3 460		5 381
Aker Solutions ASA ¹⁾	6.37	17 331 762	717	41.37	717
Akastor ASA ²⁾	8.52	23 331 762	378	16.20	378
Aker BP ASA	40.00	135 098 206	7 333	154.50	20 873
Aker BioMarine AS	99.51	68 714 739	1 405	-	1 405
Ocean Yield ASA	66.22	98 242 575	2 487	65.00	6 386
Total industrial investments			15 780		35 139
Financial Investments					
American Shipping Company ASA			281		
Philly Shipyard ASA			51		
Norron Target/Select			280		
Fornebuporten Holding AS			326		
Trygg Pharma Group AS			114		
Solstad Offshore ASA			247		
Align AS			98		
Other equity investments			204		
Total shares and long-term equity investments			17 381		

1) Aker Kværner Holding owns 40.56 per cent of Aker Solutions ASA. Aker ASA owns 70 per cent of Aker Kværner Holding AS. In addition, Aker ASA owns 6.37 per cent of Aker Solutions. Total indirect and direct shareholding in Aker Solutions for Aker is 34.76 per cent.

2) Aker Kværner Holding owns 40.27 per cent of Akastor ASA. Aker ASA owns 70 per cent of Aker Kværner Holding AS. In addition, Aker ASA owns 8.52 per cent of Akastor. Total indirect and direct shareholding in Akastor for Aker is 36.71 per cent.

3) Aker Kværner Holding owns 41.02 per cent of Kværner ASA. Aker ASA owns 70 per cent of Aker Kværner Holding AS. Aker thus indirectly owns 28.71 per cent of Kværner ASA.

4) See Note 14.

Note 8 | Tangible fixed assets and Interest-free long-term receivables

Amounts in NOK million	Receivables	Other assets	Total 2016	Total 2015
Pension funds	3	-	3	4
Non-current receivables from subsidiaries	57	-	57	43
Other	-	131	131	361
Total	60	131	191	408

In 2016, other assets includes inventory, software, office machines and real estate of NOK 98 million. In 2015, the amount was NOK 64 million. In 2015, other assets also included an airplane valued at NOK 157 million.

The depreciation in 2016 was NOK 15 million (NOK 15 million in 2015). An impairment charge of NOK 17 million was recognised in 2016 related to other assets (NOK 16 million in 2015).

Note 9 | Other interest-bearing current assets and long-term receivables

Amounts in NOK million	Current assets	Non-current assets	Total 2016	Total 2015
Receivables from subsidiaries	-	100	100	476
Receivable American Shipping Company ASA	-	172	172	176
Solstad Offshore ASA convertible loan	-	250	250	-
Receivable Ocean Harvest Invest AS	-	509	509	586
External receivables	-	82	82	11
Total	-	1 114	1 114	1 249

RECEIVABLES FROM SUBSIDIARIES AT 31 DECEMBER 2016:

Amounts in NOK million	Current interest-bearing receivables	Non-current interest-bearing receivables	Total interest-bearing receivables	Non-current interest-free receivables	Total receivables subsidiaries
Fornebuporten Holding AS	-	100	100	-	100
Aker BioMarine AS	-	-	-	56	56
Other companies	-	-	-	2	2
Total	-	100	100	58	158

Note 10 | Cash and cash equivalents

Cash and cash equivalents amounted to NOK 4 466 million as at the end of 2016. Of this total, NOK 19 million were restricted deposits.

Note 11 | Shareholders' equity

	Number of shares	Par value (NOK)	Total par value (NOK million)
Share capital	74 321 862	28	2 081
Own shares	(39 901)	28	(1)
Share premium reserve			250
Total paid-in capital / shares outstanding	74 281 961		2 330

All shares have equal voting rights and are entitled to dividends. Aker ASA has no voting rights for its own shares.

A dividend of NOK 16.00 per share, NOK 1 189 million in total, will be proposed at the Annual General Meeting on 21 April 2017.

Note 12 | Interest-free debt and liabilities

Amounts in NOK million	Current	Non-current	Total 2016	Total 2015
Pension liabilities	-	126	126	157
Guarantee liability Aker Maritime Finance AS	-	125	125	139
Dividend	1 189	-	1 189	742
Other liabilities	130	43	173	171
Total	1 319	294	1 613	1 209

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Note 13 | Interest-bearing debt

Amounts in NOK million	Current	Non-current	Total 2016	Total 2015
Debt to subsidiaries	-	-	-	-
Debt to external creditors	500	7 831	8 331	6 534
Total	500	7 831	8 331	6 534

INTEREST-BEARING DEBT TO EXTERNAL CREDITORS IS SHOWN BELOW:

Amounts in NOK million	2016	2015
Non-current bonds	5 927	6 571
Secured bank loans	1 940	-
Other external debt and capitalised fees	(36)	(37)
Total non-current interest-bearing debt	7 831	6 534
Current bonds	500	-
Total interest-bearing debt	8 331	6 534

INSTALMENT SCHEDULE FOR EXTERNAL INTEREST-BEARING DEBT, BY TYPE:

Amounts in NOK million	Bonds	Secured bank loans	Other debt, accrued fees	Total
2017	500	-	-	500
2018	1 300	-	(4)	1 296
2019	1 927	1 940	(15)	3 851
2020	1 700	-	(8)	1 692
2021	-	-	-	-
After 2021	1 000	-	(8)	992
Total	6 427	1 940	(36)	8 331

Note 14 | Risk

THE BALANCE SHEET OF AKER ASA AND HOLDING COMPANIES IS SPLIT INTO TWO SEGMENTS:

Per cent	2016	2015
Industrial investments	68%	68%
Financial investments	32%	32%

Specification financial investments:

Funds- and equity investments	7%	15%
Cash	19%	8%
Interest-bearing receivables	5%	6%
Fixed assets, deferred tax assets and interest-free receivables	1%	3%

The businesses within each category are exposed to macro-development in their respective market segments.

The total book value of the assets of Aker ASA and holding companies are NOK 23 194 million including the book value for Industrial investments of NOK 15 780 million. The book value and market value of each investment included in Industrial investments are specified in [Note 7](#). The total market value of the Industrial investments, NOK 35 139 million, is significantly higher than the book value. The book value of the unlisted company Aker BioMarine AS is included in the total market value.

In the case of Aker ASA's direct investment in the listed company Aker Solutions (6.37 per cent ownership interest) and Akastor (8.52 per cent ownership interest), the book value is equal to the market value.

The book value of Financial investments is NOK 7 414 million. Cash represents 19 per cent of the book value of total assets and 60 per cent of Financial investments.

See also [Note 6](#) to the consolidated financial statements for Aker ASA.

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KPMG AS
Sjøkedalsveien 6
Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the board of Aker ASA

Independent Auditor's Report

Report on the Audit of the combined financial statements of Aker ASA and holding companies

Opinion

We have audited the combined financial statements of Aker ASA and holding companies, which comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, a summary of key assumptions used as basis for preparation and other notes.

In our opinion, the accompanying combined financial statements are prepared in accordance with the basis for preparation of the financial reporting defined in the introduction to the combined financial statements and give a true and fair view of the financial position of the Aker ASA and holding companies as at 31 December 2016, and the financial performance for the year then ended.

Without modifying our opinion, we draw attention to the basis for preparation of the financial reporting, defined in the introduction to the combined financial statements, which describes the basis of accounting. As a result, the combined financial statements may not be suitable for any other purpose.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are independent of Aker ASA and holding companies as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Aker ASA has prepared financial statements for the year ended 31 December 2016, comprising parent financial statements prepared in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. We have issued a separate auditor's report on the statutory financial statements to the shareholders of Aker ASA dated 23 March 2017.

Responsibilities of The Board of Directors for the Combined Financial Statements

The Board of Directors (management) are responsible for the preparation and fair presentation of the combined financial statements in accordance with the basis for preparation of the financial reporting defined in the introduction of the combined financial statements, and for such internal control as management determines is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:
Oslo Alta Elverum Mo i Rana Stord
Ålesund Molde Sandnessjøen Tynset
Bergen Hamar Skien Trondheim
Bodø Knaresund Sandnessjøen Tynset
Drammen Kristiansund Stavanger Ålesund



Auditor's report - 2016
Aker ASA and holding companies

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aker ASA and holding companies' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 23 March 2017
KPMG AS

Vegard Tangerud
State Authorised Public Accountant

[Translation has been made for information purposes only]

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BOARD OF DIRECTORS



KJELL INGE RØKKE
CHAIRMAN

Kjell Inge Røkke (born 1958), Aker ASA's main owner, has been a driving force in the development of Aker since the 1990s. Mr. Røkke launched his business career with the purchase of a 69-foot trawler in the United States in 1982, and gradually built a leading worldwide fisheries business. In 1996, the Røkke controlled company, RGI, purchased enough Aker shares to become Aker's largest shareholder, and later merged RGI with Aker. Mr. Røkke is currently director of Aker Solutions, Aker BP, Kvaerner and Ocean Yield.

As at 31 December 2016, Mr. Røkke holds 50 673 577 (68.2 per cent) in Aker ASA through his investment company TRG AS and its subsidiaries, which he co-owns with his wife, Anne Grete Eidsvig, and has no stock options. Mr. Røkke is a Norwegian citizen. He has been elected for the period 2016-2018.

FINN BERG JACOBSEN
DEPUTY CHAIRMAN

Finn Berg Jacobsen (born 1940) holds an MBA degree from Harvard Business School and is a state authorised auditor. He has held various positions with Arthur Andersen & Co, and worked as Regional Managing Partner from 1983-1999. From 2001-2005, Mr. Berg Jacobsen worked as CFO and Chief of Staff at Aker Kvaerner. He is currently working as a consultant within corporate governance and corporate finance. Mr. Berg Jacobsen has served on the board, supervisory committees and task forces of several associations and organizations. He has been awarded the Royal Order of St. Olav for his contributions to the advancement of auditing and accounting in Norway.

As at 31. December 2016, Mr. Berg Jacobsen holds 5 159 shares in Aker ASA, through FB-J-Consulting AS, and has no stock options. Mr. Berg Jacobsen is a Norwegian citizen. He has been elected for the period 2016-2018.

ANNE MARIE CANNON
DIRECTOR

Anne Marie Cannon (born 1957) has over 30 years' experience in the oil and gas sector. From 2000 to 2014, she was senior advisor to the Natural Resources Group with Morgan Stanley, focusing on upstream M&A. She has previously held positions with J Henry Schroder Wagg, Shell UK E&P and with Thomson North Sea. She was an executive director on the boards of Hardy Oil and Gas and British Borneo. Ms. Cannon is the Deputy Chairman of Aker BP ASA. She is a non-executive director of Premier Oil and of STV Group plc. She holds a BSc Honours Degree from Glasgow University.

As at 31. December 2016, Ms. Cannon holds no shares in Aker ASA, and has no stock options. Ms Cannon is a British citizen. She has been elected for the period 2015-2017.



KRISTIN KROHN DEVOLD
DIRECTOR

Kristin Krohn Devold (born 1961) was a Member of the Norwegian Parliament for the Conservative Party from 1993 to 2005. She was Minister of Defense from 2001 to 2005. Ms. Krohn Devold is currently the management director of the Norwegian Hospitality Association (NHO Reiseliv) and director of several companies, including Aker ASA, Aker Kvaerner Holding AS, Evry, Chamber of Commerce of Sweden and Norway and World Heritage Foundation. She has an MSc degree from the Norwegian School of economics (NHH) and has a bachelor degree in sociology from the University of Bergen.

As at 31. December 2016, Ms. Krohn Devold holds no shares in Aker ASA, and has no stock options. Ms. Krohn Devold is a Norwegian citizen. She has been elected for the period 2015-2017.

KAREN SIMON
DIRECTOR

Karen Simon (born 1959) is a Vice Chairman in the Investment Bank of J.P. Morgan. She currently heads a global initiative entitled Director Advisory Services, serving as a central contact to facilitate ongoing interactions between Directors of public company boards and J.P. Morgan. Prior to this, she headed J.P. Morgan's Financial Sponsor Coverage group, advising private equity clients on leveraged buy-outs, mergers and acquisitions, and initial public offerings. Ms. Simon has spent over 30 years at J.P. Morgan including time in London, focusing on oil & gas clients and heading up Debt Capital Markets in addition to working with private equity clients. She has extensive corporate finance experience.

As at 31 December 2016, Ms. Simon holds no shares in Aker ASA, and has no stock options. She is a dual UK and US citizen. She has been elected for the period 2015-2017.

KRISTIAN RØKKE
DIRECTOR

Kristian Røkke (b. 1983) joined Akastor ASA as CEO in 2015 and has experience in offshore service and shipbuilding from several companies in the Aker group. Prior to joining Akastor, he worked eight years at Philly Shipyard, most recently as Chairman of the Board and previously as President & CEO. Prior to this, Mr. Røkke served as SVP Operations. He has also held other production management positions at Philly Shipyard. He is also currently director of TRG Holding AS. Mr. Røkke holds an MBA from The Wharton School, University of Pennsylvania.

As at 31 December 2016, Mr. Røkke holds no shares in Aker ASA, and has no stock options. He is a dual Norwegian and US citizen. He has been elected for the period 2016-2018.

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ATLE TRANØY
DIRECTOR, ELECTED
BY THE EMPLOYEES

Atle Tranøy (born 1957) is trained as a pipe fitter and has been an employee of Kvaerner Stord AS since 1976. Mr. Tranøy has been a fulltime employee representative since 1983. Mr. Tranøy is also the chairperson of the Global Works Council in Aker.

As at 31 December 2016, Mr. Tranøy holds no shares in Aker ASA, and has no stock options. Mr. Tranøy is a Norwegian citizen. He has been elected for the period 2015–2017.

AMRAM HADIDA
DIRECTOR, ELECTED
BY THE EMPLOYEES

Amram Hadida (born 1960) has been employed by Kvaerner since 1990 and has been a local union representative for Aker Stord AS and Kvaerner Stord AS on a full-time basis since 2004, a group union leader since 2012 and served several periods on the boards of Aker Stord AS and Kvaerner Stord AS during the period between 2005 and 2015. Mr. Hadida is a welder and holds a certificate of apprenticeship in the welding discipline.

As at 31 December 2016, Mr. Hadida holds no shares in Aker ASA and has no stock options. Mr. Hadida is an Israeli citizen. He has been elected for the period 2015–2017.

ARNFINN STENSØ
DIRECTOR, ELECTED
BY THE EMPLOYEES

Arnfinn Stensø (born 1957) has been employed by Aker Solutions (former Aker Offshore Partner) in Stavanger since 1998. He is educated electrical engineer. Mr. Stensø is member of the negotiating committee in NITO (Norwegian Engineers and technologist organization) and of the liaison committee NITO – NHO.

As at 31 December 2016, Mr. Stensø holds no shares in Aker ASA and has no stock options. Arnfinn Stensø is Norwegian citizen. He has been elected for the period 2015–2017.

ANNE TYSDAL EGAAS
DIRECTOR, ELECTED
BY THE EMPLOYEES

Anne Tysdal Egaas (born 1962) has been employed by Aker Solutions in Egersund since 2008 and works as a NDT-technician. Ms. Egaas has been leading FLT's corporate group since 2011. She also serves on the board of Aker Solutions where she has been elected for the period 2015–2017.

As at 31 December 2016, Ms. Egaas holds no shares in Aker ASA and has no stock options. Ms. Egaas is a Norwegian citizen. She has been elected for the period 2016–2018.

MANAGEMENT



ØYVIND ERIKSEN
PRESIDENT & CEO

Øyvind Eriksen (born 1964) joined Aker ASA in January 2009. Mr. Eriksen holds a law degree from the University of Oslo. He joined Norwegian law firm BA-HR in 1990, where he became a partner in 1996 and a director/chairman in 2003. At BA-HR, Mr. Eriksen worked closely with Aker and Aker's main shareholder, Kjell Inge Røkke. Mr. Eriksen is chairman of the board in Aker BP ASA, Aker Solutions ASA and Aker Kvaerner Holding AS, and a director of several companies, including The Resource Group TRG AS, TRG Holding AS and Reitangruppen AS.

As at 31 December 2016, Mr. Eriksen holds 219 072 shares in Aker ASA, and has no stock options. Mr. Eriksen holds, through a privately owned company, 0.20 per cent of the B-shares in TRG Holding AS. Mr. Eriksen is a Norwegian citizen.

FRANK O. REITE
CFO

Frank O. Reite (born 1970) first joined Aker in 1995, and became CFO in Aker ASA in August 2015. He holds a B.A. in business administration from Handelshøyskolen BI in Oslo. Mr. Reite came from the position of President & CEO of Akastor, and has previously held a variety of executive positions in the Aker group, including overseeing and developing Aker's investments in Convento Capital Fund AS, Havfisk ASA, Norway Seafoods AS and Aker Yards ASA. Mr. Reite also has experience from banking and served as Operating Director at Paine & Partners, a New York-based private equity firm. Mr. Reite is chairman of Ocean Yield and of Akastor ASA.

As at 31 December 2016, Mr. Reite holds 62 379 shares in Aker ASA, and has no stock options. Mr. Reite is a Norwegian citizen.



AKER ASA

Oksenøyveien 10, NO-1366
Lysaker, Norway

Post: P.O Box 243, NO-1326
Lysaker, Norway

Telephone: +47 24 13 00 00

E-mail: contact@akerasa.com

www.akerasa.com

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