



# Annual report

## 2017



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# This is Aker

Since its establishment in 1841, Aker has been a driving force for the development of internationally focused, knowledge-based industry in Norway.

Aker ASA (Aker) 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 the companies in its portfolio of industrial holdings and financial investments. Aker works through the boards of the portfolio companies to drive forward strategy development, operational improvements, financing, restructuring and transactions.

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 assets 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 fund investments, 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 group had a turnover of approximately NOK 42 billion in 2017, as well as a workforce of 19 444 direct employees, including 9 423 in Norway.

Net asset value (NAV) growth is a key performance indicator for Aker ASA and holding companies. As of 31 December 2017, NAV amounted to NOK 41.8 billion, compared to NOK 34.3 billion one year prior. In addition, a dividend of NOK 1.2 billion was paid in 2017.

#### Ownership

Since re-listing on the Oslo Stock Exchange on 8 September 2004, the Aker-share has generated an average annual return of 27.3 per cent, including dividends. At the beginning of 2018, the company had 13 275 shareholders. Aker's main shareholder is Kjell Inge Røkke, who owns 68.2 per cent of Aker through his company The Resource Group TRG AS. Through a private company, CEO Øyvind Eriksen owns 0.2 per cent of the B-shares in TRG Holding AS, as well as 219 072 shares in Aker ASA.

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## Highlights 2017

Net asset value:  
**+ 7.4 billion**

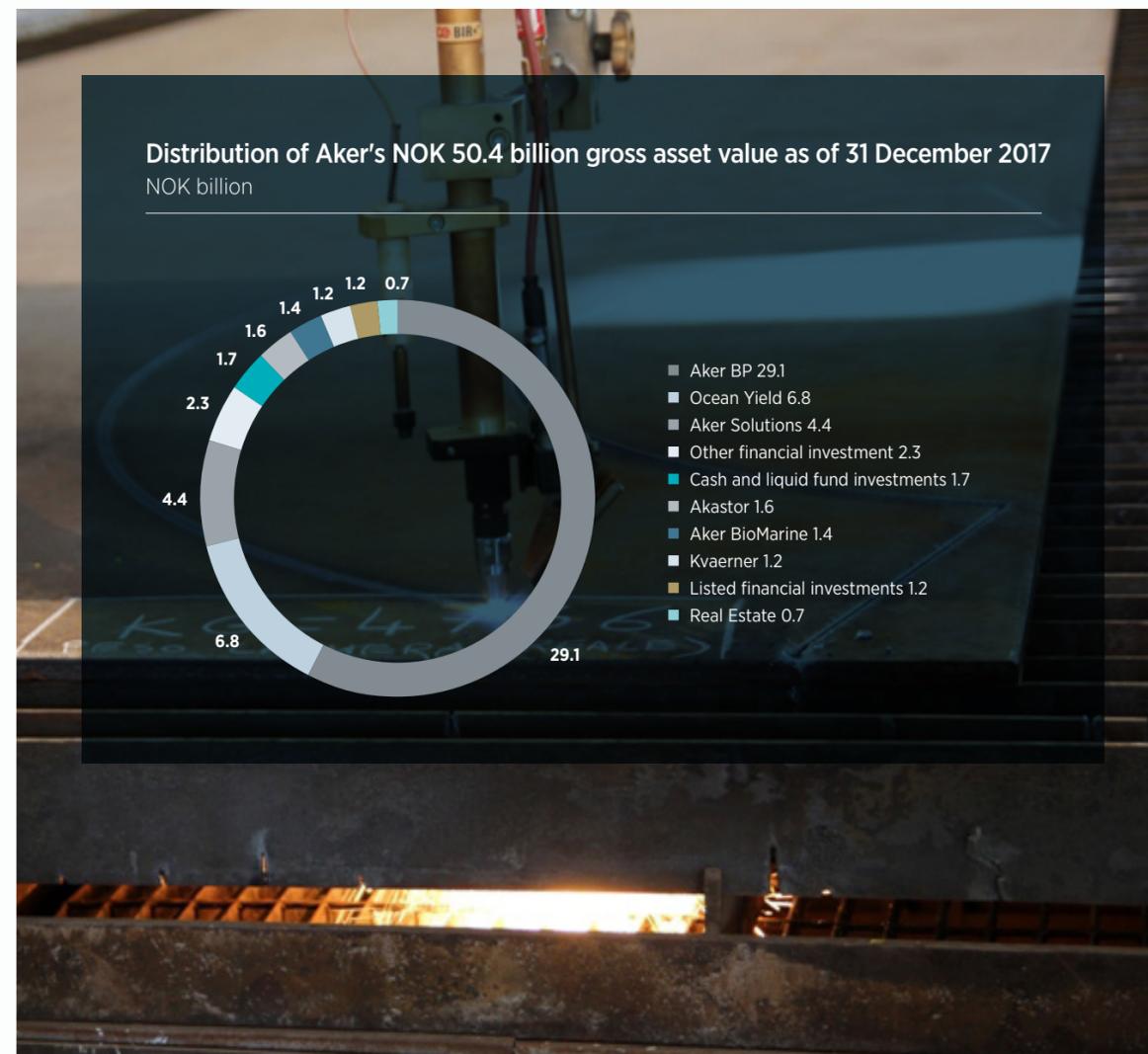
2017 was another good year for Aker, with net asset value increasing by NOK 7.4 billion to NOK 41.8 billion. Aker also distributed a dividend of NOK 1.2 billion to its shareholders in the form of a dividend. While Aker BP and Ocean Yield made the largest individual contributions to value growth, the improvements by Aker Solutions, Kvaerner and Akastor also contributed to increased profits and shareholder value.

Shareholder return:  
**+ 31 per cent**

The Aker ASA share price rose from NOK 323 to NOK 403 during the course of the year. Including a dividend of NOK 16 per share, shareholders achieved an annual return of 31 per cent. By comparison, the performance reference for the Aker share – the Oslo Stock Exchange Benchmark Index – rose by 19 per cent. The share price was 28 per cent lower than net asset value at year-end 2017.

Upstream cash flow:  
**1.6 billion**

Dividends and upstream cash flow from the portfolio companies to Aker totalled NOK 1 588 million in 2017 – an increase of approximately NOK 160 million from 2016. Predictable cash flow increases the freedom of action for an investment company like Aker. Upstream cash flow has grown steadily year on year. Aker BP and Ocean Yield are the primary contributors.



## Key performance indicators

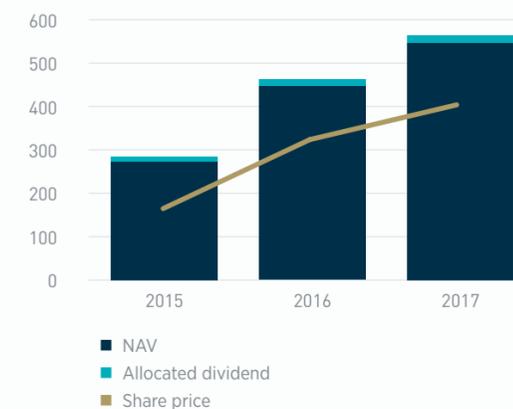
Aker's key performance indicators are net asset value, the company's upstream cash flow and shareholder returns (share price and dividends).

To understand value creation at Aker, it is important to analyse the balance sheets of the holding companies. The companies in the Aker ASA and holding companies structure are pure holding companies. The combined 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.

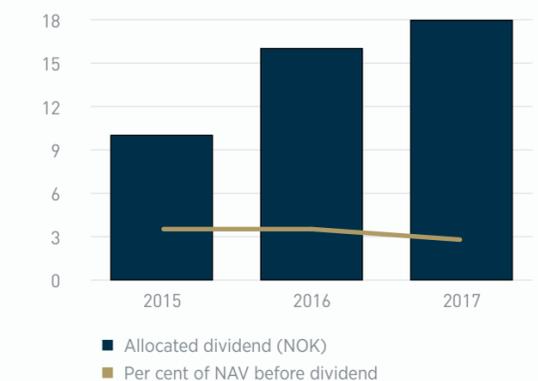
### NAV per share before dividend

NOK per share



### Allocated dividend per share

NOK per share and per cent of NAV



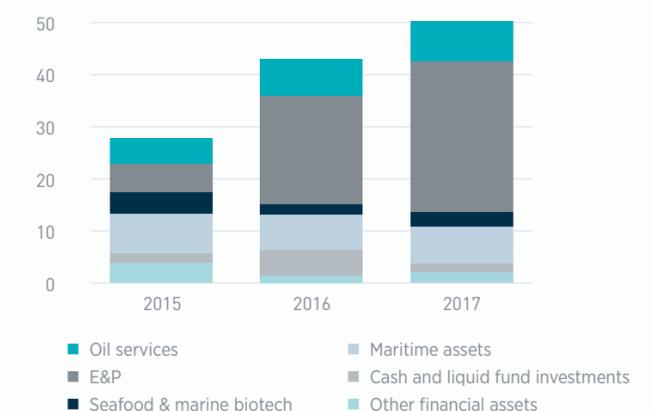
### Gross assets per business segment

NOK billion



### Gross asset per sector

NOK billion



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## Changes in net asset value

In 2017, net asset value (NAV) rose from NOK 34 335 million to NOK 41 771 million before allocation of dividend. This represents an increase in NAV-per-share from NOK 462 to NOK 562. The following tables show Aker's investments and NAV per Aker ASA share.

### Net asset value development – Aker ASA and holding companies

NOK million

	2017	2016
Dividends received	1 588	1 430
Operating expenses <sup>1)</sup>	(244)	(198)
Other financial expenses	(209)	(480)
Tax expense	-	-
<b>Total</b>	<b>1 136</b>	<b>752</b>
Dividend payments	(1 188)	(742)
Sale/(purchase) of treasury shares <sup>2)</sup>	3	11
Value changes <sup>3)</sup>	7 485	13 435
<b>Change in net asset value</b>	<b>7 436</b>	<b>13 457</b>
Net asset value before dividend allocation	41 771	34 335

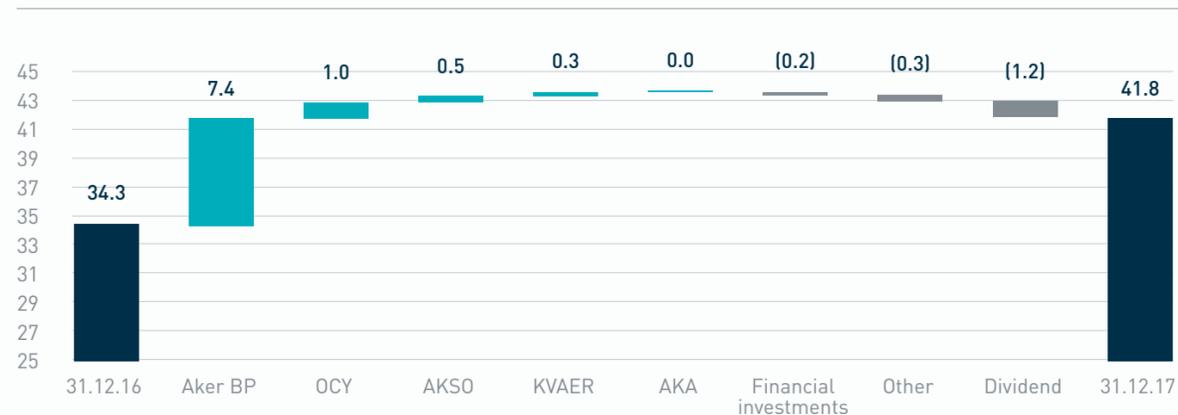
<sup>1)</sup> Excluding depreciation

<sup>2)</sup> Bonus shares/own shares

<sup>3)</sup> 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 31.12.2017		As at 31.12.2016		
	NOK per share	NOK million	NOK per share	NOK million	
<b>INDUSTRIAL HOLDINGS</b>					
Aker BP	40.0%	391	29 083	281	20 873
Aker Solutions	34.8%	59	4 368	53	3 912
Akastor	36.7%	22	1 649	22	1 629
Kvaerner	28.7%	16	1 220	13	935
Aker BioMarine	100.0%	19	1 411	19	1 405
Ocean Yield	66.2%	92	6 828	86	6 386
<b>Total Industrial Holdings</b>		<b>600</b>	<b>44 560</b>	<b>473</b>	<b>35 139</b>
<b>FINANCIAL INVESTMENTS</b>					
Cash		17	1 232	60	4 466
Liquid fund investments		6	442	6	410
Listed financial investments		16	1 220	14	1 055
Real estate		9	674	6	426
Other financial investments		30	2 261	21	1 594
<b>Total Financial investments</b>		<b>78</b>	<b>5 829</b>	<b>107</b>	<b>7 951</b>
<b>Total value-adjusted assets</b>		<b>678</b>	<b>50 389</b>	<b>580</b>	<b>43 089</b>
External interest-bearing liabilities		(112)	(8 343)	(112)	(8 331)
Interest-free liabilities before allocated dividend		(4)	(275)	(6)	(424)
<b>Total liabilities before allocated dividend</b>		<b>(116)</b>	<b>(8 618)</b>	<b>(118)</b>	<b>(8 755)</b>
<b>NAV before allocated dividend</b>		<b>562</b>	<b>41 771</b>	<b>462</b>	<b>34 335</b>
Net interest-bearing debt			(5 608)		(2 751)

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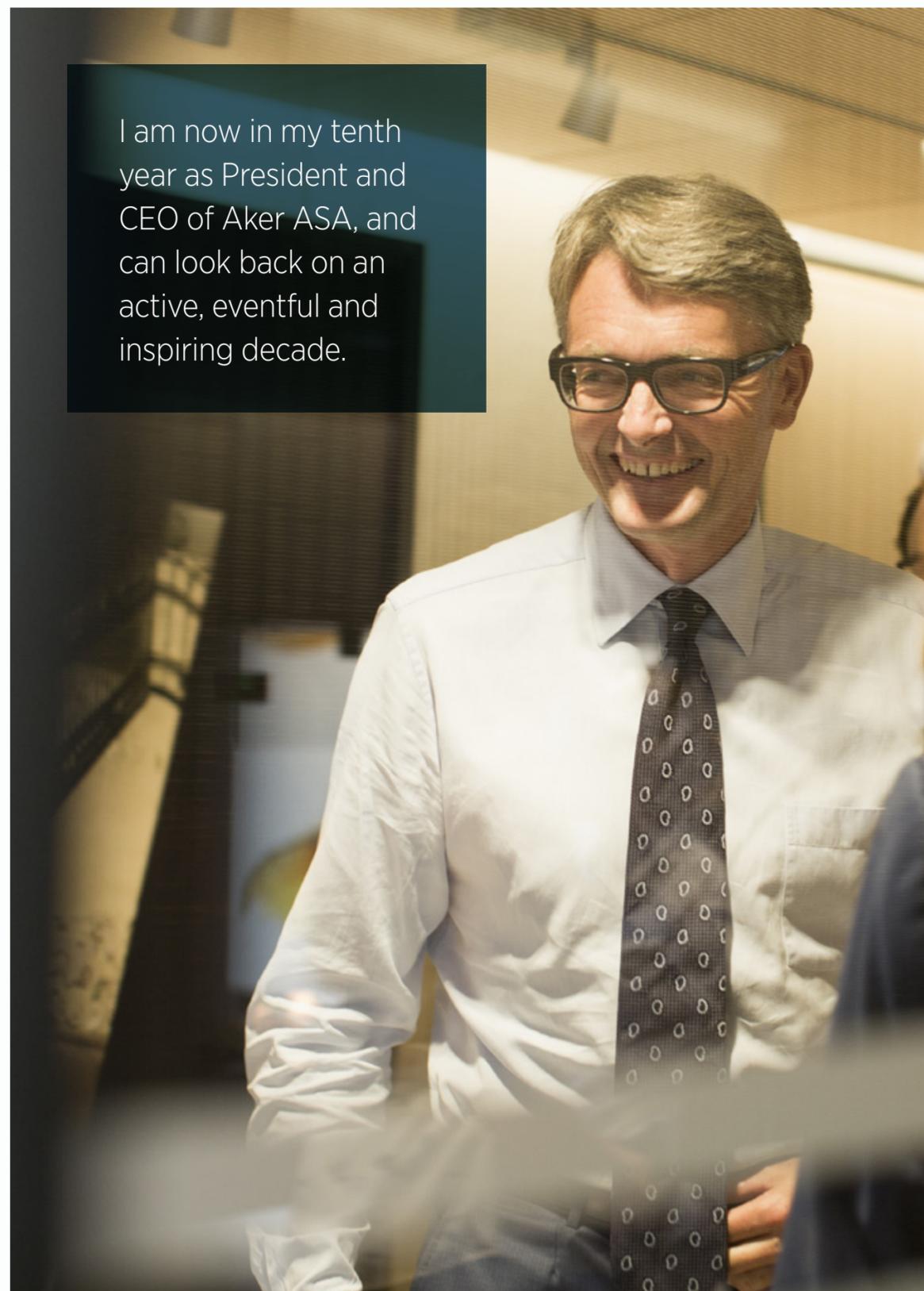
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# Aker in the zone

Aker is performing well, and is firmly in what athletes call "the zone". As in 2016, shareholder value growth in 2017 is attributable to Aker's long-term, focused industrial development combined with value-creating transactions. Net asset value has doubled from NOK 20.9 billion to NOK 41.8 billion over the past two years, while the Aker share, including dividends, has appreciated by 162 per cent.

2017 was yet another good year for Aker. Net asset value increased by NOK 7.4 billion during the year, and Aker made a NOK 1.2 billion dividend distribution to its shareholders. The Aker share price rose from NOK 323 to NOK 403. Including the dividend of NOK 16 per share, shareholders achieved a 31 per cent return in a year in which the Oslo Stock Exchange Benchmark Index (OSE-BX) rose by 19 per cent. Dividends and upstream cash flow to Aker rose from NOK 1.4 billion to an all-time high of NOK 1.6 billion. In 2018 it is expected to exceed NOK 2 billion.

I am now in my tenth year as President and CEO of Aker ASA, and can look back on an active, eventful and inspiring decade. Every day, I look forward to working on current and new projects with my skilled colleagues. Our objective is to generate value and build forward-looking, profitable, robust and sustainable businesses and jobs.

When Kjell Inge asked me to take over the helm, he also made a comeback as chairman of the company's board. Since taking up our posts, we have engaged in a long-term, systematic effort to transform Aker into a streamlined investment company with a portfolio of industrial subsidiaries that achieve value growth and generate upstream cash flow. We are looking for opportunities where others see problems. We buy when others sell. If the risk is managed with expertise and knowledge, this produces good results.

#### Transparent and predictable

Kjell Inge Røkke has in his previous letters to the shareholders been clear on Aker's decisions and direction. Our strategy is set. Kjell Inge refers to what he has written in the past and has left it up to me this year to share observations and reflections, and

to say something about the development of Aker, the portfolio of industrial companies and our financial investments. Aker aims to be transparent and predictable, but also innovative and exciting, and Kjell Inge and I want to be the leading representatives of these values. Aker has a clear ownership agenda for each individual company, and communicates its most important priorities to shareholders and the capital markets quarterly.

#### Open ownership agenda

We have communicated openly on a quarterly basis, explaining Aker's development and ownership agenda for the portfolio companies. Building attractive, robust and valuable companies has been – and remains – the aim. Skilled executives, capital discipline, competitiveness, operational improvements and active use of the transactional market strategy are key terms. We implement our ownership agenda through company-specific measures and action points.

We identified the oil sector as a priority area in 2009. Aker's oil service suppliers began focusing on international growth even if the Norwegian continental shelf remained the most important domestic market. In the exploration and production segment, however, we chose to focus exclusively on the Norwegian shelf, and investments with a different target market were sold off.

Aker seeks to be a clear but demanding owner of independent operational companies. The first major step taken in 2009 was to secure a controlling interest in Det norske oljeselskap, followed by the company's merger with Aker Exploration. We communicated our objective of building a significant player on the Norwegian

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continental shelf from day one, because we saw that the number two position behind Statoil was vacant following the merger with Norsk Hydro's oil and gas division. The merged company provided the foundation for today's portfolio company Aker BP.

#### Playing to our strengths

The second important decision we made with respect to the oil service sector is to play on our strengths. Subsea, field development engineering and the maintenance, modification and operations (MMO) market stood out as areas in which Aker Solutions could become an important international player. These now constitute the heart of Aker Solutions. The company carries out its "capital light" business model and works purposefully on developing and incorporating improvements and winning new contracts. This produces results.

Kvaerner was demerged to enable it to specialise in the delivery of complex offshore installations and onshore facilities for upstream oil and gas projects. After initially losing important contracts for the construction of topsides and jackets to yards in Asia, the company has hit back, improving competitiveness and concentrating on the Norwegian continental shelf as its priority market.

Akastor was spun out to facilitate shareholder value growth in business areas defined as non-core in the "old" Aker Solutions. The company has been active in the transactional market, releasing NOK 4.7 billion through divestments. Akastor's two most important investments remain the drilling technology company MHWirth and the specialist shipping company AKOFS Offshore.

Overall, the three oil service companies, which at one point formed a single entity under the Aker Solutions name, have released well over NOK 10 billion through the sale of non-core operations over the past five years.

Aker Solutions, Akastor and Kvaerner have implemented significant improvement measures quickly and effectively. Capacity and expertise have been adjusted to match the lower activity level. The order intake in Q4 2017 and the first months of 2018 confirms that Aker Solutions and Kvaerner are in a stronger position than when the downturn began in 2014.

It is well known that Aker's machinery is well oiled. When I took over as President and CEO on 1 January 2009, our investment in Aker Exploration was worth NOK 275 million. Our orders were to target growth. At the end of 2017, Aker's investment in Aker BP was worth NOK 29.1 billion. In total, Aker has invested NOK 8.6 billion in its exploration and production operation, and received NOK 1 billion in dividends. In other words, this investment has generated NOK 21.5 billion in value for Aker's shareholders over the past nine years, from Aker BP alone.

As at year-end 2017, Aker BP accounted for 58 per cent of Aker's assets, and oil service for 15 per cent. This clearly illustrates the group's exposure to the oil sector and its reorientation from oil services to oil production, which are entirely in line with our message over the past decade.

#### Transformation

Step-by-step, we have managed to turn around companies in challenging situations. Aker Drilling was listed and sold to Transocean with a gain of approximately NOK 1 billion for Aker's shareholders. Aker Seafoods was split into the harvesting company Havfisk and the processing company Norway Seafoods, and sold to Lerøy with a gain close to NOK 2 billion.

Aker BioMarine suffered greatly during the 2008 financial crisis. The krill and biotechnology company delisted and is pursuing a long-term plan focusing on the Omega-3 market. The company is growing thanks to innovation, overall growth in the market and strategic acquisitions. In 2017, Aker BioMarine was crowned Norway's most innovative business by INNOMAG.

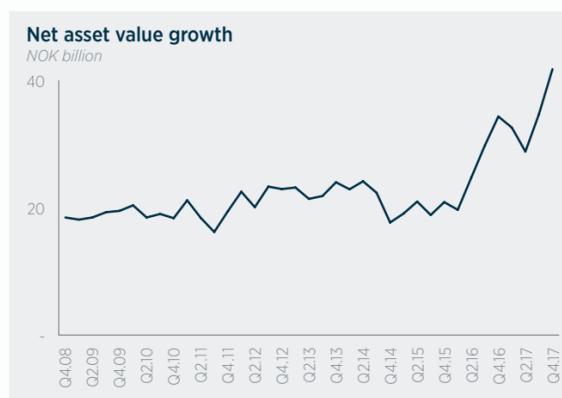
FPSO Dhirubhai-1 marked the launch of our "sale and leaseback" company Ocean Yield. Ocean Yield owned 40 vessels at the end of 2017, and Aker's equity investment was valued at almost NOK 7 billion – equal to the combined value of the Aker Solutions, Akastor and Kvaerner shareholdings. Ocean Yield has an EBITDA order backlog of more than NOK 23 billion, promising predictable dividends going forward.

In sum, Aker has been transformed from a diversified conglomerate with extensive financing obligations into an active owner of independent operational companies. This transformation is continuing.

#### Three graphs tell the story

We have defined three key performance indicators for Aker since I took over responsibility for the group: (1) growth in shareholder value – measured as net asset value and (2) share price plus dividends – and (3) upstream cash flow to Aker. The following three graphs relate Aker's history and illustrate how we want our future performance to be measured:

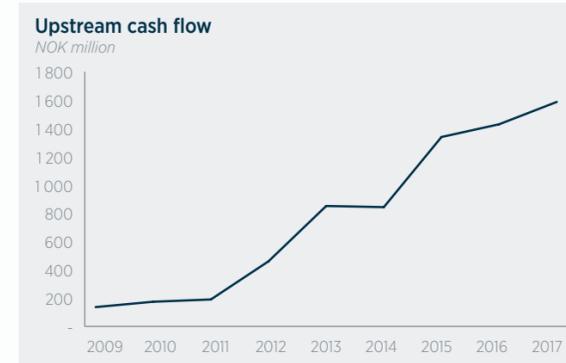
**Net asset value growth:** From 1 January 2009 to the end of 2017, Aker's net asset value (NAV) increased from NOK 18.5 billion to NOK 41.8 billion. In addition, shareholders received NOK 6.9 billion in dividends during this period. A further dividend of NOK 1.3 billion has been proposed for 2017. The average annual increase in value since 2009 is 12.2 per cent. Our objective is to increase net asset value by at least 12 per cent a year throughout economic cycles.



**Share price growth:** Aker's share price was NOK 137 at the end of 2008, and NOK 403 nine years later. Aker's shareholders have also received total dividends of NOK 95 per share during this period. This share price growth and these dividends together equate to an average annual return for shareholders (IRR) of 18 per cent. During the same period, the Oslo Stock Exchange Benchmark Index achieved an IRR of 12 per cent.



**Dividend trend/upstream cash flow to Aker:** At the end of 2008, Aker had negative cash flow and large latent liabilities. An important priority was to increase the cashflow to Aker through dividends from the portfolio companies. Upstream cash flow has increased from NOK 137 million in 2009 to NOK 1 588 million in 2017. Investment companies like Aker have greater freedom of action when cash flow is predictable. Aker's upstream cash flow receipts have grown steadily year on year. Aker BP's announced policy of increasing dividend payments and Ocean Yield's dividend capacity indicate a promising future in terms of further cash flow growth.



#### The future

Long-term, systematic, targeted industrial efforts, along with expertise and the capacity to realise value-creating transactional opportunities, are a recurring theme in Aker's development. However, we are very aware that Aker's growth has never been strictly linear.

This will continue to be the case going forward. Most of our portfolio companies operate in volatile industries. Aker's asset values track oil prices and short-term stock market movements. Nevertheless, we have generated approximately NOK 25 billion of shareholder value since the oil-sector downturn picked up pace

in the fourth quarter of 2014. At year-end, 73 per cent of Aker's value was directly linked to the oil and gas industry supply chain, from exploration, engineering, field development, construction of offshore installations, technologies, products, solutions and operations to the production of 160 000 barrels of oil a day. Some 88 per cent of Aker's assets are in the form of listed shares.

#### Aker BP is setting the standard

Aker BP is a prime example of that. The company is targeting the Norwegian continental shelf, and has consciously invested during a period featuring falling oil prices and the withdrawal of international players from the Norwegian domestic market. Aker BP has established a new standard in terms of supply-chain cooperation, broad-based improvement and profitable growth. As an example, through the collaboration with Cognite, Aker BP has achieved major efficiency gains.

The acquisition of Hess Norway in 2017 has further reinforced Aker BP's position. The company is targeting production of over 330 000 barrels of oil equivalents per day from its existing portfolio from 2023 onwards – more than double the current level. Aker BP's investment requirements state that projects must be profitable even if oil prices are as low as USD 35 per barrel. The company's improvement programme aims to reduce the break-even price further. A specific example in this regard is Aker BP's plans for development and operation of the Valhall West Flank, Ærfugl and Skogul fields, which were submitted in December 2017.

Aker BP is ramping up its dividend payments. This year, it plans to distribute USD 450 million, with the further aim of increasing dividends by USD 100 million per year until 2021, with USD 300 million going to Aker in 2021. Aker's 40 per cent stake secures predictable upstream cash going forward.

Aker sees further interesting and profitable growth opportunities for Aker BP on the Norwegian continental shelf. The company's objective is to be a benchmark for safe, profitable and sustainable offshore oil and gas production.

#### An important insight

Aker BP would probably not have materialised without the expertise, technology and contacts of Aker's supplier companies. This is an important insight. The Aker system has more than 50 years' experience of knowledge and industrial development and relationship-building in the oil and gas sector. The combination of confidence-building industrial knowledge from throughout the supply chain and a rapid transactional culture provides power and direction.

In 2017, Aker's priority for Aker Solutions, Akastor and Kvaerner was to ensure that the companies execute and deliver projects as agreed and secure cost improvements, make capacity adjustments and realise efficiency gains. We have also discussed industrial cooperation or transactions with international counterparts over the past year.

We have raised the question as to whether the supplier businesses can be best developed in cooperation with others. For Aker, this question solely concerns value generation for shareholders and

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the competitiveness of the supplier businesses. The market turnaround in 2017 enabled the companies to achieve positive growth, giving us time to reach the right conclusion for us and our fellow shareholders.

#### Oil remains the most important

Oil and gas will remain Aker's centre of gravity for many years to come. Aker has now been given the opportunity in Ghana to do some of the things that Aker BP does on the Norwegian continental shelf.

Together with TRG – Kjell Inge's private company and Aker's main shareholder – we have purchased 50 per cent of the Deepwater Tano Cape Three Points (DWT/CTP) block. The purchase will be completed once certain conditions are met, most likely in the second quarter of 2018. The purchaser, Aker Energy a 50/50 joint venture between Aker and TRG, will pay USD 100 million for half of this promising oil block. The seller is the US oil company Hess. The block's estimated reserves are assumed similar in size to those of the Johan Castberg field in the Barents Sea.

Aker Energy will submit its plan for development and operation (PDO) later this year, and we believe the field could produce around 400 million barrels in phase one. Its potential, however, is far greater. Under the current progress plan, the first oil is due to reach the deck of a production and storage vessel (FPSO) in 2021. The project also offers scope for Aker's oil service businesses to supply engineering services, subsea solutions, technologies and products. However, all suppliers must of course be competitive, just as Aker Solutions and Kvaerner had to compete with other companies to qualify as partners under Aker BP's alliance model.

Aker is making a comeback in Ghana. Its roots in the country go back to 1967, when previous subsidiary Norcem launched a cement production operation there. TRG has invested in the region since January 2014.

In the coming months, we plan to explore available opportunities on the Ghanaian shelf. One real possibility may be to develop an area solution for DWT/CTP and the neighbouring South Deepwater Tano block, in which TRG also has an ownership interest.

It is too early to conclude what the outcome will be, but Aker Energy is following an ambitious timetable in the meantime. We have been inspired by Aker BP's achievements on the Norwegian continental shelf, and see opportunities for the creation of a large, important and profitable operation in Ghana.

#### Increased dividend receipts for Aker

Aker has the appetite and capacity to make further investments in the oil sector and other industries. As an industrial investment company with a net asset value ratio of 83 per cent and NOK 4 billion in liquid reserves (including credit facilities), we also have the ability to do so.

The dividend targets announced by Aker BP and Ocean Yield for 2018 promise dividend receipts of more than NOK 2 billion for Aker this year. In 2019, these are set to increase to approximately NOK 2.4 billion and beyond in the years to come.

Ocean Yield has invested in new ships in the first quarter of 2018, and is evaluating further interesting growth opportunities. A short-term priority is to find a new charter for the floating production and storage vessel Dhirubhai-1 after the end of its current 10-year deployment to India in the autumn of 2018, and Ocean Yield is exploring various options in this regard.

Aker is supportive of Ocean Yield's growth strategy. In February 2018, Ocean Yield completed an share issue of NOK 759 million to further increase their investment capacity. Aker did not subscribe, and the ownership in Ocean Yield was reduced from 66 per cent to 61.7 per cent. This corresponds to what we have said earlier. Investors welcome greater turnover of the company's shares, and Aker is happy to own a smaller share of a growing dividend company.

#### Investing in Aker BioMarine

Aker's wholly-owned krill and biotechnology company Aker BioMarine is in an investment phase. Operating profits fell by 50 per cent from 2016 to 2017, due first and foremost to increased production and marketing costs, research expenditures and organisational development. This is considered an investment for the future.

Aker BioMarine has made two strategic acquisitions in 2017 and 2018, namely the krill operations of Neptune Technologies & Bioresources and Enzymotec. These acquisitions have expanded the company's customer portfolio and laid a foundation for further investment in research and product innovation in the Omega-3 market. Aker BioMarine has also ordered a krill-harvesting vessel for NOK 1 billion, which is due to start fishing in the first half of 2019.

The Superba™ Krill Oil dietary supplement and the Grill™ Aqua feed supplement each generated approximately half of Aker BioMarine's operating revenue in 2017. Superba™ is gaining ground in the Omega-3 market. Following the downturn in the global Omega-3 market in 2011 and a subsequent period of low growth, Aker BioMarine now expects annual growth of 3 to 4 per cent in the next few years. The krill segment accounts for just under 10 per cent of the total Omega-3 market. However, this proportion has been increasing, and is expected to rise further. Grill™ is also expected to continue growing.

#### The financial portfolio

Aker's portfolio of financial investments includes cash holdings, listed shares in companies like American Shipping Company, Philly Shipyard and Solstad Farstad, liquid fund investments, real estate and other assets. In total, these amount to almost NOK 6 billion, or 12 per cent of Aker's assets. This proportion has fallen as cash holdings have been used to fund equity investments in Aker BP and Solstad Farstad, as well as the payment of dividends to Aker's shareholders.

Solstad Farstad's value dropped in 2017. Aker has invested in the offshore supply shipping company together with the John Fredriksen-owned company Hemen Holding. Conditions in the shipping market are challenging, just as we said when we decided to play an active role in the restructuring of the offshore service

vessel market. Solstad Farstad now expects to make cost savings of NOK 700–800 million annually, up from an earlier estimate of NOK 450–600 million. The company is on track, but it will take time for the offshore service vessel market to achieve a sustainable balance.

#### Cognite impresses

The digitalisation company Cognite impresses. Aker formed in 2017 the company in cooperation with John Markus Lervik, one of the founders of the search technology company Fast Search & Transfer. Digitization is a strategic and important topic, involving leadership. Our vision is that everything that can be done with software should be done with software.

Cognite is being developed at a time of extreme pressure on the oil industry to cut costs and improve efficiency, as well as pressure to work more smartly, safely and profitably.

Aker sees potential and commercial opportunities for Cognite in many industries. Cognite is focusing on the parts of the oil industry where Aker and the portfolio companies are under the greatest pressure. Talented and skilled programmers, designers and business developers are taking on a conservative industry in an innovative way, powered by knowledge and creativity. Few industries have invested more in engineering and sensors than the oil and gas industry. In short, Cognite is turning the resulting raw data into useful information and knowledge.

Cognite has built an industrial data platform for Aker BP that generates integrated datasets from a complex, unintegrated application structure. The platform, which has access to the company's 200 000+ sensors and processes 800 000 data points per second, provides Aker BP with both historical data and real-time information from fields in production.

Cognite's platform will soon pass the two thousand billion data point milestone, thereby gaining the ability to link applications with digital tools to increase Aker BP's operational efficiency and strengthen operations and maintenance. Another benefit is accelerated field development engineering, and thus a significant reduction in the number of engineering hours invested in projects.

We also see potential in the value chain: Aker BP aims to reduce the time taken to plan well drilling operations from several months to just one day. I could give further examples. Our experience thus far indicates that pairing Cognite with the expertise of Aker BP, Aker Solutions, Kvaerner and other institutions fosters high-paced progress and performance.

Digitisation offers potential for massive improvements. Aker BP has already reaped substantial benefits after just one year of working with Cognite. When Aker decided to make digitisation a priority in 2015, no suppliers offered the products and solutions we were looking for, and no expert institutions possessed relevant experience. Aker therefore chose to build from scratch. Ownership of Cognite is split between Aker (70 per cent) and Aker BP, John Markus Lervik and staff (10 per cent each).

Cognite will be an important part of Aker going forward. Although the total investment thus far is a modest NOK 44 million, we are strongly committed to the company. It is very pleasing that this innovative digital initiative is being enthusiastically welcomed and closely monitored by other industries.

#### Assessing new investments

Aker is willing to invest outside the current priority areas of oil, oil service, maritime assets, marine biotechnology and real estate. We are always considering ideas and opportunities for Aker to make a difference through active ownership and its expertise in the areas of transactions, restructuring, refinancing and industrial development.

Aker is exploratory and disciplined. In recent months we have spent a lot of time and resources on Norske Skog. Aker was invited by the company's largest secured creditor, Oceanwood Capital Management, to collaborate on a joint bid to take over the newspaper- and magazine paper producer. Oceanwood submitted a bid without Aker's participation. We have cooperated well and made some headway, but in the end we did not manage to agree on the commercial terms for a joint bid for Norske Skog.

When Aker moved from Aker Brygge to Fornebu at the end of 2015, we jokingly said that we would write Aker's future history in the new Aker District. That was more important than a large-scale celebration of the company's first 175 years.

From the beginning of 2016 to the end of 2017, the shareholder value is more than doubled. Together with our knowledgeable and skilled colleagues, I look forward to writing new chapters in Aker's history. However, it will be released through digital stock market reports rather than in book format.



Best shareholder wishes from  
Øyvind Eriksen

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# Shareholder information

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

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

Aker ASA'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 18 per share for 2017.

Year	Allocated dividend (NOK)	Allocated dividend as % of NAV
2011	11	4.1
2012	12	3.7
2013	13	3.9
2014	10	4.1
2015	10	3.6
2016	16	3.5
2017	18	3.2

#### 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). Aker ASA has a single share class, and each share carries one vote. The company held 26 349 treasury shares as at 31 December 2017.

As at 31 December 2017, the company had 13 275 shareholders. Kjell Inge Røkke is Aker ASA's main shareholder. Through his privately held companies, organised under The Resource Group TRG AS, he holds 68.18 per cent of Aker ASA shares. According to the shareholder register maintained by the Norwegian Central Securi-

ties Depository (VPS), non-Norwegian shareholders held 15.40 per cent of the company's shares as at 31 December 2017. VPS does not identify shareholders registered via nominee accounts.

#### Stock-exchange listing

Aker ASA is listed on the Oslo Stock Exchange with the ticker code AKER. Aker ASA'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 21 April 2017, Aker ASA's shareholders authorised the board to acquire up to 7 432 186 Aker ASA 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 treasury shares. The authorisation is valid until the 2018 annual general meeting, though no longer than until 30 June 2018.

In the period 23 March 2017 to 27 March 2018, the company has not acquired any treasury shares, and distributed 10 616 treasury shares in connection with the employees incentive program.

#### Share option plans

Aker ASA had no share option plans as at 31 December 2017.

#### Investor relations

Aker ASA 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 ASA press releases, stock exchange notices and investor relations (IR) publications are available on the company's website: [www.akerasa.com](http://www.akerasa.com). This online resource also offers access to the company's quarterly and annual reports, prospectuses, corporate presentations, Articles of Association, financial calendar, investor relations and communications policy and corporate governance information.

#### Electronic quarterly and annual reports

Aker ASA'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](http://www.newsweb.no) (ticker: AKER).

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

#### 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](mailto: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 ASA'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.

#### 2017 share data

As at 31 December 2017, the company's total market capitalisation was NOK 29.9 billion. During 2017, a total of 16 208 000 Aker ASA shares were traded, corresponding to 22 per cent of the company's total outstanding shares. The Aker ASA share has been traded on all of Oslo Stock Exchange's trading days. The share has been included in Oslo Stock Exchange's OSEBX index since November 2011.

#### Geographical distribution of ownership as at 31 Dec 2017:

	No. of shares held	% of share capital
Non-Norwegian shareholders	11 428 677	15.40
Norwegian shareholders	62 893 185	84.60
Total	74 321 862	100.00



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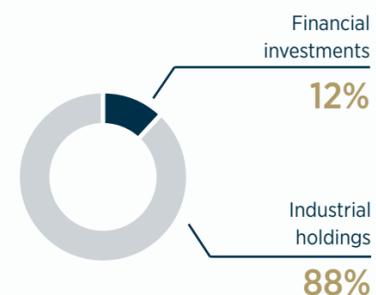
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# Investment overview

Aker's portfolio comprises 88 per cent listed shares, 3 per cent cash and liquid fund investments and 9 per cent other assets. Aker's total investments amount to NOK 50.4 billion.

## Industrial holdings

Aker's **industrial holdings** represent 88 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 12 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 Farstad and Cxense
- The digitalisation company Cognite
- Other financial investments

Read more on [page 13](#).

## Industrial holdings

Aker's industrial holdings totalled NOK 44.6 billion at the end of 2017. This equates to 88 per cent of the total net asset value of Aker ASA and 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 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 knowledge with a strong tradition of cooperation with unions and employee board representatives. Aker has experience and expertise in implementing acquisitions, sales, mergers and demergers. Since listing on Oslo Stock Exchange in September 2004, Aker has completed dozens of transactions which have generated considerable value for Aker and the portfolio companies.

Aker invests in sectors and industrial companies operating in industries in which it has the knowledge and experience need-

ed to generate value through growth and 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 industrial measures through acquisitions, sales, mergers and demergers.

### Developments in 2017

The total market value of Aker's industrial holdings was NOK 44.6 billion at the end of 2017, compared to NOK 35.1 billion one year prior. In 2017, Aker invested NOK 1.63 billion in Aker BP shares as part of the NOK 4.1 billion share issue implemented by the oil company in connection with its acquisition of Hess Norway. The subscription, at a price of NOK 182.50 per share, maintained Aker's relative ownership interest of 40 per cent in Aker BP.

In total, Aker received NOK 1.4 billion in dividends from the industrial portfolio companies in 2017, compared to NOK 857 million in 2016. The table Key figures industrial holdings - shows changes and developments in 2017.

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



## Key figures industrial holdings

NOK million	Ownership in % <sup>1)</sup>	31.12.16	2017			31.12.17
		Value	Net investments	Received dividends	Value change	Value
Aker BP	40.0	20 873	1 634	(820)	7 398	29 083
Aker Solutions <sup>2)</sup>	34.8	3 912	-	-	456	4 368
Akastor <sup>2)</sup>	36.7	1 629	-	-	20	1 649
Kvaerner <sup>3)</sup>	28.7	935	-	-	286	1 220
Ocean Yield	66.2	6 386	-	(603)	1 045	6 828
Aker BioMarine	100.0	1 405	7	-	-	1 411
<b>Total Industrial Holdings</b>		<b>35 139</b>	<b>1 640</b>	<b>(1 424)</b>	<b>9 204</b>	<b>44 560</b>

<sup>1)</sup> At end of 2017

<sup>2)</sup> Directly and through Aker Kvaerner Holding AS

<sup>3)</sup> Through Aker Kvaerner Holding AS

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**% of Aker's total assets**

**58%**

Key figures	2017	2016
Revenues <sup>1)</sup>	2 563	1 364
EBITDAX <sup>1)</sup>	2 012	1 115
Profit after tax <sup>1)</sup>	275	35
Exploration expenses <sup>1)</sup>	226	147
Share price <sup>2)</sup>	201.90	154.50
Earnings per share <sup>3)</sup>	0.81	0.15
Number of employees	1 354	1 371

<sup>1)</sup> USD Million  
<sup>2)</sup> NOK  
<sup>3)</sup> USD

## Aker BP ASA

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

### Aker's engagement

Aker owns 40 per cent of the shares in Aker BP. In 2017, the company's share price rose from NOK 154.50 to NOK 201.90. In addition, a dividend of NOK 6.09 per share was paid.

Aker's shareholding was valued at NOK 29 billion at the end of 2017. The equity investment in Aker BP is equivalent to 58 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 operator on the Norwegian continental shelf. The company operates almost 100 per cent of the fields in its production portfolio. This provides a robust foundation for further development and value creation. Moreover, Aker BP's ownership interest in the Johan Sverdrup field will further boost production from 2020 onwards.

Aker BP has adopted ambitious targets for growth in its organic portfolio and through value-generating transactions. The acquisition of Hess Norway in the autumn of 2017 has fostered strong value growth and an increase in the company's oil reserves. Aker sees the Norwegian continental shelf as an attractive target for investment in exploration, development and operations. In 2017, Aker submitted three plans for development and operation in its capacity as operator, for Valhall Flanke Vest, Ærfugl and Skogul.

Going forward, Aker's priority is to ensure that the company pays predictable dividends. The acquisition of Hess Norway boosted Aker BP's annual dividend capacity. In January 2018, the company announced to increase the dividend to USD 450 million for 2018, an increase from USD 250 million in 2017. The ambition is to further increase the dividend by USD 100 million annually to USD 750 million in 2021. Aker has a 40 per cent share in the oil company's dividends.

Aker BP aims to be a benchmark for safe, effective and profitable oil and gas activity. Key tools in this regard include LEAN, digitalisation and models for alliances and cooperation with suppliers. As an example, Aker BP is collaborating with the digital Cognite. Cognite has made a data platform that provides Aker BP with access to historical data and real-time information from the oil fields they operate. Aker BP has already achieved substantial benefits in its cooperation with Cognite.

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

**Chairman:** Øyvind Eriksen

**CEO:** Karl Johnny Hersvik

**Aker's ownership interest:** 40%



**% of Aker's total assets**

**9%**

Key figures	2017	2016
Revenues <sup>1)</sup>	22 461	25 557
EBITDA <sup>1)</sup>	1 519	1 929
EBITDA margin <sup>2)</sup>	6.8	7.5
Backlog <sup>1)</sup>	34 581	31 188
Order intake <sup>1)</sup>	23 553	17 004
Share price <sup>3)</sup>	46.19	41.37
Earnings per share <sup>3)</sup>	0.81	0.21
Number of employees	13 796	14 385

<sup>1)</sup> NOK million  
<sup>2)</sup> Per cent  
<sup>3)</sup> NOK

## Aker Solutions ASA

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

### 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 2017, Aker Solutions' share price rose from NOK 41.37 to NOK 46.19 as of 31 December 2017. Aker's shareholding was valued at NOK 4.4 billion at the end of 2017, equivalent to 9 per cent of Aker's total assets.

### Aker's ownership agenda

Aker Solutions is satisfactorily delivering its orders and projects. It has also reduced its cost base significantly through operational improvement programs. Capital discipline has high priority, and the company's balance sheet is robust.

In its ownership capacity, Aker is focused on ensuring that Aker Solutions wins new contracts and delivers on them with satisfactory margins. In 2017, the company won important contracts linked to the Johan Sverdrup, Njord A, Johan Castberg and Ærfugl fields on the Norwegian continental shelf, as well as an unprecedentedly large international umbilical contract. Aker Solutions also secured a framework agreement with Statoil for the provision of subsea services on the Norwegian shelf, and a major rig-modification contract with Maersk Drilling. Further, Aker Solutions acquired the Norwegian company Reinertsen in 2017. Aker Solutions' backlog is NOK 34.6 billion at the beginning of 2018.

Work is continuing on operational improvements, optimisation of the capital base and development of first-class customer relationships. Aker Solutions has ambitions to transform its business by utilizing new technology and has, among other things, entered into a partnership with Cognite. As owner, Aker is committed to strengthen Aker Solutions' operations in a global market characterized by consolidations.

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

**Chairman:** Øyvind Eriksen

**CEO:** Luis Araujo

**Aker's ownership interest:** 34.8%

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## AKASTOR



## 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 in turn owns 40.3 per cent of the shares in Akastor, giving Aker an equity interest equivalent to 28.2 per cent in Akastor. 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 2017, Akastor's share price rose from NOK 16.20 to NOK 16.40. Aker's shareholding was valued at NOK 1.6 billion at the end of 2017, equivalent to 3 per cent of Aker's total assets.

### Aker's ownership agenda

Aker is supporting and encouraging Akastor to play an active role in the transactional market. In 2017, the portfolio company Frontica Advantage merged with the global staffing company NES Global Talent. KOP Surface Products was sold, and a Memorandum of Understanding (MoU) was signed with Mitsui & Co. Ltd. for joint ownership (50-50) in AKOFS Offshore. Akastor's largest investment, the drilling technology company MHWirth, is making operational and cost improvements. The company also won an important drilling package contract (West White Rose Extension Project). In addition, a 10-year service agreement was signed with the leading rig company Transocean.

Aker's priority is for Akastor to develop the portfolio companies through operational improvements and initiatives to increase the company's competitiveness, and to realise value. Completed transactions show that Akastor's portfolio companies have an added value which becomes visible in larger, more effective units in industrial constellations.

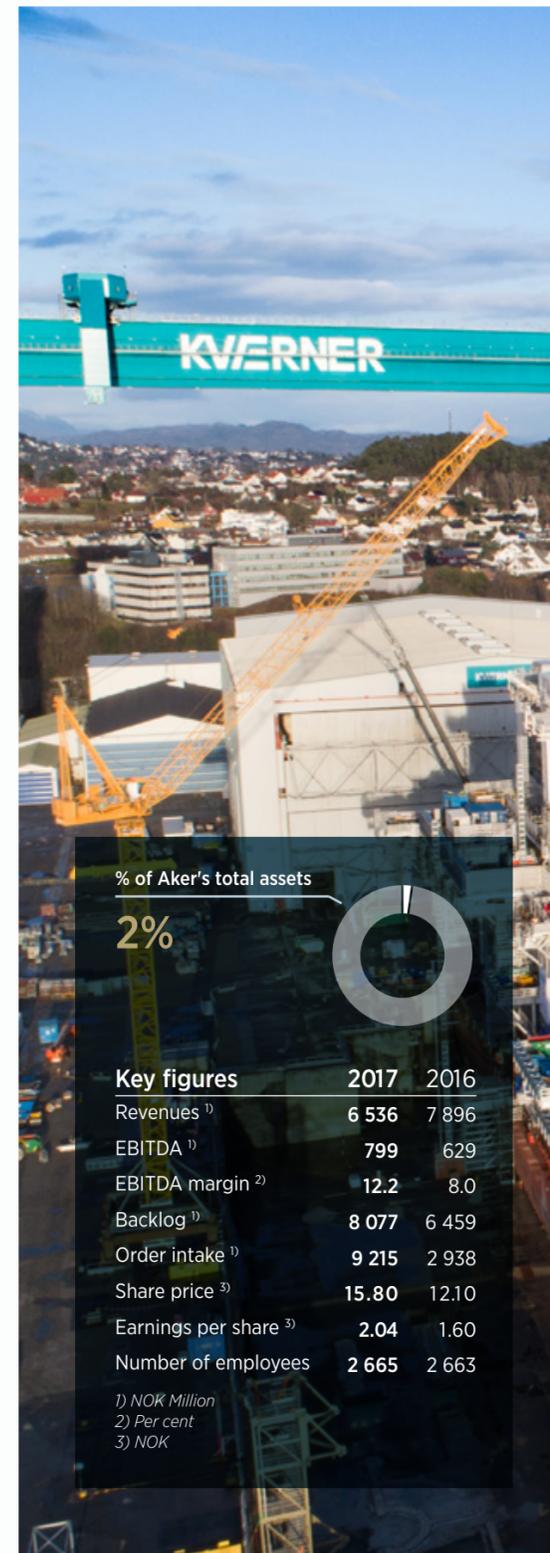
For more information, see [page 15](#) and [www.akastor.com](http://www.akastor.com).

**Chairman:** Frank O. Reite

**CEO:** Karl Erik Kjelstad

**Aker's ownership interest:** 36.7%

## KVÆRNER



## Kvaerner ASA

Kvaerner is a specialist provider of engineering, procurement and fabrication services for the offshore oil and gas industry.

### Aker's engagement

Aker owns 70 per cent of the shares in Aker Kvaerner 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 2017, Kvaerner's share price rose from NOK 12.10 to NOK 15.80 as of 31 December 2017. Aker's shareholding was valued at NOK 1.2 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. Kvaerner continuously works to improve productivity and costs at their specialized facilities at Stord and Verdal.

In 2017, Kvaerner won a NOK 5 billion contract to upgrade the Njord A platform, as well as a contract valued at around NOK 1 billion to construct a semi-autonomous platform for the western part of the Valhall field. In a challenging market that offers relatively few projects, the company needs to secure new contracts to maintain its activity level in 2018 and beyond.

Kvaerner's project portfolio developed as planned in terms of both quality and budgets, with many important project milestones being reached. Kvaerner is in a robust financial position, with cash holdings of NOK 2.8 billion and no interest-bearing debt as of 31 December 2017. 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, cost efficiency and competitiveness. Aker supports Kvaerner's exploration of strategic opportunities.

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

**Chairman:** Leif-Arne Langøy

**CEO:** Karl-Petter Løken <sup>1)</sup>

**Aker's ownership interest:** 28.7%

<sup>1)</sup> To begin during Spring 2018. Jan Arve Haugan resigned 1 March 2018, to become CEO in Aker Energy AS.

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## OCEAN YIELD

**% of Aker's total assets**

14%

Key figures	2017	2016
Revenues <sup>1)</sup>	339	294
EBITDA <sup>1)</sup>	306	265
EBITDA margin <sup>2)</sup>	90.4	90.1
EBITDA backlog <sup>1)</sup>	3 000	3 100
Share price <sup>3)</sup>	69.50	65.00
Earnings per share <sup>4)</sup>	0.86	0.55
Number of employees	22	21

<sup>1)</sup> USD million  
<sup>2)</sup> Per cent  
<sup>3)</sup> NOK  
<sup>4)</sup> USD

## Ocean Yield ASA

Ocean Yield charters ships on long-term contracts, a strategy which offers predictability with respect to future earnings and dividend capacity.

### Aker's engagement

Aker owns 66.2 per cent of the shares in Ocean Yield. In 2017, Ocean Yield's share price increased from NOK 65.00 to NOK 69.50. The company also paid a dividend of USD 0.74 per share, corresponding to NOK 6.11 per share. Aker's shareholding was valued at NOK 6.8 billion at the end of 2017, equivalent to 14 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

In 2017, Ocean Yield invested USD 327 million, and approximately USD 280 million net after seller's credits. These investments contributed to increased diversification of the order backlog, both by counterpart and within segments. At year end, the company owned 40 vessels with an EBITDA order backlog of USD 3.0 billion. The average remaining EBITDA-weighted contract tenor is 11 years.

Aker supports Ocean Yield's strategy of growing the company over time through value-generating transactions and further portfolio diversification. The company has a strong foundation for targeted growth in terms of both counterparty risk and target segments. Future growth will primarily occur through the purchase of maritime assets on long-term contracts, and Aker's view of the market remains positive.

Ocean Yield is expected to be a substantial contributor to Aker's dividend receipts going forward. Moreover, in its capacity as owner, Aker is focused on optimising Ocean Yield's capital structure, reducing capital costs and encouraging close monitoring of counterparties in the portfolio. Collectively, these measures will secure profitable earnings and dividends growth.

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

**Chairman:** Frank O. Reite

**CEO:** Lars Solbakken

**Aker's ownership interest:** 61.7% (after equity issue completed in February 2018)

## AkerBioMarine™

**% of Aker's total assets**

3%

Key figures	2017	2016
Revenues <sup>1)</sup>	126	117
EBITDA <sup>1) 3)</sup>	17	36
Profit after tax <sup>1)</sup>	(18)	(2)
Net interest-bearing debt <sup>1)</sup>	273	169
Earnings per share <sup>2)</sup>	(0.26)	(0.03)
Number of employees	341	282

<sup>1)</sup> USD million  
<sup>2)</sup> USD  
<sup>3)</sup> EBITDA is adjusted for non-recurring expenses

## 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 BioMarine is a wholly-owned subsidiary. 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 2017. Kjell Inge Røkke, Øyvind Eriksen 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. Profitable growth is at the forefront of Aker's ownership agenda. This entails focus on establishing sound operations and effective value chains in the industries where Aker BioMarine is a supplier.

The company has built a long-term partnership with 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 a strong position in the global market. Demand for Qrill™ Aqua, a feed supplement for the aquaculture industry, is still good, and the product range has been expanded with feed ingredients for farm animals.

In 2017, Aker BioMarine acquired the krill business of Neptune Technologies & Bioresources Inc. and in January 2018 the company acquired the krill business from Enzymotec. In 2017, Aker BioMarine bought the krill vessel "Juvel", and the company now has three vessels and three krill harvesting licences. A new and modern vessel was ordered in 2017 to be ready to begin fishing in early 2019. Aker BioMarine's growth and investments requires funding from Aker. Aker is working to maximise Aker BioMarine's underlying value, and continuing to assess strategic opportunities for further growth, including making Aker's investment more liquid.

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

**Chairman:** Ola Snøve

**CEO:** Matts Johansen

**Aker's ownership interest:** 100%

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## Financial investments

The value of financial investments totalled NOK 5.8 billion at the end of 2017, including NOK 1.7 billion in cash and liquid fund investments. This equates to 12 per cent of the total net 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, Philly Shipyard and Solstad Farstad, the real estate development company Fornebuporten Holding, 70 per cent shareholding in the digitalisation company Cognite, and other assets and receivables.

At year-end 2017, Aker had cash holdings of NOK 1.2 billion and liquid fund investments of NOK 0.4 billion. The company's liquidity reserve, including drawing rights, totalled NOK 4.0 billion.

The financial investments in the listed companies American Shipping Company, Philly Shipyard, Solstad Farstad and Cxense were valued at NOK 1.2 billion at the end of 2017. Combined, these companies contributed to a decrease in the value adjusted equity of NOK 235 million.

Other equity investments was by the end of 2017 NOK 1.1 billion, where Fornebuporten Holding accounted for NOK 674 million. Throughout the year, Aker invested NOK 245 million in the real-estate development company and another NOK 102 was converted from debt to equity. Fornebuporten Holding gave Aker a dividend of NOK 45 million in 2017. In 2017, Aker invested NOK 44 million in the digitalisation company Cognite, and now owns 70 per cent of its shares. Cognite will play an active role in the digitalisation of knowledge in the oil and gas industry, and has additionally identified considerable commercial opportunities in other sectors. Cognite's employees own 20 per cent of the company, while Aker BP owns the remaining 10 per cent.

Total interest-bearing receivables amounted to NOK 1.5 billion by the end of 2017, with Aker BioMarine accounting for NOK 823 million and Ocean Harvest NOK 404 million. Other financial investments was NOK 354 million.

For more information, see [page 16](#).

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

### Key figures financial investments

NOK million

	31.12.17	31.12.16
Cash	1 232	4 466
Liquid fund investments	442	410
Listed financial investments	1 220	1 055
Real estate	674	426
Other financial investments	2 261	1 594
<b>Total financial investments</b>	<b>5 829</b>	<b>7 951</b>



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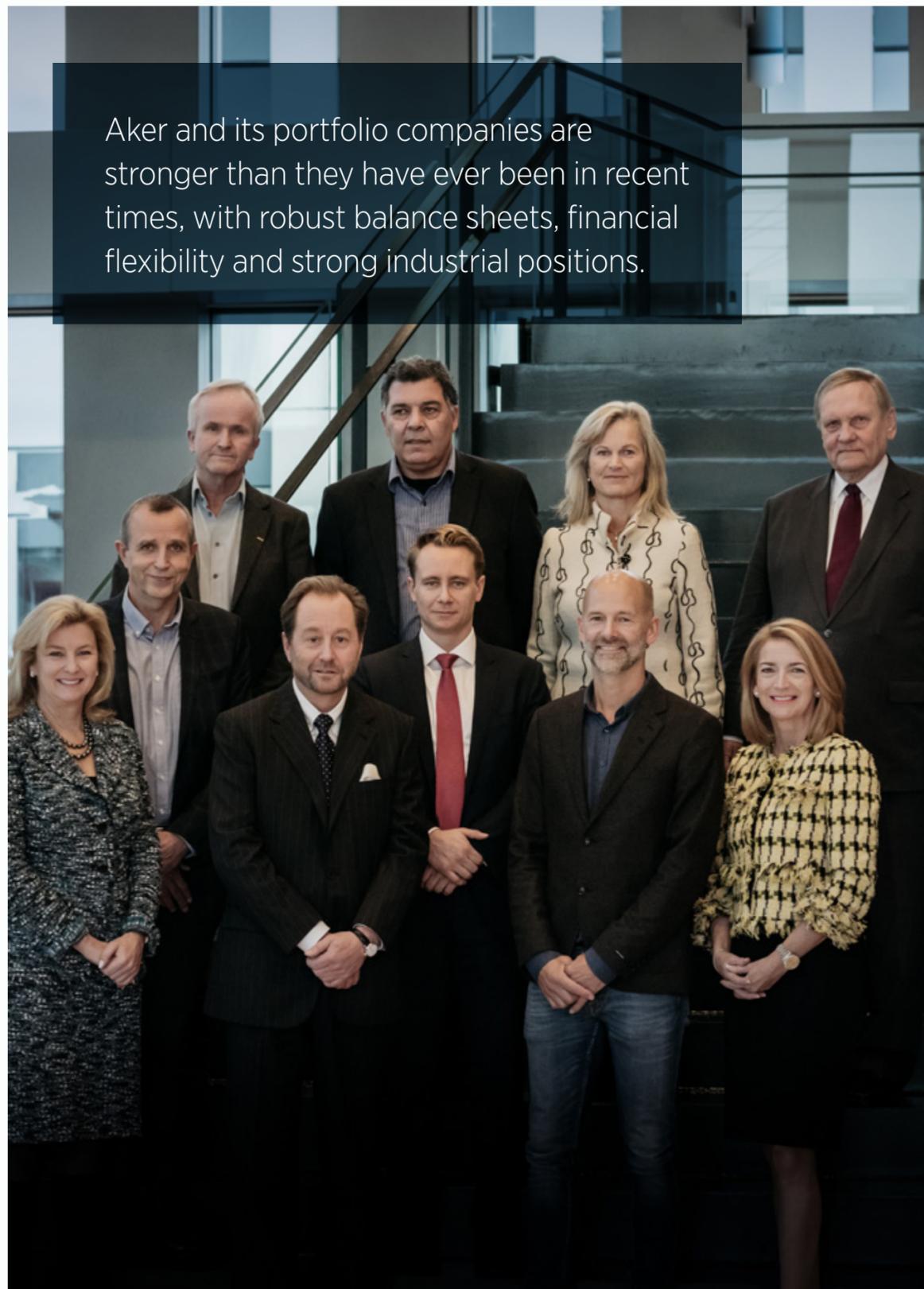
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Aker and its portfolio companies are stronger than they have ever been in recent times, with robust balance sheets, financial flexibility and strong industrial positions.

# Board of Directors' report 2017

2017 was another good year for Aker. Net asset value rose by NOK 7.4 billion, to NOK 41.8 billion. Dividends and upstream cash flow to Aker increased to NOK 1.6 billion. The shareholder return, defined as share price growth plus distributed dividends, totalled 31 per cent. In contrast, the Oslo Stock Exchange Benchmark Index (OSEBX) – rose 19 per cent during the year.

Aker ASA\* and its portfolio companies experienced a positive development on Oslo Stock Exchange in 2017. This is the result of focused, systematic efforts over many years.

Aker BP and Ocean Yield were the two most important contributors to the increase in Aker's net asset value, and dividends to the parent company. Aker's oil service portfolio companies Aker Solutions, Akastor and Kvaerner continued to implement effective improvement measures, achieving positive results and boosting shareholder value. Aker's wholly-owned maritime biotechnology company Aker BioMarine grew through acquisitions and increased production.

Aker and its portfolio companies are in strong financial and industrial positions, with robust balance sheets and financial flexibility.

#### 1. Key developments in 2017

The net asset value (NAV) of Aker and holding companies rose from NOK 34.3 to NOK 41.8 billion in 2017. Including distributed dividends, this represents an increase of 26 percent. NAV stood at

NOK 562 per share, compared to NOK 462 per share as at year-end 2016. 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 7.4 billion in 2017. The acquisition of Hess Norway and the subsequent NOK 4.1 billion share issue by Aker BP to facilitate the deal were well received in the market. In connection with the share issue, Aker invested NOK 1.63 billion in Aker BP shares.

Crude oil prices fluctuated between USD 44 and USD 67 per barrel in 2017. The price trend over the year as a whole was positive, and the supplier industry benefited from an upturn in oil and gas activity levels in the second half of the year. Aker Solutions, Akastor and Kvaerner have cut costs, improved competitiveness and adjusted capacity to market conditions. Aker's equity investments in the three oil service companies showed a combined val-

\* 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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ue increase of NOK 0.8 billion in 2017. Including dividends, Ocean Yield contributed NOK 1.0 to value growth in the group. Aker BioMarine is valued at book value.

The value of the portfolio financial investments declined by NOK 2.1 billion in 2017, primarily due to a reduction in cash holdings through Aker's use of capital for additional investments in Aker BP shares and dividend payments to Aker shareholders.

In 2017, Aker became a 70 per cent shareholder in the digitalisation company Cognite, which will play an active role in the digitalisation of knowledge in the oil and gas industry. Cognite has also identified significant commercial opportunities in other sectors and industries.

Aker received total dividend payments of NOK 1 588 million from the portfolio companies (upstream cash flow) in 2017, compared with NOK 1 430 in 2016. Aker BP contributed NOK 820 million, while Ocean Yield again increased its dividend payment, to NOK 603 million. Both Aker BP and Ocean Yield have a robust industrial and financial platform for predictable dividend payments going forward. Aker's book equity ratio was 56 per cent, while cash and liquid fund investments stood at NOK 1.7 billion. Gross interest-bearing debt as at year-end 2017 amounted to NOK 8.3 billion, and net interest-bearing liabilities amounted to NOK 5.6 billion.

Shareholders achieved a return of 31 per cent in 2017, including both share price growth and dividends. By way of comparison, the OSEBX rose by 19 per cent. The discount of Aker's share price to NAV was at 28 per cent at year-end 2017, down from 30 per cent at year-end 2016. The company's historical average is 34 per cent.

On 21 April 2017, Aker ASA's annual general meeting approved the distribution of a NOK 16 per share ordinary dividend for 2016.

The board of directors recommends a cash dividend of NOK 18 per share for 2017. The proposal corresponds to a 4.5 per cent yield on the share price at the close of 2017 and represents 3.2 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 further develop the operating companies in its portfolio. Through its participation on the boards of its portfolio companies, Aker drives strategic development and operational improvement, 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 2017, Aker was directly or indirectly the largest shareholder in eight companies listed on the 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 krill and biotechnology company Aker BioMarine.

The value of Aker's industrial holdings amounted to NOK 44.6 billion as at 31 December 2017, equivalent to 88 per cent of Aker's value-adjusted total assets, up from NOK 35.1 billion at year-end 2016. This increase is due to a net positive value change of NOK 9.2 billion, of which dividends paid to Aker comprise NOK 1.4 billion. Aker also invested NOK 1.6 billion in Aker BP shares in connection with the share issue implemented to facilitate the acquisition of Hess Norway. The value increases, dividends included, of the industrial holdings were NOK 7.4 billion for Aker BP, NOK 456 million for Aker Solutions, NOK 20 million for Akastor, NOK 286 million for Kvaerner, and NOK 1.0 billion for Ocean Yield.

The book value of Aker's non-listed holding, Aker BioMarine, was NOK 1.4 billion as per 31 December 2017.

#### Aker BP

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

Aker's portfolio company in the exploration and production sector continued to grow in 2017. Aker BP acquired Hess Norway for USD 2.0 billion in a transaction that boosted the company's production, oil reserves and dividend capacity. The acquisition gave Aker BP 100 per cent ownership of the Valhall and Hod fields, although this was subsequently reduced to 90 per cent through a divestment. During the course of the year, the five Aker BP-operated field centres achieved satisfactory operational stability and good profitability. The formation of alliances with oil service suppliers, as well as digitalisation, helped to reduce costs and improve efficiency with regard to exploration, drilling, operations, maintenance, modifications and field development. This improved the entire value chain.

Aker BP's production averaged 159 600 barrels of oil equivalents per day in 2017, including Hess/Pandion, from 118 200 barrels per day in 2016. As at year-end 2017, Aker BP had proven and probable reserves (P50) of 913 million barrels of oil equivalents, up from 711 million last year. Contingent resources totalled 785 million barrels of oil equivalents at the end of 2017, up from 600 million one year previously. In the company's view, the existing portfolio has the potential to produce more than 330 000 barrels of oil equivalents per day after 2023.

Aker BP's operating revenues totalled USD 2.6 billion in 2017, compared to USD 1.4 billion in 2016. EBITDAX amounted to USD 2.0 billion, up from USD 1.1 billion the previous year. Aker BP's balance sheet is robust and provides financial flexibility, with a liquidity buffer of USD 2.9 billion year-end 2017. The company continued its improvement programme to reduce costs and maximise operational and exploration efficiency in 2017.

In 2017, Aker BP submitted PDOs (Plan for Development and Operation) for three fields on the Norwegian continental shelf: Valhall West Flank, Ærfugl and Skogul. These fields will increase production from the field centres operated by Aker BP. The total amount to be invested in the three developments is NOK 15.5 billion, approximately 20 per cent less than in the originally selected concept. The projects will be executed via alliance partners, and will make extensive use of digitalisation.

The aim for 2018 is for Aker BP to produce between 155 000 and 160 000 barrels of oil equivalents per day. At present, Aker BP operates almost 100 per cent 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 stimulates new investments. Aker supports Aker BP's plans for profitable growth, and will drive forward efforts to promote smarter and more efficient operations through alliances, collaboration models and digitalisation. Aker intends to help make the Norwegian continental shelf an international benchmark for safe, profitable offshore petroleum production that is sustainable.

The Aker BP share was priced at NOK 201.90 on 31 December 2017, compared to NOK 154.50 at the end of 2016. This equates to a price increase of 31 per cent. Aker also received a dividend from Aker BP totalling NOK 820 million. The oil company aims to pay a dividend of at least USD 450 million in 2018, and to increase this amount by USD 100 million per year in the period to 2021.

#### 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 continued its successful efforts to reduce its cost base in 2017. An order intake of NOK 23.6 billion confirms that Aker Solutions has improved its competitiveness, and that activity levels are rising in parts of the oil service market. The company's order backlog stood at NOK 34.6 billion at the end of 2017. Moreover, the ratio between the order backlog and expected sales in 2018 is positive. In 2017, Aker Solutions delivered satisfactorily on its order and project portfolio. The company has made substantial capacity adjustments to address reduced activity levels in the market. It has implemented a programme that has improved cost-effectiveness by 30 per cent compared to 2015.

Aker Solutions' operating revenues totalled NOK 22.5 billion in 2017, down from NOK 25.6 billion the previous year. EBITDA totalled NOK 1.5 billion, compared to NOK 1.9 billion in 2016. The company maintains a solid financial position and had a liquidity reserve of NOK 5.7 billion at year-end 2017.

During the course of 2017, the company won important contracts linked to the Johan Sverdrup (hook-up in phase 1 and FEED in

phase 2), Njord A, Johan Castberg and Ærfugl fields on the Norwegian continental shelf, as well as two global engineering framework agreements with BP and a historically large international umbilical contract. Aker Solutions was awarded a long-term framework agreement with Statoil for subsea services on the Norwegian shelf, and a substantial contract to modify a rig owned by Maersk Drilling. Aker BP has selected Aker Solutions as an alliance partner for engineering services and procurements in connection with new offshore field installations. In the maintenance, modification and operations (MMO) market, Aker Solutions has satisfactory activity levels in Brazil, Canada and Brunei, in addition to its North Sea activities. The company's position in the MMO market was further strengthened by the acquisitions during the year.

In its ownership capacity, Aker is focused on ensuring that Aker Solutions executes projects and 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 strengthening 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 as owner in order to strengthen Aker Solutions' industrial operations in the international market.

Aker Solutions' share price closed the year at NOK 46.19, up from NOK 41.37 as at year-end 2016. This represents a rise in the share price of 12 per cent. The board of Aker Solutions has proposed not paying a dividend for the 2017 fiscal year.

#### Akastor

Akastor is an oil services investment company with a portfolio of industrial holdings and other investments. MHWirth and AKOFS Offshore are the two most important companies in the portfolio. Akastor has a flexible mandate for active ownership and works to release the value potential of its businesses. In 2017, Akastor continued its efforts to release capital through value-generating transactions. KOP Surface Products was sold to The Weir Group plc for USD 114 million. Further, a Memorandum of Understanding was signed with Mitsui & Co. Ltd on expansion of the collaboration established by the two companies in 2016, through Mitsui's takeover of 50 per cent of AKOFS Offshore for USD 142 million.

Akastor's largest investment, the drilling technology company MHWirth, continued to make operational and cost improvements. In 2017, MHWirth won a contract to deliver a drilling package to the White Rose Extension Project in Canada, as well as a 10-year service agreement with the leading rig company Transocean.

Akastor 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.

Akastor's operating revenues totalled NOK 4.3 billion in 2017, down from NOK 5.0 billion in 2016. EBITDA totalled NOK 293 million, compared to NOK 91 million the previous year. Akastor had a liquidity reserve of NOK 1.6 billion at year-end 2017, and is well equipped to operate in today's challenging markets.



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Karl Erik Kjelstad replaced Kristian Røkke as CEO of Akastor on 1 January 2018, having previously been an investment director at Akastor. Kjelstad has over 20 years' experience in the Aker Group, including from a period as CEO of Aker Yards. Kristian Røkke is now Aker's Chief Investment Officer.

Aker's priority as owner is for Akastor to develop and realise the value of the portfolio companies. Transactions completed in 2016 and 2017 show that Akastor's portfolio companies have an added value which becomes visible in larger, more effective units in industrial constellations. These efforts are continuing.

Akastor's shares closed the year at NOK 16.40, up from NOK 16.20 as at year-end 2016. This equates to a share-price increase of 1 per cent. No dividend has been proposed for the fiscal year 2017.

#### **Kvaerner**

Kvaerner is a specialised supplier of offshore installations and onshore process plants for projects in the upstream oil and gas sector, as well as other related segments. 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. Although the engineering, procurement and construction (EPC) market remained challenging in 2017, with few projects and tough competition, Kvaerner succeeded in winning new contracts. Existing projects are being executed as planned and in accordance with quality standards and budgets.

Kvaerner has a constant focus on enhancing productivity and improving cost levels at its specialised plants at Stord and in Verdal. Capacity has been adjusted, and the delivery model has been refined to strengthen competitiveness. Digitalisation, robotisation and skills development are playing an increasingly prominent role in the company's continuous improvement strategy.

The largest new contract in 2017 was a NOK 5 billion upgrade of the Njord A platform for Statoil. During the course of the year, Kvaerner entered into an alliance and framework agreement with Aker BP covering platform construction and tie-in, including topsides and jackets. The topside and jacket for Aker BP's Valhall West Flank project will be the first project delivered by the wellhead-platform alliance established by Aker BP, Kvaerner, ABB and Aker Solutions. Kvaerner's share of the contract is valued at just under NOK 1 billion. Internationally, Kvaerner secured in 2017 a contract to deliver an onshore facility tied into a pipeline in Russia. The company also won a contract with Husky Energy to deliver design work and marine operations in connection with the installation of a concrete sub-structure for a new platform at the West White Rose development off Canada.

Kvaerner had operating revenues of NOK 6.5 billion in 2017, compared to NOK 7.9 billion the previous year. EBITDA totalled NOK 799 million in 2017, up from NOK 629 million in 2016. At year-end 2017, Kvaerner held NOK 2.8 billion in cash and had no interest-bearing debt.

Kvaerner's order intake totalled NOK 9.2 billion in 2017, while the order backlog amounted to NOK 8.1 billion at the end of the year.

The company expects market conditions to remain challenging in 2018, with intense competition. 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 execution and maintains its targeted, systematic efforts to improve productivity and cost efficiency.

Kvaerner's share price closed at NOK 15.80 as per 31 December 2017, compared to NOK 12.10 as at the end of 2016. This equates to an increase in the share price of 31 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 is a ship-owning company. Its mandate is to build a diversified portfolio of modern vessels on long-term charters to creditworthy counterparties.

Ocean Yield's ambition is to grow significantly, and 2017 was characterised by ongoing expansion. The company announced USD 327 million in investments in new, modern ships on long-term charters, including two platform supply vessels (PSVs) with more than 12 years left on their charters to Aker BP and four Suezmax tankers on long-term charters to Okeanis Marine Holdings and Nordic American Tankers. These investments grew the portfolio from 34 to 40 vessels, and entailed further diversification in terms of both segments and customers.

The EBITDA order backlog totalled USD 3.0 billion at the end of 2017, while the average remaining contract period was 11 years. This ensures predictability with respect to earnings and dividend capacity. The company is continuing to pursue its policy of paying attractive quarterly dividends to its shareholders. Ocean Yield has increased its dividends every quarter since the IPO in 2013.

The company has a robust balance sheet and strong liquidity. Cash and unutilised credit facilities totalled USD 148 million at year-end 2017. Ocean Yield also holds USD 49 million in American Shipping Company bonds following the latter company's refinancing in February 2017. Operating revenues equalled USD 339 million in 2017, compared to USD 294 million in 2016. EBITDA amounted to USD 307 million, up from USD 265 million the previous year.

Ocean Yield has developed a strong platform for further focused growth, to be achieved through the acquisition of maritime assets on long-term charters. Aker's view of the market remains positive. With the exception of two ships, the entire portfolio has been chartered out on bareboat contracts under which the client is responsible for operations and maintenance. One of the ships, FPSO Dhirubhai-1, is currently coming to the end of a 10-year charter with Reliance Industries, which will expire in the autumn of 2018.

Diversification helps improve the company's robustness in the face of fluctuations in individual segments. Due to financial difficulties on the part of the contract counterpart, Ocean Yield terminated the charter for the specialised vessel Lewek Connector in 2017, which has subsequently been deployed on short-term charters.

Ocean Yield is expected to continue to be a substantial contributor to Aker's dividend receipts. Furthermore, in its capacity as owner, Aker is focused on Ocean Yield's capital structure, reducing capital costs and close monitoring of counterparties in the portfolio. Collectively, these measures will secure profitable earnings and dividend growth.

Ocean Yield's share price stood at NOK 69.50 as at 31 December 2017, up from NOK 65.00 as at the end of 2016. This equates to a share-price increase of 7 per cent. Aker received NOK 603 million in dividends from Ocean Yield in 2017, reflecting its 66.2 per cent ownership interest.

#### **Aker BioMarine**

Aker BioMarine is a leading 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 value chain, from krill harvesting in the Antarctic to innovative product development, production, logistics and marketing. Aker BioMarine has been investing in long-term partnerships with leading branded consumer goods companies, NGOs and researchers since 2006.

Aker BioMarine's core products are Grill™ Aqua, a value-added ingredient for the aquaculture industry and Superba™ Krill Oil, a phospholipid omega-3 dietary supplement. The market for Grill™ products continued to develop favourably in 2017. Superba™ Krill Oil, the company's brand ingredient in the Omega-3 consumer market, has established itself as the global market leader in its niche. Despite a small drop in total demand for Omega-3 in 2017, Aker is confident that the krill-based ingredients niche will grow. During the year, Aker BioMarine purchased the vessel Juvel, along with its licence to harvest krill in the Southern Ocean. The company also placed an order with the Vard shipyard for a modern krill-harvesting vessel. The contract value is approximately NOK 1 billion, and the ship is due to start fishing in 2019.

In 2017, Aker BioMarine also acquired the krill business of Neptune Technologies & Bioresources Inc. for USD 34 million. The purchase of Enzymotec's krill business for USD 26 million in January 2018 was the next step in implementation of the growth strategy. These acquisitions have expanded Aker BioMarine's customer portfolio and paved the way for increased investment in research and product development.

The company's growth is primarily being funded by Aker. At the end of 2017, Aker had a receivable from Aker BioMarine totalling NOK 0.9 billion. Going forward, Aker will continue to support Aker BioMarine in reinforcing its growth capacity.

The company 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 US krill oil patents which cover its production process and product recipes. Aker BioMarine's krill-oil factory in Houston is achieving planned production volumes.

Aker BioMarine reported operating revenues of USD 126 million in 2017, compared to USD 117 million in 2016. EBITDA amounted to USD 17 million, down from USD 36 million the previous year. The decline is due to higher costs linked to product development, research and fortification of the organisation for further growth, as well as increased production costs.

Aker's shares in Aker BioMarine had a book value of NOK 1.4 billion as at 31 December 2017, the same as the previous year. Aker is considering different options for long-term value generation by Aker BioMarine. The aim is to build a larger, more robust company that achieves profitable growth through efficient supply chains in its customer industries. This growth strategy will require further investment by Aker.

#### **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 5.8 billion as at 31 December 2017, representing 12 per cent of Aker's value-adjusted total assets, compared to NOK 8.0 billion as at 31 December 2016.

Aker's cash holdings fell to NOK 1.2 billion in 2017, down from NOK 4.5 billion the previous year. The reduction is primarily attributable to the NOK 1.6 billion investment in Aker BP made in connection with the company's share issue in November 2017, loan financing of NOK 0.8 billion provided to Aker BioMarine and other investments amounting to NOK 0.7 billion. In addition, Aker paid NOK 1.2 billion in dividends to the company's shareholders in 2017 and incurred total operating and financial expenses of NOK 0.6 billion. Aker received NOK 1.6 billion in dividends from its portfolio companies in 2017. Aker takes a conservative approach to the management of its cash holdings, spreading deposits between several banks with high credit ratings.

In 2017, the AKER08 bond was repaid at maturity, and Aker exercised its call option under the AKER07 bond to repay it in April 2017, at a price of 104 per cent of nominal value. Aker's unused credit facility was increased by NOK 0.5 billion during the year, while the maturity date was extended. The USD 250 million bank loan was increased by USD 100 million, to USD 350 million, of which USD 250 million was drawn down at year-end 2017. The loan maturity date was extended to 2020. A new USD 100 million bank loan was also established. This loan is governed by a three-year agreement with annual rollover.

As at 31 December 2017, the total outstanding bond debt amounted to NOK 5.5 billion. Bank debts totalled NOK 2.9 billion, while the unused credit facility stood at NOK 2.3 billion.

Liquid fund investments in two funds managed by Norron amounted to NOK 442 million as at 31 December 2017.

The value of other listed investments was NOK 1.2 billion as at year-end 2017, up from NOK 1.1 billion in 2016. The value of Aker's investment in Philly Shipyard was NOK 0.5 billion at the end of 2017, compared to NOK 0.4 billion the previous year. The value of Aker's direct and indirect equity exposure to American Shipping

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Company (AMSC) increased to NOK 345 million, from NOK 295 million in 2016. Aker also received dividends totalling NOK 91 million from AMSC during the year.

Aker's investment in Solstad Offshore was impacted by Aker's decision to subscribe for 601 million shares in Farstad for a total of NOK 210 million before the subsequent merger of Farstad with Solstad Offshore and the renaming of the merged company as Solstad Farstad. As at year-end 2017, Aker's total investment in Solstad Farstad was valued at NOK 376 million, following a year-on-year drop in value of NOK 356 million. As at year-end 2016, Aker's total investment in Solstad Offshore was valued at NOK 517 million.

Aker's total exposure to real estate investments stood at NOK 674 billion as at 31 December 2017, up from NOK 426 million at year-end 2016. The increase is due to new investment in residential development at Fornebu and investments in ongoing housing projects. Aker's real estate investments primarily comprise land plots with significant potential at Fornebu and in Aberdeen in Scotland, as well as investments in current housing projects.

Other financial investments consist of equity investments, internal and external receivables, and other assets. The largest items are receivables from Aker BioMarine AS and Ocean Harvest Invest AS. The value of other financial investments was NOK 2.3 billion as at 31 December 2017, compared to NOK 1.6 billion as at year-end 2016. The increase is mainly due to a loan made to Aker BioMarine AS.

In 2017, Aker invested NOK 44 million in the digitalisation company Cognite, in return for a 70 per cent shareholding. The employees own 20 per cent of the company, while Aker BP owns 10 per cent. Under John Markus Lervik's leadership, Cognite has attracted skilled programmers and other talents, and had 35 employees at the end of 2017. Cognite will play an active role in the digitalisation in the oil and gas industry, and the company also sees significant commercial opportunities in other sectors. Cognite was awarded a contract to develop a digitalisation strategy for Aker BP. In Aker's view, Cognite is providing Aker BP with important tools and added value. According to Aker BP, it has already improved the safety and efficiency of its operations using Cognite's digital data platform.

### 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 0.8 billion for 2017. The corresponding 2016 figure was a profit of NOK 2.6 billion. The change is mainly due to changes in operating revenue, which was zero in 2017, compared to NOK 1.9 billion in 2016 mainly related to the Havfisk divestment. Operating expenses amounted to NOK 244 million in 2017, up from NOK 198 million in 2016.

Net financial items (including dividends received, but excluding value changes) amounted to NOK 1.4 billion in 2017, up from NOK 950 million a year before. Dividends received amounted to NOK 1.6 billion, while net interest expenses, write-downs on receivables and other provisions totalled NOK 209 million. The net value change on shares amounted to minus NOK 289 million in 2017. This drop was primarily due to the decline in the value of the investment in Solstad Farstad, although this was partly offset by the reversal of write-downs due to increased 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 22.7 billion as at 31 December 2017, including long-term equity investments of NOK 19.6 billion and cash holdings of NOK 1.2 billion. The value-adjusted assets amounted to NOK 50.4 billion as at 31 December 2017. The corresponding 2016 figure was NOK 43.1 billion.

The value of Aker's industrial holdings was NOK 44.6 billion as at 31 December 2017, compared to NOK 35.1 billion at year-end 2016. The change is mainly attributable to value increases for the investments in Aker BP, Aker Solutions, Ocean Yield and Kvaerner. An investment of NOK 1.6 billion in Aker BP shares was made in 2017.

The value of Aker's financial investments amounted to NOK 5.8 billion as at year-end 2017 compared to NOK 8.0 billion as at 31 December 2016. Cash holdings fell from NOK 4.5 billion to NOK 1.2 billion in 2017. The changes are discussed in the Financial investments section above.

Gross interest-bearing liabilities remained unchanged since last year, and amounted to NOK 8.3 billion as at 31 December 2017. Net interest-bearing liabilities totalled NOK 5.6 billion as at year-end 2017, up from NOK 2.8 billion at the end of 2016.

Aker's NAV as at 31 December 2017 was NOK 41.8 billion, compared to NOK 34.3 billion at year-end 2016.

#### 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. Aker BP is accounted for as an associate.

#### *Income statement*

The Aker Group had operating revenues of NOK 41.6 billion in 2017, compared to NOK 43.3 billion the previous year. Total operating expenses came in at NOK 35.9 billion in 2017, compared to NOK 37.6 billion in 2016. The decline in operating revenues and operating expenses is linked with reduced activity for Aker Solutions,

Akastor and Kvaerner due to ongoing challenging market conditions in the oil service sector.

In 2017, depreciation and amortisation amounted to NOK 2.6 billion, approximately the same figure as for 2016. Impairment charges in 2017 amounted to NOK 0.3 billion, and were primarily due to impairment of capitalised development expenses and production facilities related to Aker Solutions and MHWirth. Net financial expenses were NOK 1.2 billion in 2017, compared NOK 2.0 billion in 2016. The decrease in net financial expenses is primarily due to currency effects from hedging instruments, which were positive in 2017 but negative in 2016.

The pre-tax profit from continued operations came in at NOK 2.3 billion in 2017, compared to a pre-tax loss from continued operations of NOK 0.9 billion in 2016. Tax expenses in 2017 were NOK 0.7 billion, resulting in a net profit from continued operations of NOK 1.6 billion. In 2016, the tax expense was NOK 0.4 billion, resulting in a net loss from continued operations of NOK 1.3 billion.

#### *Balance sheet*

The Aker Group's total assets amounted to NOK 84.6 billion as at 31 December 2017, compared to NOK 92.7 billion as at year-end 2016. Total non-current assets were NOK 61.7 billion as at 31 December 2017, compared to NOK 63.1 billion at year-end 2016. The Group's total intangible assets were NOK 9.5 billion as at 31 December 2017, same as the year before. Of this, goodwill amounted to NOK 7.5 billion at year-end 2017, compared to NOK 7.3 billion as at 31 December 2016. Goodwill has been tested for impairment without identifying any material impairments in 2017. Current assets were NOK 22.9 billion as at 31 December 2017, down from NOK 29.4 billion a year before.

Current liabilities amounted to NOK 18.3 billion, while non-current liabilities totalled NOK 26.2 billion at year-end 2017. The corresponding 2016 figures were NOK 25.5 billion and NOK 26.9 billion, respectively. The Group's interest-bearing debt amounted to NOK 28.1 billion as at 31 December 2017, compared to NOK 30.3 billion at year-end 2016.

The Group's equity ratio was 47 per cent at year-end 2017, compared to 43 per cent at the end of 2016.

#### *Cash flow statement*

As at 31 December 2017, the Group had cash of NOK 8.1 billion, down from NOK 12.7 billion in 2016.

The Group's net cash flow from operations amounted to NOK 2.4 billion in 2017, compared to NOK 9.4 billion in 2016. The change is mainly explained by cash flow from discontinued operations of NOK 5.0 billion in 2016, and a negative change in working capital in 2017 compared to 2016. The NOK 3.3 billion difference between operating profit before depreciation and amortisation and net cash flow from operations in 2017 is primarily attributable to changes in working capital, interest and tax paid, partly offset by dividends received.

Net cash flow from investment activities totalled minus NOK 3.5 billion in 2017, compared to minus NOK 13.4 billion in 2016. Cash

flow for 2017 primarily comprised investments in vessels, real estate, plant and equipment of NOK 3.0 billion, in intangible assets of NOK 0.4 billion, participation in Aker BP's share issue of NOK 1.6 billion, and investments in shares in subsidiaries of NOK 0.5 billion. Divestment of shares in subsidiaries amounted to NOK 0.9 billion and other share divestment NOK 0.4 billion. Net cash flow from other investments totalled NOK 2.0 billion.

Net cash flow from financing activities amounted to minus NOK 3.4 billion in 2017, compared to plus NOK 6.8 billion in 2016. Cash flow for the year from financing activities is primarily attributable to a net decrease in debt of NOK 1.8 billion, and dividend payments totalling NOK 1.6 billion. The dividends were split between shareholders in Aker ASA (NOK 1.2 billion) and minority shareholders in the portfolio companies (NOK 0.4 billion).

#### c. Aker ASA accounts

The parent company Aker ASA achieved a profit for the year 2017 of NOK 1.6 billion, compared to NOK 3.1 billion in 2016. The 2016 and 2017 profits are primarily attributable to the reversal of write-downs of the investments in Aker Kvaerner Holding, Aker Solutions and Akastor, as well as dividends received from Aker Capital AS that owns shares in Aker BP and Ocean Yield.

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 28.4 billion as at 31 December 2017, compared to NOK 29.1 billion as at year-end 2016. Equity amounted to NOK 20.1 billion at the end of 2017, compared to NOK 19.8 billion as at 31 December 2016. This results in an equity ratio of 71 per cent at the end of 2017.

#### Research and development

The parent company had no research and development activities in 2017. Group R&D activities are presented in the annual reports of the respective operational portfolio companies.

#### 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 18 per share for 2017. The proposal reflects anticipated cash flow, financing requirements and the need for financial flexibility. The proposed dividend corresponds to approximately 3.2 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 0.22 billion, representing the net profit of the year of NOK 1.56 billion less the proposed dividend of NOK 1.34 billion.

#### 4. Management model, corporate governance, control and compliance

Aker is a public limited liability 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 expresses Aker's expectations regarding its portfolio companies' codes of conduct.



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

Aker has 9 directors, none of whom are executives and four of whom are employee representatives. The majority of the directors are independent from the company's executives and significant business partners. 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 approved by the board and available on the company's website: [www.akerasa.com](http://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 collective skills once a year.

Aker's board of directors held 6 meetings in 2017. The attendance of the board members averaged 88 per cent. In addition, 7 phone conferences were held. Aker's audit committee met 7 times in 2017.

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 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. 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 37 employees as at 31 December 2017 – 21 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.

As at 31 December 2017, the number of employees working for companies of which Aker is the main shareholder, directly or indirectly, totalled 20 798, including 10 777 employees in Norway. About 17 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 companies operate. 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 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 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 2.12 per cent in 2017, compared to 1.6 per cent in 2016. The corresponding figure for sick leave in the Aker Group as a whole was 3.02 per cent in 2017, compared to 2.8 per cent in 2016.

The portfolio companies reported no fatalities in 2017, compared to four in 2016. There were 34 reported accidents that led to absence from work, compared to 58 in 2016. The accidents are further described in the reports of the operating entities.

#### 8. Subsequent events

On 11 January 2018, Aker Solutions announced the successful completion of a new NOK 1.5 billion senior unsecured bond issue with maturity in July 2022. The bonds carry a coupon of 3 months NIBOR + 3.15 per cent p.a.

On 15 January 2018, Aker BP announced that the company intends to raise the dividend level in 2018 to USD 450 million. In addition, the ambition is to increase the dividend by USD 100 million annually to 2021. The increase in dividends in 2018 represents an additional USD 80 million in upstream cash to Aker. Aker BP also provided its 2018 guidance, forecasting production of 155 - 160 kboed, up from 138.8 kboed produced in 2017.

On 17 January 2018, Aker successfully raised NOK 1.5 billion in a new unsecured bond with maturity in January 2023. The bonds carry a coupon of 3 months NIBOR + 2.65 per cent p.a.

On 17 January 2018, Aker BioMarine entered into an agreement to acquire Enzymotec for a total consideration of USD 26.4 million.

On 26 January 2018, Philly Shipyard announced that TOTE has decided to put their plans to enter the U.S. mainland to Hawaii containership service with up to four vessels on hold. As a result, the Letter of Intent between the said companies was not extended. Philly Shipyard aims to resume the project later and is also continuing to pursue potential new construction projects.

On 10 February 2018, Ocean Yield announced the acquisition of four VLCC crude tankers with 15-year bareboat charters to Okeanis Marine Holdings SA for a total consideration of USD 297 million net after seller's credit.

On 19 February 2018, Aker announced that Aker Energy AS, a 50-50 joint venture between Aker and TRG AS, had entered into an agreement with a subsidiary of Hess Corporation to acquire its interest in Ghana, consisting of a 50 per cent participating interest in the Deepwater Tano Cape Three Points Block. The total cash consideration is USD 100 million, of which USD 75 million is payable upon approval of the Plan for Development and Operation.

On 28 February 2018, Ocean Yield successfully raised NOK 759 million in gross proceeds from the issuance of 11 million new shares. Aker pre-subscribed for 50 per cent of the equity placement, but was allocated zero shares due to strong demand, reducing Aker's ownership stake in Ocean Yield to 61.7 per cent.

#### 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 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 important 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.



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Oil prices developed positively in 2017, but remain 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. The activity level in the offshore oil service market is affecting Aker Solutions, Akastor and Kvaerner. The activity level affects the oil service companies' and Ocean Yield's counterparties, and the companies are therefore monitoring counterparty risk closely.

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

#### 10. Outlook

Investments in listed shares comprised approximately 88 per cent of Aker's assets as per 31 December 2017. About 73 per cent of Aker's assets was associated with the oil and gas sector. Maritime assets represented 14 per cent, marine biotechnology 5 per cent, cash and liquid fund investments 3 per cent and other assets 4 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. Cost-cutting and lower investments by oil companies over the past three years have reduced both the number of projects globally and activity levels in the oil service industry. One consequence of cost reductions and increased operational efficiency across the oil and gas industry is lower break-even points for offshore projects. Aker expects this to result in the approval of more projects, and in a rise in oil company investment levels in the short and medium term. Additionally, the oil market is gradually achieving a better balance between supply and demand, and oil prices have risen somewhat in line with increasing demand for oil. Nevertheless, Aker expects activity in the oil service market as a whole to remain subdued in 2018 as E&P companies take a cautious approach to new investments until crude oil prices demonstrate a sustained recovery. There are indications of an upturn, and Aker's portfolio companies in the oil and gas sector will implement further cost-base reductions to boost competitiveness through higher productivity, operational improvements, efficiency, standardisation, improved technology offerings and alliance and cooperation models. In the long term, Aker has great confidence

in the oil and gas sector, and will continue to explore the strategic alternatives and opportunities it offers.

The maritime leasing segment is expected to remain stable in 2018 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 – particularly the market for salmon farming supplements – and the dietary supplement market in Europe, North America and Australia.

The salmon market has grown strongly for a number of years, and Qrill™ 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. Aker BioMarine has strengthened its position in the Omega-3 market through acquisitions, and 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.

Dividend/upstream cash flow to Aker is expected to increase in 2018, 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 the present market environment.

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

Aker's strong balance sheet, liquidity reserve and credit facilities give the company the strength and capacity to deal with 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 2018  
Aker ASA

**Kjell Inge Røkke (sign)**  
Chairman

**Finn Berg Jacobsen (sign)**  
Deputy Chairman

**Anne Marie Cannon (sign)**  
Director

**Kristin Krohn Devold (sign)**  
Director

**Karen Simon (sign)**  
Director

**Atle Tranøy (sign)**  
Director

**Tommy Angeltveit (sign)**  
Director

**Amram Hadida (sign)**  
Director

**Arnfinn Stensø (sign)**  
Director

**Øyvind Eriksen (sign)**  
President and CEO



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AKER ASA

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## Income statement and total comprehensive income

### INCOME STATEMENT

Amounts in NOK million	Note	2017	2016 Restated*
<b>Continued operations</b>			
Operating revenue	<a href="#">9, 10</a>	41 610	43 348
Cost of goods and changes in inventory		(17 217)	(17 473)
Wages and other personnel expenses	<a href="#">11</a>	(13 924)	(14 261)
Other operating expenses	<a href="#">11</a>	(4 764)	(5 830)
<b>Operating profit before depreciation and amortisation</b>	<a href="#">9</a>	<b>5 705</b>	5 784
Depreciation and amortisation	<a href="#">15, 16</a>	(2 553)	(2 595)
Impairment charges	<a href="#">12, 15, 16</a>	(281)	(1 538)
<b>Operating profit</b>	<a href="#">9</a>	<b>2 871</b>	1 651
Financial income	<a href="#">13</a>	936	587
Financial expenses	<a href="#">13</a>	(2 088)	(2 580)
Share of profit in equity accounted companies	<a href="#">17</a>	623	(600)
<b>Profit before tax</b>	<a href="#">9</a>	<b>2 342</b>	(941)
Income tax expense	<a href="#">14</a>	(722)	(360)
<b>Profit for the year continued operations</b>	<a href="#">9</a>	<b>1 620</b>	(1 301)
<b>Discontinued operations</b>			
Profit for the period from discontinued operations net of tax	<a href="#">8</a>	1 079	16 368
<b>Result for the year</b>		<b>2 699</b>	15 066
<b>Attributable to:</b>			
Equity holders of the parent		1 517	14 412
Minority interests	<a href="#">23</a>	1 182	654
<b>Result for the year</b>		<b>2 699</b>	15 066
Weighted average number of outstanding shares	<a href="#">22</a>	74 292 690	74 248 937
<b>Earnings per share <sup>1)</sup></b>			
Earnings per share continued operations	<a href="#">22</a>	15.07	(8.97)
Earnings per share discontinued operations		5.35	203.08
Earnings per share		20.43	194.11

<sup>1)</sup> Profit attributable to equity holders of the parent/weighted average number of outstanding shares

<sup>\*)</sup> See [Note 8](#)

### TOTAL COMPREHENSIVE INCOME

Amounts in NOK million	Note	2017	2016
Result for the year		2 699	15 066
<b>Other comprehensive income, net of income tax</b>			
Items that will not be reclassified to income statement:			
Defined benefit plan actuarial gains (losses)	<a href="#">26</a>	(60)	(42)
Other changes		-	14
Items that will not be reclassified to income statement		(60)	(28)
Items that subsequently may be reclassified to income statement:			
Changes in fair value of available for sale financial assets		1	7
Changes in fair value of cash flow hedges		340	93
Reclassified to profit or loss: changes in fair value of available-for-sale financial assets, translation differences and cash flow hedges		(50)	(624)
Currency translation differences		(240)	(1 482)
Changes in other comprehensive income associates and joint ventures	<a href="#">17</a>	(974)	1 389
Items that subsequently may be reclassified to income statement		(923)	(618)
<b>Change in other comprehensive income, net of tax</b>	<a href="#">13, 14, 24</a>	<b>(983)</b>	(646)
<b>Total comprehensive income for the year</b>		<b>1 716</b>	14 421
<b>Attributable to:</b>			
Equity holders of the parent		534	14 506
Minority interests		1 182	(85)
<b>Total comprehensive income for the year</b>		<b>1 716</b>	14 421

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## Balance sheet at 31 December

Amounts in NOK million	Note	2017	2016
<b>ASSETS</b>			
Property, plant and equipment	15	22 178	22 693
Intangible assets	16	9 482	9 429
Deferred tax assets	14	1 359	1 608
Investments in equity accounted companies	17	21 624	20 668
Interest-bearing non-current receivables	6, 18	5 363	7 451
Other shares and non-current assets	19	1 672	1 209
<b>Total non-current assets</b>		<b>61 679</b>	<b>63 059</b>
Inventories	20	2 460	3 557
Trade receivables and other interest-free receivables	21	11 366	11 892
Calculated tax receivable	14	252	359
Derivatives	30	359	386
Interest-bearing current receivables	6, 18	324	513
Cash and cash equivalents	6, 9	8 148	12 718
<b>Total current assets</b>		<b>22 909</b>	<b>29 426</b>
Assets classified as held for sale	8	-	207
<b>Total assets</b>	9	<b>84 588</b>	<b>92 692</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital	22	2 331	2 330
Translation and other reserves	24	2 545	3 518
Retained earnings		16 279	15 994
Total equity attributable to equity holders of the parent		21 155	21 842
Minority interests	23	18 905	18 177
<b>Total equity</b>		<b>40 059</b>	<b>40 019</b>
Interest-bearing non-current liabilities	6, 25	23 508	23 909
Deferred tax liabilities	14	377	275
Pension liabilities	26	1 189	1 242
Other interest-free non-current liabilities	27	627	912
Non-current provisions	28	503	606
<b>Total non-current liabilities</b>		<b>26 205</b>	<b>26 943</b>
Interest-bearing current liabilities	6, 25	4 616	6 392
Trade and other payables	29	11 636	15 511
Income tax payable	14	134	219
Derivatives	30	507	1 786
Current provisions	28	1 393	1 595
<b>Total current liabilities</b>		<b>18 286</b>	<b>25 503</b>
<b>Total liabilities</b>		<b>44 491</b>	<b>52 446</b>
Liabilities classified as held for sale	8	37	227
<b>Total equity and liabilities</b>	9	<b>84 588</b>	<b>92 692</b>

Fornebu, 23 March 2018  
Aker ASA

**Kjell Inge Røkke (sign)**  
Chairman

**Finn Berg Jacobsen (sign)**  
Deputy Chairman

**Anne Marie Cannon (sign)**  
Director

**Kristin Krohn Devold (sign)**  
Director

**Karen Simon (sign)**  
Director

**Atle Tranøy (sign)**  
Director

**Tommy Angeltveit (sign)**  
Director

**Amram Hadida (sign)**  
Director

**Arnfinn Stensø (sign)**  
Director

**Øyvind 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 translation and other reserves	Retained earnings	Total equity of equity holders of the parent	Minority interests	Total equity
<b>Balance at 31 December 2015</b>		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)
<b>Total comprehensive income</b>		-	(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
<b>Total contributions and distributions</b>		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
<b>Total changes in ownership without change of control</b>		-	-	-	-	-	110	110	782	892
Loss of control in subsidiaries	8, 23	-	-	-	-	-	-	-	(3 345)	(3 345)
<b>Balance at 31 December 2016</b>	22-24	2 330	3 541	103	(125)	3 518	15 994	21 842	18 177	40 019
Profit for the period year 2017		-	-	-	-	-	1 517	1 517	1 182	2 699
Other comprehensive income	24	-	(1 171)	10	188	(973)	(10)	(983)	-	(983)
<b>Total comprehensive income</b>		-	(1 171)	10	188	(973)	1 508	534	1 182	1 716
Dividends		-	-	-	-	-	(1 188)	(1 188)	(387)	(1 575)
Share-based payment transactions		-	-	-	-	-	2	3	-	3
<b>Total contributions and distributions</b>		-	-	-	-	-	(1 186)	(1 185)	(387)	(1 573)
Acquisition and sale of minority	7, 23	-	-	-	-	-	(22)	(22)	(74)	(96)
Issuance of shares in subsidiary	23	-	-	-	-	-	-	-	7	7
<b>Total changes in ownership without change of control</b>		-	-	-	-	-	(22)	(22)	(67)	(89)
Transaction cost share issue in associated company		-	-	-	-	-	(15)	(15)	-	(15)
<b>Balance at 31 December 2017</b>	22-24	2 331	2 370	113	62	2 545	16 279	21 155	18 905	40 059

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## Cash flow statement

Amounts in NOK million	Note	2017	2016 Restated*
Profit before tax		2 342	(941)
Net interest expenses	<a href="#">13</a>	1 152	1 155
Sales losses/gains (-) and write-downs	<a href="#">12</a>	276	(2 042)
Unrealised foreign exchange gain/loss and other non-cash items	<a href="#">13</a>	78	764
Depreciation and amortisation	<a href="#">15, 16</a>	2 553	2 595
Share of earnings in associates and joint ventures	<a href="#">17</a>	(1 225)	294
Dividend received from associates and joint ventures	<a href="#">17</a>	1 175	486
Changes due to discontinued operations and other net operating assets and liabilities	<a href="#">8, 9</a>	(2 124)	9 861
<b>Cash flow from operating activities before interest and tax</b>		<b>4 227</b>	<b>12 172</b>
Interest paid	<a href="#">13</a>	(1 489)	(2 666)
Interest received	<a href="#">13</a>	274	356
Taxes refunded	<a href="#">14</a>	-	704
Taxes paid	<a href="#">14</a>	(597)	(1 197)
<b>Net cash flow from operating activities</b>		<b>2 414</b>	<b>9 369</b>
Proceeds from sales of property, plant and equipment	<a href="#">15</a>	32	1 329
Proceeds from sales of shares and other equity investments	<a href="#">17, 18</a>	438	457
Disposals of subsidiaries, net of cash disposed	<a href="#">8</a>	868	4 612
Acquisitions of subsidiaries, net of cash acquired	<a href="#">7</a>	(511)	(216)
Acquisitions of property, plant and equipment	<a href="#">15, 16</a>	(3 456)	(9 813)
Acquisitions of shares and equity investments in other companies	<a href="#">17, 19</a>	(2 473)	(1 450)
Acquisition of Aker BP shares and net cash disposed in Det norske	<a href="#">8</a>	-	(5 472)
Acquisition of vessels accounted for as finance lease	<a href="#">18</a>	(398)	(2 089)
Net cash flow from other investments	<a href="#">18</a>	2 029	(788)
<b>Net cash flow from investing activities</b>		<b>(3 472)</b>	<b>(13 430)</b>
Proceeds from issue of interest-bearing debt	<a href="#">25</a>	6 854	14 312
Repayment of interest-bearing debt	<a href="#">25</a>	(8 701)	(6 775)
<b>Net repayment and issue of interest-bearing debt</b>		<b>(1 847)</b>	<b>7 536</b>
New equity	<a href="#">23</a>	7	859
Own shares		(10)	(213)
Dividends paid	<a href="#">22, 23</a>	(1 575)	(1 379)
<b>Net cash flow from transactions with owners</b>		<b>(1 578)</b>	<b>(732)</b>
<b>Net cash flow from financing activities</b>		<b>(3 425)</b>	<b>6 804</b>
<b>Net change in cash and cash equivalents</b>		<b>(4 482)</b>	<b>2 743</b>
Effects of changes in exchange rates on cash		(88)	(360)
Cash and cash equivalents at 1 January		12 718	10 388
Classified as assets held for sale prior period		-	(53)
<b>Cash and cash equivalents at 31 December</b>	<a href="#">9</a>	<b>8 148</b>	<b>12 718</b>

\* See [note 8](#)

## 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 2017 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 2017 and Norwegian disclosure requirements pursuant to the Norwegian accounting act as at 31 December 2017. 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 2017 accounting year were approved by the Board of directors on 23 March 2018. The annual accounts will be submitted to Aker's annual general meeting on 20 April 2018 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 if 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. The group's operational companies operate in different markets, and are thus affected differently by the uncertainties that characterise the different markets.

#### (a) Consolidation

IFRS 10 contains a definition of control, which must be applied when a company assesses 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 revenue. This assessment is adjusted by management's evaluation of liquidated damages to be imposed by customers 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 an 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 recognising 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 and 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

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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 12](#).

**(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 or earns a 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 applicable 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 risks, 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 values are 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, 2017, with no implementation impact on the Group's consolidated financial statements:

- Amendments to IAS 7: Disclosure initiative
- Amendments to IAS 12 regarding recognition of deferred tax assets for unrealised losses
- Improvements to IFRSs – 2014-2016 cycle

## Note 4 | New standards and interpretations not yet adopted

A number of standards, amendments to standards and interpretations are issued but not yet effective for the period ended 31 December 2017, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the ones set out below.

The Group is required to adopt IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from January 1, 2018. The Group has assessed the estimated impacts of these two new standards, and the impact on the Group's equity as of January 1, 2018 are not expected to be material.

**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.

On transition to IFRS 15, the Group plans to 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, without restatement of the comparable information presented. Under this transition method, the new standard will be applied retrospectively only to contracts that are not completed at January 1, 2018.

The Group has identified the following main effects from the implementation of IFRS 15:

**Construction contracts:**

The construction contracts currently in the scope of IAS 11 are reassessed according to IFRS 15 to evaluate whether the revenue from such contracts shall be recognised over time or at a point in time. Based on its assessment, the Group does not expect the application of IFRS 15 to result in significant changes in the timing of revenue recognition for these contracts.

For revenue that is to be recognised over time, the Group is currently using the percentage of completion method. The Group has assessed whether the current method of measuring progress is consistent with the cost based progress method according to IFRS 15. The changes in progress measurement will result in some changes in the revenue recognition of the construction contracts that are not completed as at January 1, 2018, but the estimated impact on the Group's equity as of January 1, 2018 is not expected to be material.

**Sale of goods:**

Revenue from the sale of goods is currently recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, which is usually when the goods are delivered to customers. Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. Based on the Group's assessment, the timing of the customers obtaining control of the goods is essentially similar to the timing when the goods are delivered to the customers. The Group does not expect the application of IFRS 15 to result in significant impacts on revenue recognition of these customer contracts.

**Service contracts:**

Revenue from service contracts are recognised in the period in which the services are rendered or by using the cost progress method. The current methods will not change as a result of implementing IFRS 15.

**Variable considerations:**

To include variable considerations in the estimated contract revenue under IFRS 15, the entity has to conclude that it is highly probable that a significant revenue reversal will not occur when the uncertainties related to the variability are resolved. The threshold under IFRS 15 for including variable considerations in revenue recognition is higher than the requirements under current standards. The Group already practice a high threshold for including variable considerations and does not anticipate significant changes in the measurement of revenue from the application of IFRS 15.

**Waste cost:**

Waste cost for rework, scrapping and other non-value adding activities is not regarded as contract cost under the new standard. As such, waste cost will not be included in the progress measurement when determining revenue. The estimated impact of excluding waste cost is not expected to be material.

**Tender cost:**

Tender cost will be expensed as incurred under IFRS 15. The current IAS 11 requires that tender costs be capitalised if award is considered probable. The estimated impact of expensing tender cost is not expected to be material.

**IFRS 9 FINANCIAL INSTRUMENTS (EFFECTIVE FROM JANUARY 1, 2018)**

The standard will replace IAS 39 Financial Instruments Recognition and Measurement. The standard includes revised guidance on classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

The transition to IFRS 9 will generally be applied retrospectively, with the following exceptions:

- The Group will adopt the exemption allowing it not to restate comparative information for prior years with respect to classification and measurement changes, including impairment measurement. Any impact from the adoption of IFRS 9 will be recognised as an adjustment to the opening balance of the equity as of January 1, 2018.
- The effect of the hedge accounting requirements will be applied prospectively.
- IFRS 9 is not applied to financial assets or financial liabilities that have been derecognised at the initial application on January 1, 2018.

**Classification – Financial assets:**

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The standard contains three principal classification categories: measured at amortised costs, fair value to other comprehensive income (FVOCI) and fair value to profit and loss (FVTPL). The Group has assessed the classification of the financial instruments held as of December 31, 2017 and the assessment has not revealed that the new classifications will have a significant impact on the consolidated financial statements as of January 1, 2018.

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**Impairment – Financial assets and contract assets:**

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (ECL) model. The new impairment model will apply to financial assets measured at amortised costs or FVOCI and contract assets, except for equity instruments. Under IFRS 9, loss allowance will be measured based on either “12-month ECLs” or “lifetime ECLs”. The Group will apply the simplified approach and apply “lifetime ECLs” for all trade receivables, contract assets and operation lease receivables.

Based on the Group’s assessment, no significant changes in loss allowance are deemed necessary in order to satisfy the impairment requirement under IFRS 9. The assessment has not revealed any significant impact on the consolidated financial statements from adopting of the new impairment model.

**Hedge accounting:**

The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings, receivables, sales and inventory purchases. Under IAS 39, for all cash flow hedges the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged transaction occurs and affects profit or loss. However, under IFRS 9, for cash flow hedges associated with forecast transactions that subsequently result in recognition of a non-financial asset or a non-financial liability, it is required to adjust the initial cost or other carrying amount of the non-financial asset or the non-financial liability. On transition to IFRS 9, the Group will reclassify the amount accumulated in the cash flow hedge reserve for those hedges and include it in the carrying amount of the corresponding non-financial asset or non-financial liability.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the company’s risk management practice. Generally, more hedge relationships might be eligible for hedge account-

**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 sec-

ing as the standard introduces more principles-based approach. The company has concluded that its current hedge relationships will qualify as hedges upon the adoption of IFRS 9.

**IFRS 16 LEASES (EFFECTIVE FROM JANUARY 1, 2019)**

The standard replaces IAS 17 Leases and the 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 recognises 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 has identified the following 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 and timing 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.
- The Group does not anticipate significant impact for the Group’s finance leases.

The assessment of potential impact of implementation will be continued in 2018. The Group plans to apply IFRS 16 initially on January 1, 2019, using the modified retrospective approach. Therefore, the cumulative impact of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings as of January 1, 2019, with no restatement of comparative information.

tion 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 values 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.

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.

**5.1.2. Investments in associates**

An associate is defined as a company over which the group has significant influence but which is not a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, without having control or joint control of those policies. The group’s investments in associates are accounted for using the equity method, and are initially recognised at cost. Received dividends are recognised as a reduction of the book value of the investment, and are presented as part of net cash flow from operating activities in the cash flow statement.

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 its interest in the entity, the group does not recognise further losses unless it 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. The group has currently no direct ownership interest in joint operations.

Joint ventures are accounted for using the equity method and are initially recognised at cost. Received dividends are recognised as a reduction of the book value of the investment, and are presented as part of net cash flow from operating activities in the cash flow statement.

**5.1.4. Elimination of transactions upon consolidation**

Intragroup balances and transactions, and any unrealised gains and losses 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.

**5.1.5. 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 subsidiaries 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.

**5.2. 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 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 that 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



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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 the group 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 previously held interests 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.

**5.3.6. Finance income**

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

**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 is 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. Finance expenses**

Finance expenses 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 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 is 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 asset 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 associates, 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 are 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**

Expenditures on research activities undertaken to gain new scientific or technical knowledge and understanding are recognised in profit and loss in the period 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 com-



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mercially 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 expenditures are recognised in the profit and loss account as expenses in the period in which they occur. Capitalised development expenditures are recognised at cost less accumulated amortisation and impairment losses.

**5.8.3. Other intangible assets**

Expenditures on internally generated goodwill and brand names are recognised in profit and loss in the period in which they are 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 amortised 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 realise 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 plus 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 less 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 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. 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 is 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

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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**

A provision for restructuring is recognised when an approved, detailed and formal restructuring plan exists, and the restructuring either has 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 is 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.

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. oil price-, 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.

**CAPITAL MANAGEMENT**

The overall objectives of Aker's capital management policy are to maintain a strong capital base to retain investor, creditor and market 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 for investment activities and capital allocation.

The governing principle of Aker'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 pay annual dividends corresponding to 2-4 per cent of net asset value (value-adjusted). The market prices of listed companies are used in calculating net asset value, while book values are 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 based on prior experience as well as 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 to internationally well-recognised companies within the shipping and offshore industry. However, as shipping and oil service markets are volatile, there is no complete protection against potential counterparty default. In 2017, the contracts with Farstad Supply AS has been restructured and Ocean Yield terminated the contract with EMAS AMC AS, which subsequently filed for bankruptcy.

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:

Amounts in NOK million	Note	2017 Carrying amount - exposure to credit risk					Total
		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	
Financial interest-bearing non-current assets	<a href="#">18</a>	-	-	402	4 961	-	<b>5 363</b>
Other non-current assets including long-term derivatives	<a href="#">19</a>	50	99	-	104	-	<b>252</b>
Trade receivables, other interest-free short-term receivables	<a href="#">21</a>	-	-	19	6 078	-	<b>6 097</b>
Current derivatives	<a href="#">30</a>	161	-	-	-	198	<b>359</b>
Interest-bearing short-term receivables	<a href="#">18</a>	-	69	10	245	-	<b>324</b>
Cash and cash equivalents	<a href="#">9</a>	-	-	-	8 148	-	<b>8 148</b>
<b>Total</b>		210	168	431	19 535	198	<b>20 543</b>



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Amounts in NOK million	Note	2016 Carrying amount - exposure to credit risk					Total
		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	
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
<b>Total</b>		<b>46</b>	<b>202</b>	<b>-</b>	<b>32 044</b>	<b>340</b>	<b>32 633</b>

**Aging trade receivables and provisions for impairment loss:**

Amounts in NOK million	Gross trade receivables 2017	Provision for impairment loss 2017	Gross trade receivables 2016	Provision for impairment loss 2016
Not past due	3 297	-	4 128	-
Past due 0-30 days	642	-	765	(1)
Past due 31-120 days	211	-	267	(37)
Past due 121-365 days	392	(119)	910	(138)
Past due more than one year	698	(205)	290	(184)
<b>Total trade receivables</b>	<b>5 240</b>	<b>(324)</b>	<b>6 360</b>	<b>(360)</b>
Recognised impairment loss		(5)		(67)

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 that it shall always have 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	2017 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	16 543	(18 775)	(1 553)	(1 515)	(2 940)	(9 971)	(2 795)
Unsecured bank loans	2 278	(2 503)	(191)	(487)	(1 443)	(381)	(1)
Unsecured bond issues	8 880	(9 867)	(1 501)	(177)	(3 563)	(4 626)	-
Other liabilities	275	(283)	(24)	(98)	(84)	(2)	(75)
Credit facilities	149	(149)	(149)	-	-	-	-
<b>Total contractual cash flows for interest-bearing liabilities</b>	<b>28 124</b>	<b>(31 577)</b>	<b>(3 418)</b>	<b>(2 277)</b>	<b>(8 030)</b>	<b>(14 980)</b>	<b>(2 871)</b>
Short-term derivative financial liabilities	507	(509)	(404)	(76)	(28)	(1)	-
Long term derivative financial liabilities	97	(163)	-	-	(37)	(126)	-
<b>Total contractual cash flows for interest-bearing liabilities and derivatives</b>	<b>28 728</b>	<b>(32 249)</b>	<b>(3 822)</b>	<b>(2 353)</b>	<b>(8 095)</b>	<b>(15 107)</b>	<b>(2 871)</b>
Trade and other payables	13 163						
Long-term interest-free liabilities	2 600						
<b>Total liabilities</b>	<b>44 491</b>						

**Overview of contractual maturities:**

Amounts in NOK million	2017 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	18 581	(21 099)	(1 527)	(1 327)	(6 304)	(9 447)	(2 493)
Financial investments	1 804	(1 993)	(584)	(316)	(52)	(663)	(378)
Aker ASA and holding companies	8 343	(9 157)	(1 711)	(710)	(1 739)	(4 997)	-
<b>Total contractual cash flows for interest-bearing liabilities and derivatives</b>	<b>28 728</b>	<b>(32 249)</b>	<b>(3 822)</b>	<b>(2 353)</b>	<b>(8 095)</b>	<b>(15 107)</b>	<b>(2 871)</b>

Long-term interest-free liabilities include NOK 377 million in deferred tax liabilities and NOK 348 million in deferred revenue and prepaid charter hire.

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 2017, the group had cash and cash equivalents of NOK 8 148 million. In addition, the group has interest-bearing assets of NOK 5 687 million (see Note 18), and other investments of NOK 1 420 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. At year-end 2017, the company had entered into commodity hedges for 2018 consisting of put options with strike prices of 50 USD/bbl and 55 USD/bbl for approximately 13 per cent of estimated 2018 oil production. Early in 2018, Aker BP further increased

the hedging ratio to approximately 20 per cent of estimated 2018 oil production by purchasing put options with strike prices of 60 USD/bbl.

**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 exposures are 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:

Country	Currency	Average rate 2017	Rate at 31 Dec. 2017	Average rate 2016	Rate at 31 Dec. 2016
USA	USD 1	8.27	8.21	8.40	8.62
Great Britain	GBP 1	10.65	11.09	11.39	10.61
The European Union	EUR 1	9.33	9.84	9.29	9.09
Brazil	BRL 1	2.59	2.48	2.42	2.65

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 2017, 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	14 641	3 542	20 101
Other currencies	10 093	119	8 974
NOK	16 877	(1 319)	10 985
<b>Total</b>	<b>41 610</b>	<b>2 342</b>	<b>40 059</b>
Change if NOK 10% stronger against USD	(2 473)	(366)	(2 907)
When NOK 10% stronger against USD	39 137	1 976	37 152



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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 -110 million as at 31 December 2017.

**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 2017, the interest rate profile of the group's interest-bearing financial instruments was as follows:

Amounts in NOK million	2017	2016
<b>Fixed rate instruments:</b>		
Financial assets	471	188
Financial liabilities	<b>(3 824)</b>	(6 818)
<b>Net fixed rate instruments</b>	<b>(3 353)</b>	(6 630)
<b>Variable rate instruments:</b>		
Financial assets	13 363	20 494
Financial liabilities	<b>(24 301)</b>	(23 482)
<b>Net variable rate instruments</b>	<b>(10 937)</b>	(2 988)
<b>Net interest-bearing debt (-) / assets (+)</b>	<b>(14 290)</b>	(9 618)

**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 2017, the fair value of interest rate swaps designated as hedges for parts of debt was NOK -18 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 2017, the Aker Group has an income of NOK 37 million related to interest rate derivatives.

Note 7 | Acquisition of subsidiaries and transactions with minority interests

**ACQUISITION OF SUBSIDIARIES IN 2017**

**Aker Solutions**

On April 7, 2017, Aker Solutions entered into an agreement to acquire Reinertsen's Norwegian oil and gas services business to strengthen the position as a leading maintenance and modifications supplier offshore Norway. About 700 employees and a backlog containing key maintenance and modifications contracts with Statoil, including a framework agreement of 10 years awarded in December 2015, was part of the deal. The transaction was structured as an asset deal with a purchase price of NOK 213 million. Transaction costs of NOK 3.4 million has been recognised as other operating expenses in the income statement. Goodwill resulting from the transaction is mainly attributable to the expected synergies by moving Reinertsen employees in Trondheim and Bergen to Aker Solutions offices in addition to synergies from assembled workforce.

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

Amounts in NOK million	
Property, plant, and equipment	5
Intangible assets	45
<b>Total assets</b>	<b>50</b>
Current operating liabilities	68
<b>Total liabilities</b>	<b>68</b>
Total identifiable net assets at fair value	(18)
Goodwill arising on acquisition	231
<b>Total consideration paid on acquisition</b>	<b>213</b>
Operating revenue in acquired business after acquisition	478
Profit for the period in acquired business after acquisition	17

Integration costs in Aker Solutions of NOK 64 million are not included in the profit of NOK 17 million above. As this is an asset deal, the goodwill identified in the acquisition will be tax deductible.

**AKER BIOMARINE**

On 7 August 2017, Aker BioMarine Antarctic AS acquired Neptune's krill business. The transaction increase the Group's market share, as Neptune will cease to produce and sell krill oil. The total purchase price was USD 35.0 million (NOK 289 million) including transaction fees of USD 1.0 million incurred up to the date of signing. The assets and liabilities recognised at the acquisition date comprise inventory, customer relationships and trademarks as follows:

Amounts in NOK million	
Intangible assets	250
Inventory	40
<b>Total consideration paid on acquisition</b>	<b>289</b>

In addition, Aker paid NOK 179 million for other acquisitions of subsidiaries in 2017. The amount includes deferred payment related to acquisitions for earlier years.

The above valuations are 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 2017**

In 2017, the Aker group net purchase of minority interests (shares in subsidiaries) was NOK 103 million. This led to a decrease in minority interests of NOK 90 million and a decrease in majority interests of NOK 14 million, recognised directly in equity and attributed to the equity holders in the parent company. In addition, subsidiaries net sold own shares for NOK 7 million, it led to an increase in minority interests of NOK 16 million and a decrease of majority interests of NOK 8 million. See also [Note 23](#).

**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 gave Aker Solutions access to Brazil's growing market for servicing existing oil and gas fields.

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 reflected the expectation that the options will be exercised. The acquisition cost therefore included the present value of the contingent consideration of NOK 67 million, as if the options were already exercised. Goodwill of NOK 117 million resulting from the transaction was mainly attributable to the assembled workforce and expected synergies.

**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 was 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, was USD 33.8 million on a 100 per cent basis. No goodwill was recognised as part of the transaction.

**TRANSACTIONS WITH MINORITY INTERESTS IN 2016**

In 2016, the Aker group's 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](#).

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## Note 8 | Sale of subsidiaries and discontinued operations

### SALE OF SUBSIDIARIES

In May 2016, Aker sold the subsidiary Aker Maritime Finance AS for NOK 276 million. The sale resulted in a gain of NOK 393 million. The disposal did not represent a separate major line of business, and was not presented as discontinued operations. There has been no major sales of subsidiaries in 2017 except for the sales described below for discontinued operations.

### DISCONTINUED OPERATIONS IN 2017

On January 6, 2017, Akastor completed the transaction to sell Frontica's staffing business (Frontica Advantage) to NES Global Talent (NES) in exchange for a minority shareholding of 15.2 per cent economic ownership interest in the combined entity. Frontica Advantage was classified as discontinued operations and as held-for-sale as of December 31, 2016. On July 27, 2017, Akastor completed the transaction to sell KOP Surface Products to the Weir Group PLC for a consideration of USD 114 million on a debt- and cash-free basis. The disposals resulted in an accounting gain before tax of NOK 383 million for Frontica Advantage and NOK 728 million for KOP Surface Products, presented as Net profit from discontinued operations. The comparative statement of profit and loss has been restated to show the discontinued operations separately from continuing operations.

### DISCONTINUED OPERATIONS IN 2016

#### *Havfisk and Norway Seafoods*

At the end of August 2016, the transaction was closed with Lerøy Seafood Group ASA for the sale of all its shares in Havfisk ASA and Norway Seafoods Group AS. Aker classified its investments in Havfisk and Norway Seafoods as discontinued operations in its 2016 financial statements. 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 30 September 2016, the merger between Det norske oljeselskap ASA ("Det norske") and BP Norge AS was closed, and the company was re-named Aker BP ASA ("Aker BP"). The transaction reduced Aker's ownership from 49.99 per cent in Det norske to 40 per cent in Aker BP and introduced BP Plc as a new major shareholder with 30 per cent ownership interest. Aker therefore reassessed its ownership in Det norske in relation to the control criteria's under IFRS 10. The main assessment was Aker's ability, given the new ownership structure, to control the outcome of a vote on the company's general meeting. The assessment included 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 was that Aker no longer had control with Aker BP subsequent to the transaction. At closing, Aker therefore deconsolidated its investment in Det norske, and accounted for its continuing investment in Aker BP as an associate.

Aker classified its investment in Det norske as discontinued operations in its 2016 financial statements and recognised a gain of NOK 12 524 million. The gain is included in "Profit and gain on sale from discontinued operations, net of tax". Simultaneously, Aker 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.

### *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 were classified as discontinued operations in the 2016 financial statements. The group recognised a total after-tax gain from the three sales of NOK 895 million in 2016, included in "Profit and gain on sale from discontinued operations, net of tax".

### RESULTS FROM DISCONTINUED OPERATIONS

Amounts in NOK million	2017			2016		
	Operations within Akastor	Other and elim	Total	Operations within Akastor	Other and elim	Total
Operating revenues	215	-	215	335	(10)	325
Operating expenses	(223)	-	(223)	(415)	10	(405)
Financial items	-	-	-	1	-	1
<b>Profit before tax</b>	(7)	-	(7)	(79)	-	(79)
Tax expense	(13)	-	(13)	15	-	15
<b>Profit for the period</b>	(20)	-	(20)	(64)	-	(64)
Gain after tax from discontinued operations	1 069	-	1 069	-	-	-
<b>Net profit from discontinued operations classified in 2017</b>	1 049	-	1 049	(64)	-	(64)

Classified as discontinued operations previous years:

Aker BP	-	13 382
Havfisk	-	1 566
Norway Seafoods	-	82
Operations within Akastor	-	734
Operations within Kvaerner	31	345
Other and eliminations	-	323
<b>Total profit from discontinued operations</b>	1 079	16 368

### CASH FLOW FROM DISCONTINUED OPERATIONS

Amounts in NOK million	2017		2016	
	Operations within Akastor	Total	Operations within Akastor	Total
Net cash flow from operating activities	(43)	(43)	42	42
Net cash flow from investing activities	918	918	(5)	(5)
<b>Net cash flow discontinued operations</b>	876	876	37	37

Classified as discontinued operations previous years:

Aker BP	-	(2 045)
Havfisk	-	236
Norway Seafoods	-	(29)
Operations within Akastor	-	2 260
Operations within Kvaerner	(3)	4
<b>Total from discontinued operations</b>	873	463

### ASSETS AND LIABILITIES HELD FOR SALE

Liabilities of NOK 37 million classified as held for sale at 31 December 2017 are remaining legacies related to Kvaerner's sale of its the onshore construction business in North America in 2013.



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AKER ASA

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## 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 Finan-

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

Recognition and measurement applied to segment reporting is 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 Kværner Holding AS owns 40.56% of Aker Solutions ASA. Aker ASA owns 70% of Aker Kværner 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 and other investments. The Aker Group's ownership interest is 48.78%. Aker ASA indirectly owns 36.71%. Aker Kværner Holding AS owns 40.27% of Akastor ASA. Aker ASA owns 70% of Aker Kværner 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 Kværner Holding AS owns 41.02% of Kvaerner ASA. Aker ASA owns 70% of Aker Kværner Holding AS.	
Ocean Yield	Owens, operates and charters vessels. Ownership interest 66.22% as at 31 December, 2017.	
Aker BioMarine	Biotechnology company. Harvesting of krill, production and sale. Ownership interest 100%.	
Financial investments		
Philly Shipyard	Design and construction of vessels. Ownership interest 57.56%.	
Solstad Farstad	Owens and operates platform supply-vessels, anchor handling vessels and construction service-vessels. Ownership interest 23.10%. 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 <a href="#">Note 1</a> in the 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 Kværner 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 per cent and Group's share of votes in per cent are equal if nothing else is indicated.

	Group's ownership in % *)	Business address	
		City location	Country
<b>Aker BioMarine AS</b>	100.00	Fornebu	Norway
Aker BioMarine Antarctic AS	100.00	Fornebu	Norway
<b>Aker Capital AS</b>	100.00	Fornebu	Norway
Philly Shipyard ASA (PHLY)	57.56	Oslo	Norway
Fornebuporten Holding AS <sup>1)</sup>	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-Shipline AS	100.00	Fornebu	Norway
Ocean Yield Malta Ltd	100.00	Qormi	Malta
OCY Containerinvest AS	100.00	Fornebu	Norway
OCY Wayfarer AS	100.00	Fornebu	Norway
OS Installer AS	75.00	Fornebu	Norway
<b>Aker Kværner Holding AS</b>	70.00	Fornebu	Norway
Aker Solutions ASA (AKSO)	40.56 <sup>2)</sup>	Fornebu	Norway
Aker Solutions AS	100.00	Fornebu	Norway
Aker Solutions do Brasil Ltda	100.00	Curitiba	Brazil
Aker Solutions Inc	100.00	Houston	USA
Aker Solutions Ltd	100.00	Maidenhead	United Kingdom
Akastor ASA (AKA)	40.27 <sup>3)</sup>	Fornebu	Norway
AKOFS 1 AS	100.00	Oslo	Norway
AKOFS 2 AS	100.00	Oslo	Norway
AKOFS 3 AS	100.00	Oslo	Norway
AK Operacoes do Brazil Ltda	100.00	Rio de Janeiro	Brazil
MHWirth AS	100.00	Kristiansand	Norway
MHWirth GmbH	100.00	Erkelenz	Germany
MHWirth Inc	100.00	Houston	USA
Kværner ASA (KVAER)	41.02	Fornebu	Norway
Kværner 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

AKER ASA AND HOLDING COMPANIES

2017 - OPERATING SEGMENTS

Amounts in NOK million	Aker Solutions							Total industrial holdings	Financial investments and eliminations	Total
	Aker Solutions	Akastor	Aker BP	Kvaerner	Ocean Yield	Aker Bio Marine	Eliminations			
External operating revenues	21 891	4 261	-	6 501	2 571	1 038	(28)	36 234	5 376	41 610
Inter-segment revenues	570	87	-	35	233	-	(921)	3	(3)	-
<b>Operating revenues</b>	<b>22 461</b>	<b>4 348</b>	<b>-</b>	<b>6 536</b>	<b>2 804</b>	<b>1 038</b>	<b>(950)</b>	<b>36 237</b>	<b>5 373</b>	<b>41 610</b>
<b>EBITDA</b>	<b>1 519</b>	<b>293</b>	<b>-</b>	<b>799</b>	<b>2 535</b>	<b>142</b>	<b>(227)</b>	<b>5 061</b>	<b>644</b>	<b>5 705</b>
Depreciation and amortisation	(792)	(612)	-	(90)	(849)	(142)	(9)	(2 494)	(58)	(2 553)
Impairments	(156)	(118)	-	(15)	-	(15)	-	(304)	23	(281)
<b>Operating profit</b>	<b>571</b>	<b>(438)</b>	<b>-</b>	<b>693</b>	<b>1 686</b>	<b>(14)</b>	<b>(236)</b>	<b>2 263</b>	<b>608</b>	<b>2 871</b>
Share of earnings in associates and joint ventures	-	(212)	909	-	-	-	-	697	(73)	623
Interest income	55	63	-	22	64	7	-	211	113	325
Interest expense	(293)	(409)	-	(20)	(573)	(95)	265	(1 126)	(351)	(1 477)
Other financial items	66	(216)	-	2	61	(36)	-	(123)	123	-
<b>Profit before tax</b>	<b>399</b>	<b>(1 212)</b>	<b>909</b>	<b>697</b>	<b>1 238</b>	<b>(139)</b>	<b>29</b>	<b>1 922</b>	<b>420</b>	<b>2 342</b>
Tax expense	(160)	106	-	(186)	(166)	(8)	(14)	(429)	(293)	(722)
<b>Profit for the year from continuing operations</b>	<b>239</b>	<b>(1 107)</b>	<b>909</b>	<b>511</b>	<b>1 072</b>	<b>(147)</b>	<b>15</b>	<b>1 493</b>	<b>127</b>	<b>1 620</b>
Result from discontinued operations (net of tax)	-	1 049	-	31	-	-	-	1 079	-	1 079
<b>Profit for the year</b>	<b>239</b>	<b>(58)</b>	<b>909</b>	<b>542</b>	<b>1 072</b>	<b>(147)</b>	<b>15</b>	<b>2 573</b>	<b>127</b>	<b>2 699</b>
Profit for the year to equity holders of the parent	77	(35)	909	157	702	(147)	(18)	1 646	(129)	1 517
Property, plant, and equipment	3 317	4 419	-	800	10 755	1 697	(180)	20 807	1 371	22 178
Intangibles assets	5 814	1 435	-	649	80	783	-	8 762	721	9 482
Investment in equity accounted companies	1	10	18 815	17	1 548	-	-	20 391	1 233	21 624
External interest-bearing fixed assets	167	1	-	-	4 732	-	-	4 900	787	5 687
Internal interest-bearing fixed assets	-	-	-	-	1 592	-	(1 592)	-	-	-
Cash and cash equivalent <sup>1)</sup>	1 978	168	-	2 812	810	22	-	5 790	2 357	8 148
Internal interest-bearing liabilities	-	(1 494)	-	-	-	(823)	1 494	(823)	823	-
External interest-bearing liabilities	(3 114)	(1 038)	-	-	(12 394)	(1 434)	-	(17 980)	(10 144)	(28 124)
Net tax liabilities(-)/assets(+)	526	649	-	(219)	6	(1)	109	1 070	30	1 100
Other assets and liabilities	(1 640)	1 127	-	(884)	(306)	243	(95)	(1 556)	1 520	(35)
<b>Equity</b>	<b>7 047</b>	<b>5 277</b>	<b>18 815</b>	<b>3 176</b>	<b>6 823</b>	<b>487</b>	<b>(264)</b>	<b>41 361</b>	<b>(1 301)</b>	<b>40 059</b>
Minority interest	(67)	-	-	-	(85)	-	50	(102)	(18 803)	(18 905)
<b>Total equity attributable to equity holders of the parent</b>	<b>6 981</b>	<b>5 277</b>	<b>18 815</b>	<b>3 176</b>	<b>6 737</b>	<b>487</b>	<b>(214)</b>	<b>41 259</b>	<b>(20 104)</b>	<b>21 155</b>
Value 100 per cent <sup>2)</sup>	12 542	4 448	29 083	4 216	10 308	1 411	-	62 009	-	29 941
Investments <sup>3)</sup>	650	97	-	91	1 346	925	-	3 107	652	3 759

Aker ASA and holding companies key figures:

Dividends received	-	-	820	-	603	-	-	1 424	165	1 588
Gross asset value (GAV) <sup>4)</sup>	4 368	1 649	29 083	1 220	6 828	1 411	-	44 560	5 829	50 389

- 1) There are restrictions on the cash transfers between Aker ASA and holding companies and subsidiaries. Restricted cash at end of 2017 was NOK 45 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.

2016 - OPERATING SEGMENTS

Amounts in NOK million	Aker Solutions							Total industrial holdings	Financial investments and eliminations	Total
	Aker Solutions	Akastor	Aker BP	Kvaerner	Ocean Yield	Aker Bio Marine	Havfisk			
External operating revenues	24 884	4 756	-	7 782	2 274	981	-	40 676	2 673	43 348
Inter-segment revenues	673	219	-	114	200	-	(1 203)	3	(3)	-
<b>Operating revenues</b>	<b>25 557</b>	<b>4 975</b>	<b>-</b>	<b>7 896</b>	<b>2 473</b>	<b>981</b>	<b>(1 203)</b>	<b>40 679</b>	<b>2 670</b>	<b>43 348</b>
<b>EBITDA</b>	<b>1 929</b>	<b>91</b>	<b>-</b>	<b>629</b>	<b>2 228</b>	<b>239</b>	<b>(195)</b>	<b>4 921</b>	<b>863</b>	<b>5 784</b>
Depreciation and amortisation	(778)	(688)	-	(100)	(838)	(163)	12	(2 555)	(40)	(2 595)
Impairments	(464)	(473)	-	(198)	(305)	(5)	-	(1 445)	(93)	(1 538)
<b>Operating profit</b>	<b>687</b>	<b>(1 071)</b>	<b>-</b>	<b>331</b>	<b>1 086</b>	<b>71</b>	<b>(182)</b>	<b>921</b>	<b>730</b>	<b>1 651</b>
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)	(464)	-	(113)	(9)	(19)	-	(680)	(157)	(837)
<b>Profit before tax</b>	<b>273</b>	<b>(2 245)</b>	<b>(225)</b>	<b>214</b>	<b>790</b>	<b>(12)</b>	<b>110</b>	<b>(1 095)</b>	<b>154</b>	<b>(941)</b>
Tax expense	(121)	293	-	(132)	(139)	(5)	(28)	(132)	(228)	(360)
<b>Profit for the year from continuing operations</b>	<b>152</b>	<b>(1 953)</b>	<b>(225)</b>	<b>82</b>	<b>651</b>	<b>(17)</b>	<b>83</b>	<b>(1 228)</b>	<b>(74)</b>	<b>(1 301)</b>
Result from discontinued operations (net of tax)	-	670	857	345	-	-	166	2 038	14 329	16 368
<b>Profit for the year</b>	<b>152</b>	<b>(1 282)</b>	<b>633</b>	<b>426</b>	<b>651</b>	<b>(17)</b>	<b>166</b>	<b>811</b>	<b>14 256</b>	<b>15 066</b>
Profit for the year to equity holders of the parent	20	(488)	63	127	449	(17)	99	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 <sup>1)</sup>	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)
<b>Equity</b>	<b>6 415</b>	<b>5 580</b>	<b>17 936</b>	<b>2 656</b>	<b>7 027</b>	<b>638</b>	<b>(307)</b>	<b>39 945</b>	<b>74</b>	<b>40 019</b>
Minority interest	(138)	-	-	-	(94)	-	83	(150)	(18 027)	(18 177)
<b>Total equity attributable to equity holders of the parent</b>	<b>6 278</b>	<b>5 580</b>	<b>17 936</b>	<b>2 656</b>	<b>6 932</b>	<b>638</b>	<b>(225)</b>	<b>39 796</b>	<b>(17 953)</b>	<b>21 842</b>
Value 100 per cent <sup>2)</sup>	11 233	4 394	20 873	3 210	9 631	1 411	-	50 753	-	23 993
Investments <sup>3)</sup>	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) <sup>4)</sup>	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.



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AKER ASA

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GEOGRAPHICAL SEGMENTS BASED ON COMPANY LOCATION

Amounts in NOK million	Operating revenue		Total properties, plants, equipment and intangibles	
	2017	2016	2017	2016
Norway	24 331	25 248	24 802	23 598
EU	3 024	5 009	2 576	3 307
The Americas	10 015	5 776	3 305	4 025
Asia	2 290	4 245	861	790
Other areas	1 950	3 395	116	403
Discontinued operations	-	(325)	-	-
<b>Total</b>	<b>41 610</b>	<b>43 348</b>	<b>31 660</b>	<b>32 122</b>

Note 10 | Operating revenue

ANALYSIS OF OPERATING REVENUE BY CATEGORY

Amounts in NOK million	2017	2016
Construction contract revenue	22 610	23 218
Revenue from services	11 943	13 293
Leasing income	2 792	2 621
Other sales of goods	1 957	2 265
Other income	2 307	2 277
Discontinued operations	-	(325)
<b>Total</b>	<b>41 610</b>	<b>43 348</b>

IMPORTANT CUSTOMERS

Aker has one customer that has been invoiced for more than 10 per cent of the group's revenue in 2017.

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 2017 (unaudited):

(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	1 442	-	902	-	-	2 344
Duration of between one and five years	3 177	-	3 862	-	-	7 039
Duration of more than five years	3 504	-	36	-	-	3 540
<b>Total leasing agreements - operational lease</b>	<b>8 122</b>	<b>-</b>	<b>4 800</b>	<b>-</b>	<b>-</b>	<b>12 922</b>
Duration of less than one year	799	-	-	-	-	799
Duration of between one and five years	2 962	-	-	-	-	2 962
Duration of more than five years	6 035	-	-	-	-	6 035
<b>Total leasing agreements - financial lease <sup>1)</sup></b>	<b>9 796</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 796</b>
Other order backlog	137	34 581	2 065	8 077	1 540	46 400
<b>Order backlog end of 2017</b>	<b>18 055</b>	<b>34 581</b>	<b>6 865</b>	<b>8 077</b>	<b>1 540</b>	<b>69 118</b>
<b>Order intake 2017</b>	<b>3 421</b>	<b>23 553</b>	<b>3 841</b>	<b>9 215</b>	<b>-</b>	<b>40 030</b>

1) The table show gross future revenues from finance lease contracts. Present value of the future financial lease contracts is NOK 5 907 million.

CONSTRUCTION CONTRACT REVENUE

Construction contract revenue in 2017 amounts to NOK 22 610 million and aggregate amount of cost incurred and recognised profits (less losses) for project at progress at 31 December 2017 totalled approximately NOK 71 billion.

Amounts in NOK million	2017	2016
Construction revenue in the year	22 610	23 218
Amounts due from customers for contract work	1 170	1 253
Amounts due to customers for contract work	(1 602)	(5 333)
<b>Construction contracts in progress, net position</b>	<b>(433)</b>	<b>(4 080)</b>
Construction contracts in progress at the end of the reporting period:		
Aggregate amount of cost incurred and recognised profits (less losses)	71 059	82 856
Advances from customers	977	4 305

OTHER SALES OF GOODS

Other sales of goods of NOK 1 957 million in 2017 consists mainly of NOK 679 million in sale of oil- and gas related products in Akastor, NOK 1 026 million in sales of krill products by Aker BioMarine and NOK 140 million in sales of apartments by Fornebuporten.

million in sales of krill products by Aker BioMarine and NOK 278 million in sales of apartments by Fornebuporten.

OTHER INCOME

Other income of NOK 2 307 million in 2017 consist among others of gain from sale of subsidiaries and other assets and in addition NOK 602 million in share of earnings in joint ventures and associates.

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

Note 11 | Wages, personnel expenses and other operating expenses

Amounts in NOK million	2017	2016
Wages	11 223	11 872
Social security contributions	1 479	1 525
Pension costs	721	782
Other expenses	780	707
Personnel expenses included in other items <sup>1)</sup>	(279)	(477)
Discontinued operations	-	(148)
<b>Total wages and other personnel expenses</b>	<b>13 924</b>	<b>14 261</b>

1) Related to capitalised construction expenses in Philly Shipyard.

GEOGRAPHICAL SPLIT OF NUMBER OF EMPLOYEES:

	2017	2016
Norway	9 423	9 697
EU	2 440	2 343
Asia	2 387	3 430
North America	1 262	1 354
Other regions	3 932	3 929
<b>Total number of employees at year-end</b>	<b>19 444</b>	<b>20 753</b>
Average number of employees	20 099	23 390



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**OTHER OPERATING EXPENSES CONSIST OF THE FOLLOWING:**

Amounts in NOK million	2017	2016
Rent and leasing expenses	1 206	1 471
Office equipment, sales- and administration expenses	834	1 062
External consultants and hired-ins, exclusive audit expenses (see below)	737	738
Travel expenses	481	561
Insurance	171	170
Loss on customer receivables	5	67
Miscellaneous operating expenses <sup>1)</sup>	1 330	1 819
Discontinued operations	-	(58)
<b>Total</b>	<b>4 764</b>	<b>5 830</b>

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

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

Amounts in NOK million	Ordinary auditing	Consulting services	Total 2017	2016
Aker ASA	2	-	2	3
Subsidiaries	36	11	47	52
<b>Total</b>	<b>38</b>	<b>11</b>	<b>50</b>	<b>55</b>

Ordinary audit fees totalled NOK 38 million in 2017 (NOK 44 million in 2016).

Consulting services of NOK 11 million consist of NOK 7 million in other assurance services, NOK 3 million in tax advisory services and NOK 1 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	2017	2016
Buildings and vessel	1 167	(9)	1 158	1 446
Machinery and equipment	36	-	36	15
Other agreements	12	-	12	10
Discontinued operations	-	-	-	(13)
<b>Leasing agreements as part of other operating expenses</b>	<b>1 215</b>	<b>(9)</b>	<b>1 206</b>	<b>1 458</b>
Part of operating revenue	-	(160)	(160)	-
Part of cost of goods and changes in inventory	302	-	302	-
<b>Total leasing agreements</b>	<b>1 517</b>	<b>(169)</b>	<b>1 348</b>	<b>1 458</b>

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

Amounts in NOK million	2017	2016
Less than one year	1 394	1 440
Between one and five years	3 872	4 313
More than five years	4 211	5 066
<b>Total</b>	<b>9 477</b>	<b>10 818</b>

Aker's operational lease costs and future commitments relate mainly to rent of production sites, office facilities, IT services and ships, the majority of these relates to agreements in Aker Solutions with NOK 7 112 million excluding internal contracts, Akastor with NOK 1 732 million and Kvaerner NOK 367 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	2017	2016
Impairment losses on intangible assets (Note 16)	(167)	(643)
Impairment losses on property, plant and equipment (Note 15)	(132)	(906)
Reversal of impairment losses on property, plant and equipment (Note 15)	17	12
<b>Total</b>	<b>(281)</b>	<b>(1 538)</b>

Impairment losses on intangible assets in 2017 of NOK 167 million are mainly attributable to Aker Solutions with NOK 72 million, Akastor with NOK 70 million and Kvaerner with NOK 15 million. The reason for the impairment charges in Aker Solutions and Kvaerner relates to capitalised development costs due to the downturn in the oil and service sector. The impairment charges in Akastor relates to intangible assets in MHWirth.

Impairment loss on property, plant and equipment of NOK 132 million in 2017 are mainly attributable to Aker Solutions with NOK 84 million and Akastor with NOK 47 million. The impairment charges in Aker Solutions relate to assets in Norway and UK and the impairment charges in Akastor mainly relate to MHWirth.

Impairment losses on intangible assets in 2016 of NOK 643 million are mainly attributable to impairment charges in Aker Solutions of capitalised development costs, and in Kvaerner of goodwill allocated to Concrete Solutions. The impairment charge in Akastor relates to intangible assets in MHWirth that no longer were expected to be utilised.

Impairment loss on property, plant and equipment of NOK 906 million in 2016 are mainly attributable to Akastor and was related to the Macae plant in Brazil and the vessel AKOFS Seafarer. Impairment charge in Ocean Yield is related to the vessel Lewek Connector and the impairment charge in Aker Solutions is related to the Subsea segment due to the uncertainty in the oil service market.

Below is more detailed information about impairment assessments performed for the material assets within the Group. See also Note 15 Property, plant and equipment and Note 16 Intangible assets.

**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 taken into account market and technology development, changes in order backlog, costs incurred compared to the budget, and other factors that potentially may reduce the net realisable 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 the years 2017 and 2016, 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 and may therefore vary between subsidiaries.

Company	Discount rate, post tax		Discount rate, pre tax		Growth rate terminal value	
	2017	2016	2017	2016	2017	2016
Aker Solutions	8.4-8.7	9.6-10.0	11.0-11.6	11.1-11.4	1.5	1.5
Akastor	9.3-10.1	9.2-11.5	10.1-11.2	10.0-13.2	≤ 2.0	≤ 2.0
Kvaerner	8.7	10.3	11.3-11.6	12.7-22.5	1.0	2.0
Ocean Yield	7.2	7.0	9.6	9.1	NA	NA
Aker BioMarine	10.0	10.0	11.5	11.5	2.0	2.0

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**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 long-term oil prices are important when assessing the future market development for the products and services of the company. After several years with a challenging market, there have been some signs of recovery in 2017. The long-term oil price per barrel has been assumed gradually to increase to USD 68 in the terminal year. This assumption is particularly sensitive in the current market conditions. For the period 2018 to 2021, projected cash flows are based on the forecast and strategy process approved by management in 2017. 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 constant growth rates 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. The group's business development organisation reviews and considers market prospects and selects target projects. Target projects are included based on a probability that Kvaerner will be selected as supplier and estimated revenues and margins based in the scope of work and Kvaerner's experience and judgment from other projects. Cash flow projections for in-going projects are based on budget and forecast. The forecast period for estimated cash flows are 2017-2021. Terminal values reflecting long-term, steady state revenue and margin levels are estimated based on a combination of historic levels and judgment. An annual growth rate of one per cent is used in calculating the terminal value for Process Solutions and Structural Solutions.

For **Ocean Yield** the recoverable amount for the FPSO Dhirubhai-1 is calculated by estimating its fair value less cost to sell. This has been determined by estimating the contractual discounted cash flows any potential buyer would obtain when acquiring the FPSO including the current contracts and assessing potential scenarios at the end of the current charter period. Currently, the FPSO is on a contract with Reliance Industries Ltd. that expires in September 2018. The projected cash flows used in the calculations cover the period until this contract expires, and are based on the Group's budget. The cash flows represent management's best estimate and reflect the organisation's experience with the current operations. The projected cash flows are estimated using day rates as defined in the char-

ter and the operation and maintenance contracts, where the day rates from the operation and maintenance contract annually increases with five per cent. Estimated downtime for the FPSO has been included in the cash flows. Operating expenses have been included with an annual increase of five per cent. Other indirect expenses are estimated with an annual increase of two to three per cent.

Ocean Yield has considered the impact of the current economic climate and several possible scenarios at the end of the current contract term for the FPSO with regard to the terminal value in September 2018. Possible scenarios include the exercise of the existing purchase option, the potential for negotiation of a lease extension, the possibility for finding a new customer and that the vessel would be idle at the end of its existing contract. Using these scenarios, Ocean Yield determined the fair value based upon a probability weighting of the expected cash flows.

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. In the forecast and budget for the period 2018-2022, revenue projections are based on agreements entered into, actual historical prices along with management's evaluation of the potential new agreements. The budgeted operating margin is in accordance with management's forecast which is based on the scalability in the business model. As a large proportion of the company's operating expenses is independent of production volumes, increased sales levels will contribute to higher operating margins. The terminal value in the model used to calculate value in use in 2017, is based on operating margin which is on a par with the projected operating margin for 2022. Capital expenditure is based on long-term technical and operations program.

**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, as it will impact the expected order intake. The testing is also sensitive to changes in the discount rate, growth rates, and the ability to secure projects as estimated in the cash flow, product mix and cost levels. Sensitivity testing of goodwill includes changing various assumptions to consider other potential alternative market conditions. This includes changing the discount rate and growth rate in addition to reducing the expected cash flows in the future. The recoverable amounts exceeded book value for all scenarios for all the CGUs in the goodwill impairment testing.

**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 2017. 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 loss of NOK 118 million was recognised related to AKOFS Seafarer in 2016. No impairment was recognised related to AKOFS Seafarer in 2017. The estimated recoverable amount of AKOFS Seafarer is approximately the same as the carrying amount and hence, any adverse change in key assumptions may result in further impairment in AKOFS Seafarer. The recoverable amount analysis for AKOFS Seafarer has been made with different probability weighted scenarios covering the variation in day rates and utilisation based in the management's assessment of market conditions. As the sensitivity to impairment is related to the carrying value of the AKOFS Seafarer vessel, Akastor believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the total carrying amount of the portfolio company AKOFS Offshore to exceed its recoverable amount and trigger an impairment of goodwill in the portfolio company.

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**

For the Process Solutions and Structural Solutions operational areas, recoverable amount for recognised goodwill exceeds the related carrying values, and consequently the analysis indicates that no impairment is required. There is considerable headroom compared to the carrying amount for these operating areas. The following adverse changes could

occur simultaneously before any impairment is required; for Process Solutions revenue reduction of 15 per cent, EBITDA margin reduction of 0.95 percentage points and increase in pre-tax discount rate of 2.1 percentage points. For Structural Solutions, revenue reduction of 15 per cent, EBITDA margin reduction of one percentage point and increase in pre-tax discount rate of 2.1 percentage points.

**Ocean Yield**

A sensitivity analysis is performed based on two key scenarios that management considers the most likely and relevant to show how changes in the base assumptions influence the recoverable amount. The two scenarios are an increase in the discount rate of 50 per cent and a decrease in the terminal value of 5 per cent. None of these scenarios causes any impairment. The calculation of fair value, less cost to sell, is highly sensitive to the relative weighting of the possible scenarios for the terminal value in September 2018. Other scenarios or different weighting may lead to a higher or a lower value.

**Aker BioMarine**

Sensitivity analysis of goodwill have been performed by using simulations of various combinations of discount rates and changes in volumes and prices. 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 2017.

Note 13 | Financial income and financial expenses

Amounts in NOK million	2017	2016
Interest income	325	381
Dividends on available for sale financial assets	94	120
Foreign exchange gain from hedge instruments	366	-
Net gain from interest rate swaps	37	-
Other financial income	114	113
Discontinued operations included above (see Note 8)	-	(27)
<b>Total financial income</b>	<b>936</b>	<b>587</b>
Interest expense on financial liabilities measured at amortised cost	(1 422)	(1 489)
Interest expense on financial liabilities measured at fair value	(55)	(47)
Net foreign exchange loss	(383)	(15)
Foreign exchange loss from hedge instruments	-	(594)
Net loss from interest rate swaps	-	(34)
Net loss and impairment on available for sale financial assets	(53)	(84)
Net change in fair value of financial assets at fair value through profit and loss	(19)	(37)
Net other financial expenses	(157)	(305)
Discontinued operations included above (see Note 8)	-	26
<b>Total financial expenses</b>	<b>(2 088)</b>	<b>(2 580)</b>
<b>Net financial items</b>	<b>(1 153)</b>	<b>(1 992)</b>

Dividends on available for sale financial assets of NOK 94 million mainly relate to dividends received from American Shipping Company ASA (AMSC) of NOK 91 million. Other financial income of NOK 114 million includes earn-out of NOK 18 million from the sale of Oslo Asset Management in 2014 and a NOK 47 million gain on bonds issued by AMSC, which were refinanced in February 2017. Net loss and impairment on available for sale

financial assets of NOK 53 million mainly consists of write-down of share investment in Cxense ASA of NOK 27 million and Farstad Shipping ASA of NOK 27 million. Net other financial expenses of NOK 157 million mainly consists of write-downs of various bond investments and other receivables of NOK 67 million, interest expense on pension liabilities of NOK 27 million and called bond at a premium of NOK 20 million.

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Note 14 | Tax

TAX EXPENSE(-)/TAX INCOME(+)

Amounts in NOK million	2017	2016 Restated*
<b>Recognised in income statement:</b>		
This year net tax receivable (+) and payable (-)	(553)	(746)
Adjustment prior year	20	(67)
<b>Total current tax expense</b>	<b>(533)</b>	<b>(813)</b>
<b>Deferred tax expense:</b>		
Change in temporary differences	(250)	399
Utilisation of previously unrecognised tax losses	61	54
<b>Total deferred tax expense</b>	<b>(189)</b>	<b>453</b>
<b>Income tax - continued operations</b>	<b>(722)</b>	<b>(360)</b>

RECONCILIATION OF EFFECTIVE TAX RATE

Amounts in NOK million	2017	2016 Restated*
<b>Profit before tax</b>	<b>2 342</b>	<b>(941)</b>
Nominal tax rate in Norway 24% (2016: 25%)	(562)	235
Tax rate differences in Norway and abroad	(64)	(18)
Permanent differences	(75)	(41)
Utilisation of previously unrecognised tax losses	61	54
Tax losses for which no deferred income tax asset was recognised	(295)	(333)
Tax effect of associated companies	294	(120)
Other differences	(80)	(137)
<b>Total income tax expenses in income statement</b>	<b>(722)</b>	<b>(360)</b>

\*) See Note 8

TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME:

Amounts in NOK million	2017	2016
Remeasurement of defined benefit liabilities	6	(5)
Changes in fair value of available for sale financial assets	2	-
Changes in fair value of cash flow hedges	(169)	(148)
Currency translation differences	(13)	(35)
<b>Total tax expenses other comprehensive income</b>	<b>(175)</b>	<b>(188)</b>

DEFERRED TAX ASSETS ARE ALLOCATED AS FOLLOWS:

Amounts in NOK million	2017	2016
Aker Solutions	633	666
Akastor	661	600
Ocean Yield	23	176
Other companies	42	166
<b>Total</b>	<b>1 359</b>	<b>1 608</b>

Deferred tax assets refer to NOK 1 910 million in losses carried forward and NOK -551 million in temporary differences. The deferred tax asset related to the tax losses carried forward was reduced by NOK 1 516 million in 2017.

The total unrecognised tax loss carry-forward at year-end 2017 are NOK 12.3 billion. This mainly relates to Aker ASA with NOK 4 billion, Aker Capital AS with NOK 1.4 billion, Akastor with NOK 1.8 billion, Fornebuporten with NOK 1 billion, Aker Solutions with NOK 0.9 billion and Aker BioMarine with NOK 2.5 billion.

CHANGES IN NET DEFERRED TAX ARE AS FOLLOWS:

Amounts in NOK million	Property, plant and equipment	Intangible assets	Projects under construction	Abandonment provision	Tax losses carry forward	Other	Total
<b>At 1 January 2017</b>	(227)	(292)	(3 444)	246	3 426	1 625	<b>1 334</b>
Exchange rate differences	16	(4)	(7)	1	(28)	(4)	(26)
Acquisitions and sales of subsidiaries	9	-	(16)	-	(14)	14	(8)
Deferred tax income statement - continued operations	(20)	35	1 222	-	(1 446)	18	(189)
Deferred tax income statement - discontinued operations	-	-	-	-	-	(20)	(20)
Deferred tax expenses in other comprehensive income	-	-	-	-	-	(175)	(175)
Prepaid withholding tax	-	-	-	-	-	94	94
Tax losses offset against indirect taxes	-	-	-	-	(28)	-	(28)
<b>At 31 December 2017</b>	<b>(221)</b>	<b>(260)</b>	<b>(2 245)</b>	<b>247</b>	<b>1 910</b>	<b>1 552</b>	<b>982</b>

Allocated between deferred tax assets and liabilities as follows:

Deferred tax assets	(151)	(242)	(1 643)	247	2 187	962	<b>1 359</b>
Deferred tax liabilities	(70)	(18)	(602)	-	(278)	591	<b>(377)</b>

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
<b>At 1 January 2016</b>	(10 688)	(3 543)	(4 766)	(3 092)	2 909	2 757	4 046	<b>(12 377)</b>
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 (charged) / credited to income statement - continued operation	188	-	45	(318)	13	833	(308)	453
Deferred tax (charged) / credited to income statement - discontinued operation	(1 499)	-	(6)	-	-	-	(173)	(1 678)
Deferred tax expenses in other comprehensive income	-	-	-	-	-	-	(187)	(187)
Withholding tax	-	-	-	-	-	-	252	252
<b>At 31 December 2016</b>	<b>(227)</b>	<b>-</b>	<b>(292)</b>	<b>(3 444)</b>	<b>246</b>	<b>3 426</b>	<b>1 625</b>	<b>1 334</b>

Allocated between deferred assets and liabilities as follows:

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

TAX PAYABLE AND INCOME TAX RECEIVABLE

Tax payable amounts to NOK 134 million and tax receivable amount to NOK 252 million. Tax receivable mainly relates Aker Solutions with NOK 174 million, Akastor with NOK 21 million and Philly Shipyard with NOK 49 million. The 2017 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.

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## Note 15 | Property, Plant and Equipment

Amounts in NOK million	Vessels	Machinery, vehicles	Land and buildings	Assets under construction	Total
<b>Cost at 1 January 2017</b>	25 429	9 733	5 582	594	<b>41 339</b>
Acquisitions through business combinations	-	5	-	-	<b>5</b>
Other acquisitions <sup>1)</sup>	1 409	221	598	794	<b>3 023</b>
Sales of operations	-	(350)	(77)	-	<b>(427)</b>
Other disposals	(48)	(106)	(4)	-	<b>(159)</b>
Transferred from assets under construction and other reclassifications	(40)	655	(570)	(429)	<b>(384)</b>
Effects of changes in foreign exchange rates	(1 122)	(125)	(136)	(8)	<b>(1 392)</b>
<b>Cost at 31 December 2017</b>	<b>25 628</b>	<b>10 034</b>	<b>5 393</b>	<b>951</b>	<b>42 005</b>
<b>Accumulated depreciation and impairment at 1 January 2017</b>	<b>(10 513)</b>	<b>(5 965)</b>	<b>(2 006)</b>	<b>(161)</b>	<b>(18 646)</b>
Depreciation charge for the year	(1 211)	(795)	(153)	-	<b>(2 159)</b>
Impairments (see Note 12)	-	(74)	(58)	-	<b>(132)</b>
Reversals of impairments	-	-	-	17	<b>17</b>
Sales / disposals of operations	-	298	40	-	<b>338</b>
Reclassifications	43	(308)	263	89	<b>88</b>
Other disposals	35	97	2	-	<b>134</b>
Effects of changes in foreign exchange rates	459	19	53	1	<b>532</b>
<b>Accumulated depreciation and impairment at 31 December 2017</b>	<b>(11 187)</b>	<b>(6 728)</b>	<b>(1 859)</b>	<b>(54)</b>	<b>(19 828)</b>
<b>Carrying amount at 31 December 2017</b>	<b>14 441</b>	<b>3 306</b>	<b>3 535</b>	<b>897</b>	<b>22 178</b>
Book value of leasing agreements recorded in the balance sheet	-	7	128	-	<b>135</b>

<sup>1)</sup> Capitalised interest in 2017 amounted to NOK 5 million.

Amounts in NOK million	Vessels	Machinery, vehicles	Land and buildings	Assets under construction	Oil fields under development	Oil production plants, including wells	Total
<b>Cost at 1 January 2016</b>	27 001	10 996	6 353	2 504	13 264	22 148	<b>82 266</b>
Acquisitions through business combination	1	64	155	7	-	143	<b>371</b>
Other acquisitions <sup>1)</sup>	1 742	642	544	37	5 166	1 056	<b>9 188</b>
Sales of operations	(1 560)	(2 016)	(1 743)	(23)	(17 071)	(21 228)	<b>(43 642)</b>
Other disposals	(1 418)	(597)	(124)	(205)	-	-	<b>(2 344)</b>
Transferred from assets under construction and other reclassifications	70	740	413	(1 760)	1	(177)	<b>(713)</b>
Effects of changes in foreign exchange rates	(407)	(96)	(14)	33	(1 360)	(1 942)	<b>(3 785)</b>
<b>Cost at 31 December 2016</b>	<b>25 429</b>	<b>9 733</b>	<b>5 582</b>	<b>594</b>	<b>-</b>	<b>-</b>	<b>41 339</b>
<b>Accumulated depreciation and impairment at 1 January 2016</b>	<b>(10 053)</b>	<b>(6 747)</b>	<b>(2 187)</b>	<b>(116)</b>	<b>(105)</b>	<b>(9 193)</b>	<b>(28 402)</b>
Depreciation charge for the year	(1 226)	(1 034)	(204)	-	-	(1 332)	<b>(3 796)</b>
Impairments (see Note 12)	(434)	(188)	(320)	(56)	-	-	<b>(998)</b>
Reversals of impairments	7	-	-	-	83	-	<b>90</b>
Sales / disposals of operations	526	1 425	637	-	13	9 626	<b>12 226</b>
Reclassifications	48	(71)	2	10	(1)	14	<b>3</b>
Other disposals	537	573	42	-	-	-	<b>1 152</b>
Effects of changes in foreign exchange rates	81	77	24	1	10	885	<b>1 079</b>
<b>Accumulated depreciation and impairment at 31 December 2016</b>	<b>(10 513)</b>	<b>(5 965)</b>	<b>(2 006)</b>	<b>(161)</b>	<b>-</b>	<b>-</b>	<b>(18 646)</b>
<b>Carrying amount at 31 December 2016</b>	<b>14 916</b>	<b>3 768</b>	<b>3 577</b>	<b>434</b>	<b>-</b>	<b>-</b>	<b>22 693</b>
Book value of leasing agreements recorded in the balance sheet	-	12	147	-	-	-	<b>159</b>

<sup>1)</sup> Capitalised interest in 2016 amounted to NOK 367 million

Carrying amount at the end of 2017 amount to NOK 22 178 million, a decrease of NOK 515 million during the year. The decrease mainly relates to the sale of KOP Surface Products in Akastor, in addition to the transfer of real estate projects from property, plant and equipment to work in progress within inventory. See also comments below.

This year's depreciation of NOK 2 159 million (NOK 3 796 million in 2016) is divided between NOK 2 143 million (NOK 2 213 million in 2016) in continuing operations and NOK 16 million (NOK 1 583 million in 2016) in discontinued operations. The impairment of the year is NOK 132 million (NOK 906 million in 2016), all related to continued operations in 2017 (NOK 894 million in 2016). In 2016, impairment related to discontinued operations totalled NOK 13 million.

See Note 12 Impairments for more information regarding impairment assessments.

### Vessels

Vessels totalled NOK 14 441 million at the end of 2017, with a decrease of NOK 475 million during the year. The decrease is mainly attributed to depreciation and foreign currency fluctuations of NOK 1.9 billion. The decrease is offset by investments of NOK 1.4 billion mainly in Ocean Yield in the vessels NS Orla and NF Frayja, in addition to the LEG carrier GasChem Orca.

The depreciation periods 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 and vehicles

Machinery and vehicles totalled NOK 3 306 million, a reduction from previous year of NOK 462 million. The reduction is due to disposal of operations in Akastor totalling NOK 52 million, impairment charges of NOK 74 million and depreciation and foreign exchange fluctuations of NOK 901 million. The decrease is partly offset by transfer from assets under constructions and buildings and land of NOK 347 million, in addition to investments of NOK 221 million.

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

### Buildings and land

Buildings and land totalled NOK 3 535 million, with a decrease of NOK 42 million in 2017. The decrease is mainly related to transfer of real estate projects to work in progress within inventory and to machinery and vehicles of total NOK 307 million. The decrease is in addition due to disposal of operations, depreciation, impairment and foreign exchange fluctuations of NOK 333 million. The reduction is partly offset by investments made by Fornebuporten of NOK 533 million mainly in land at Fornebu.

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

### Assets under construction

Assets under construction are increased by NOK 463 million during 2017 to NOK 897 million. The increase is due to investments made by Aker BioMarine of NOK 530 million mainly in the Antarctic Endurance vessel, as well as investments by Aker Solutions, Akastor and Kvaerner totalling NOK 241 million. The increase is partly offset by transfer to machinery and vehicles totalling NOK 340 million.

### Contractual commitments

Aker Solutions has at the end of 2017 entered into contracts for investments in real estate and plants of NOK 281 million in total.

Ocean Yield has entered contractual obligations for the purchase of vessels, currently under construction, of NOK 1.1 billion in total during 2018.

### Effect of exchange rate changes on property, plant and equipment

Effects from exchange rate fluctuations represent NOK -860 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 2017, a decrease of the USD rate of 10 per cent will reduce assets by about NOK 1.6 billion.

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## Note 16 | Intangible assets

Amounts in NOK million	Goodwill	Other	Total
<b>Carrying amount at 1 January 2017</b>	7 282	2 147	<b>9 429</b>
Acquisitions through business combinations	239	55	<b>294</b>
Other acquisitions	-	437	<b>437</b>
Sales / disposals of subsidiaries and operations	(100)	(44)	<b>(145)</b>
Amortisation for the year	-	(414)	<b>(414)</b>
Impairment losses (see Note 12)	-	(167)	<b>(167)</b>
Effects of changes in foreign exchange rates	51	(3)	<b>48</b>
<b>Carrying amount at 31 December 2017</b>	<b>7 471</b>	<b>2 011</b>	<b>9 482</b>

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

**Goodwill**

Goodwill totalled NOK 7 471 million at the end of 2017. The change in 2017 of NOK 189 million is mainly attributable to Aker Solutions acquisition of Reinertsen's oil and gas services business in April 2017, in addition to foreign exchange fluctuations. The increase is partly offset by the disposal of KOP Surface Products in Akastor.

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 2 011 million at the end of 2017 mainly consists of NOK 1 545 million in capitalised development expenses, of which NOK 1 375 million represents capitalised expenses for internal R&D projects in Aker Solutions and capitalised de-

velopment projects in Akastor totalling NOK 125 million. The net change of NOK -136 million in 2017 is largely attributable to disposal of operations in Akastor, depreciation and impairment. The decrease is partly offset by investments in Aker Solutions, capitalised expenses of NOK 187 million and Aker BioMarine's acquisition of Neptune's krill business.

**Amortisation and impairments**

This year's depreciation of NOK 414 million (NOK 722 million in 2016) is divided between NOK 409 million (NOK 382 million in 2016) in continued operations and NOK 5 million (NOK 339 million in 2016) in discontinued operations. Impairment of intangible assets in 2017 of NOK 167 million (NOK 1 043 million in 2016) is mainly attributable to development expenses that do not qualify for capitalisation and is allocated to continued operations (NOK 643 million in 2016). In 2016, impairment related to discontinued operations totalled NOK 399 million.

See Note 12 Impairments for more information regarding impairment assessments.

Amounts in NOK million	Goodwill		Other intangible assets	
	2017	2016	2017	2016
Aker Solutions	4 665	4 367	1 533	1 664
Akastor	1 263	1 341	183	402
Kvaerner	929	929	42	59
Aker BioMarine	535	562	248	22
Other	80	84	4	-
<b>Total</b>	<b>7 471</b>	<b>7 282</b>	<b>2 011</b>	<b>2 147</b>

## 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 Farstad ASA (23.1 per cent, associate), DOF Deepwater AS (50 per cent, JV), Kiewit-Kvaerner Contractors (50 per cent, JV), K2JV ANS (51% per cent, JV), Philly Tankers AS (53.7 per cent, JV), Align AS (38.8 per cent, associate), Trygg IDT Holdings I Corp (50 per cent, JV), 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 Farstad ASA** owns and operates vessel in 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 pur-

pose of delivery of the contract awarded by ExxonMobil for the Hebron Project gravity based structure (GBS) offshore Newfoundland, Canada.

**K2JV ANS** is a partnership between Kellogg Brown & Root (Norway) AS and Kvaerner. The partnership is executing the Johan Sverdrup utility and living quarter (ULQ) platform topside EPC project for Statoil.

**Philly Tankers AS** established in 2014 with contracts for eco-design product tanker. 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 IDT Holdings I Corp** is a pharmaceutical development company with FDA approved products for abuse-deterrent opioids that has been licensed to others and launched in the U.S. market.

**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 2017	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 2017	
Aker BP ASA	1)	17 936	1 634	909	(801)	(820)	(43)	<b>18 815</b>
BOX Holdings Inc.	1)	1 616	489	199	(97)	(170)	(489)	<b>1 548</b>
Solstad Farstad ASA	1)	201	-	(41)	(43)	-	514	<b>630</b>
DOF Deepwater AS	2)	79	-	(199)	-	-	120	-
Kiewit-Kvaerner Contractors	2)	(1)	-	72	-	(71)	-	-
K2 JV ANS	2)	18	-	94	(1)	(111)	-	-
Philly Tankers AS	2)	555	(330)	199	(26)	-	-	<b>398</b>
Align AS	1)	58	19	(16)	-	-	-	<b>61</b>
Trygg Pharma Group AS	2)	117	-	(28)	(7)	-	(83)	-
Trygg IDT Holdings I Corp	2)	-	-	-	-	-	78	<b>78</b>
Avium Subsea AS	2)	-	-	36	-	-	(36)	-
Other entities		88	-	-	-	(3)	7	<b>93</b>
<b>Total</b>		<b>20 668</b>	<b>1 812</b>	<b>1 225</b>	<b>(974)</b>	<b>(1 175)</b>	<b>69</b>	<b>21 624</b>
1) Associates		19 831	2 142	1 052	(942)	(992)	(7)	<b>21 082</b>
2) Joint ventures		837	(330)	173	(32)	(182)	76	<b>542</b>
<b>Total</b>		<b>20 668</b>	<b>1 812</b>	<b>1 225</b>	<b>(974)</b>	<b>(1 175)</b>	<b>69</b>	<b>21 624</b>

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 projects 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 2017 is allocated with NOK 602 million as other income and NOK 623 million as share of profit/loss from associates and joint ventures as part of financial items.

Other changes in equity in BOX Holdings Inc. relate to deferred equity commitment accrued in 2016, paid in 2017. Changes in Solstad Farstad ASA, relate to conversion of loans and Farstad Shipping ASA shares.

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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 Holdings Inc.		Solstad Farstad ASA		DOF Deepwater AS		K2JV ANS	
	2017	Sept. to Dec. 2016	2017	June to Dec. 2016	2017	Sept. to Dec. 2016	2017	2016	2017	2016
Country	Norway		Marshall Islands		Norway		Norway		Norway	
Ownership and voting rights	40.0%	40.0%	49.5%	49.5%	23.1%	24.4%	50.0%	50.0%	51.0%	51.0%
Operating revenues	21 199	5 508	656	166	3 784	476	149	204	2 705	2 517
Operating expenses	(12 868)	(3 149)	(8)	(2)	(3 059)	(1 593)	(527)	(568)	(2 520)	(2 475)
Financial items	(1 622)	(593)	(295)	(58)	(1 055)	(379)	(46)	(61)	-	-
Net profit (100%)	2 273	(563)	352	106	(344)	(1 498)	(424)	(427)	185	42
<b>Share of net profit result</b>	<b>909</b>	<b>(225)</b>	<b>174</b>	<b>52</b>	<b>(77)</b>	<b>(439)</b>	<b>(212)</b>	<b>(214)</b>	<b>94</b>	<b>21</b>
Elimination of unrealised sales gain and other adjustments	-	-	25	4	(80)	32	13	7	-	-
Impairment/reversal of impairment	-	-	-	-	115	319	-	-	-	-
<b>Share of earnings</b>	<b>909</b>	<b>(225)</b>	<b>199</b>	<b>56</b>	<b>(41)</b>	<b>(87)</b>	<b>(199)</b>	<b>(207)</b>	<b>94</b>	<b>21</b>
Non-current assets	77 837	69 623	6 934	4 964	32 333	19 316	857	1 221	-	-
Current assets	20 776	10 157	475	412	3 806	3 041	147	195	825	566
<b>Total assets</b>	<b>98 612</b>	<b>79 780</b>	<b>7 409</b>	<b>5 376</b>	<b>36 138</b>	<b>22 357</b>	<b>1 004</b>	<b>1 416</b>	<b>825</b>	<b>566</b>
Non-current liabilities	(50 391)	(51 041)	(4 793)	(3 489)	(29 173)	(17 822)	(987)	(1 122)	-	-
Current liabilities	(23 700)	(7 626)	(363)	(360)	(2 002)	(1 081)	(117)	(108)	(824)	(530)
Minority interests	-	-	-	-	(32)	(63)	-	-	-	-
Net assets (100%)	24 521	21 112	2 252	1 527	4 931	3 391	(100)	185	1	36
<b>Share of net assets</b>	<b>9 809</b>	<b>8 445</b>	<b>1 115</b>	<b>756</b>	<b>1 139</b>	<b>828</b>	<b>(50)</b>	<b>93</b>	<b>-</b>	<b>18</b>
Elimination of unrealised gains and losses, deferred payment and adjustments	(28)	-	433	859	276	273	50	(13)	-	-
Excess value	9 035	9 491	-	-	(785)	(900)	-	-	-	-
<b>Balance end of period</b>	<b>18 815</b>	<b>17 936</b>	<b>1 548</b>	<b>1 616</b>	<b>630</b>	<b>201</b>	<b>-</b>	<b>79</b>	<b>-</b>	<b>18</b>
<b>Dividends received</b>	<b>820</b>	<b>209</b>	<b>170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>42</b>

**Aker BP**

The excess value of NOK 9.0 billion is allocated to the Johan Sverdrup field with NOK 6.7 billion and NOAKA-field (North of Alvheim, Krafla/Askja) with NOK 2.3 billion. The reduction of NOK 0.5 billion in 2017 is attributable to the effects from exchange rate fluctuations. Sensitivity analysis of excess value has 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 2017.

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

At 31 December 2017	Number of shares in million	Quoted price in NOK	Book value in NOK million	Market value in NOK million
Aker BP ASA	144.0	201.90	18 815	29 083
Solstad Farstad ASA	67.3	6.04	630	407

Note 18 | Interest-bearing assets

Amounts in NOK million	2017	2016
Restricted deposits	120	378
Loans to employees	4	5
Loans to related parties	141	300
Non-current bonds	425	1 722
Finance lease receivables	4 315	4 326
Other interest-bearing receivables	682	1 232
<b>Total</b>	<b>5 687</b>	<b>7 964</b>
Recorded as follows:		
Interest-bearing non-current receivables	5 363	7 451
Interest-bearing current receivables	324	513
<b>Total</b>	<b>5 687</b>	<b>7 964</b>

Restricted deposits in 2017 mainly relates to a deposit related to construction contracts in Philly Shipyard totalling NOK 108 million.

Long-term bonds mainly consists of NOK 410 million for Ocean Yield's ownership of 23 per cent of the unsecured bonds in American Shipping Company ASA, with maturity in 2022 and with interest of 9.25 per cent.

Loans to related parties consists of loans to the joint ventures G&A Air AS of NOK 129 million and Aker Oceanwood AS of NOK 10 million.

The finance lease receivable NOK 4.3 billion consists of Ocean Yield's ownership in ten chemical tankers, four product tankers and one suex-max tanker.

Note 19 | Other shares and non-current assets

Amounts in NOK million	2017	2016
Norron funds	471	442
American Shipping Company ASA	276	281
NES Global Talent	405	-
Shares in other companies	267	293
<b>Total other shares and investments</b>	<b>1 420</b>	<b>1 016</b>
Pension assets (Note 26)	-	5
Derivatives (Note 6 and Note 30)	50	-
Other interest-free non-current receivables	203	189
<b>Total other non-current assets</b>	<b>253</b>	<b>193</b>
<b>Total other shares and other non-current assets</b>	<b>1 672</b>	<b>1 209</b>

Other shares and non-current assets were increased by NOK 463 million in 2017. The increase mainly relates to shares in and receivable against NES Global Talent received as settlement for Akastor's divestment of Fronica Advantage AS to NES Global Talent in 2017.

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## Note 20 | Inventories

Amounts in NOK million	2017	2016
Raw materials	534	1 023
Work in progress	1 334	1 633
Finished goods	593	901
<b>Total</b>	<b>2 460</b>	<b>3 557</b>
Impairment of inventory recognised as expense during the period (2016: restated)	356	285
Reversal of impairment recognised as an expense reduction during the period (2016: restated)	160	6

Carrying amount of inventory pledged as security for liabilities was NOK 1 193 million as at 31 December 2017.

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

Amounts in NOK million	2017	2016
Trade receivables	4 916	6 000
Amount due to from customers for construction work	1 170	1 253
Other short-term interest-free receivables	5 280	4 639
<b>Total</b>	<b>11 366</b>	<b>11 892</b>

In 2017, the group recorded impairment losses of trade receivables of NOK 5 million. In 2016, the loss was NOK 67 million. The loss has been included in other operating expenses in the income statement.

Other short-term receivables in 2017 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

Amounts in NOK million	2017	2016
<b>Continued operations:</b>		
Net profit (loss) from continued operations	1 620	(1 301)
Minority interests	500	(636)
<b>Profit from continued operations attributable to equity holders of the Parent</b>	<b>1 120</b>	<b>(666)</b>
<b>Discontinued operations:</b>		
Net profit (loss) from discontinued operations	1 079	16 368
Minority interests	682	1 290
<b>Profit from discontinued operations attributable to equity holders of the parent</b>	<b>398</b>	<b>15 078</b>
<b>Total profit attributable to equity holders of the parent</b>	<b>1 517</b>	<b>14 412</b>

Shares outstanding at 1 January	74 281 961	74 162 977
Changes in own shares held	13 552	118 984
<b>Total shares outstanding at 31 December</b>	<b>74 295 513</b>	<b>74 281 961</b>

### Allocation:

Issued shares at 31 December	74 321 862	74 321 862
Own shares held	(26 349)	(39 901)
Total shares outstanding at 31 December	74 295 513	74 281 961
<b>Weighted average number of shares at 31 December</b>	<b>74 292 690</b>	<b>74 248 937</b>

### DILUTED EARNINGS PER SHARE

No instruments with a potential dilution effect were outstanding at 31 December 2017 or 31 December 2016.

A dividend of NOK 18.00 per share, totally NOK 1 337 million will be proposed at the Annual General Meeting on 20 April 2018.

### DIVIDEND

Dividends paid in 2017 was NOK 16.00 per share, NOK 1 188 million in total. Dividends paid in 2016 was NOK 10.00 per share, NOK 742 million in total.

### PAID-IN CAPITAL

See [Note 10](#) to the Aker ASA separate financial statement for a specification of share capital as at 31 December 2017.

## 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	9 728	189	312	(38)	(50)	-	10 142
Akastor	63,30	2 561	(19)	(154)	-	-	-	2 387
Kvaerner	71,29	2 890	386	(21)	-	15	-	3 271
Ocean Yield	33,78	2 499	370	(121)	(324)	1	-	2 425
Aker BioMarine	-	6	-	-	-	(5)	-	-
Philly Shipyard	42,44	449	226	(17)	(10)	-	-	649
Other companies	-	43	29	1	(15)	(35)	7	31
<b>Total</b>		<b>18 177</b>	<b>1 182</b>	<b>-</b>	<b>(387)</b>	<b>(74)</b>	<b>7</b>	<b>18 905</b>

### Minority interest in Aker Kvaerner Holding

The minority interest in Aker Kvaerner Holding of NOK 5 981 million at 31 December 2017 is broken down in the table above on the companies where Aker Kvaerner Holding has ownership interests, with NOK 3 551 million for Aker Solutions, NOK 1 341 million for Akastor and NOK 1 089 million for Kvaerner.



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Note 24 | Other comprehensive income

Amounts in NOK million	Trans-lation reserve	Fair value reserves	Hedging reserves	Total translation and other reserves	Retained earnings	Total	Minority interests	Total equity
<b>2017</b>								
Defined benefit plan actuarial gains (losses)	-	-	-	-	(2)	(2)	(58)	(60)
Items that will not be reclassified to income statement	-	-	-	-	(2)	(2)	(58)	(60)
Changes in fair value of available-for-sale financial assets	-	9	-	9	-	9	(8)	1
Changes in fair value of cash flow hedges	-	-	137	137	-	137	203	340
Reclassified to profit or loss: changes in fair value of available for sale financial assets, translation differences and cash flow hedges	(86)	-	64	(22)	-	(22)	(28)	(50)
Currency translation differences	(175)	-	-	(175)	-	(175)	(65)	(240)
Changes in other comprehensive income from associated and joint venture companies	(910)	-	(13)	(923)	(8)	(930)	(44)	(974)
Items that may be reclassified to income statement subsequently	(1 171)	10	188	(973)	(8)	(981)	58	(923)
<b>Other comprehensive income 2017</b>	<b>(1 171)</b>	<b>10</b>	<b>188</b>	<b>(973)</b>	<b>(10)</b>	<b>(983)</b>	<b>-</b>	<b>(983)</b>

Amounts in NOK million	Trans-lation reserve	Fair value reserves	Hedging reserves	Total translation and other reserves	Retained earnings	Total	Minority interests	Total equity
<b>2016</b>								
Defined benefit plan actuarial gains (losses)	-	-	-	-	(27)	(27)	(15)	(42)
Defined benefit plan actuarial gains (losses) in associated companies	-	-	-	-	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)
<b>Other comprehensive income 2016</b>	<b>(147)</b>	<b>(11)</b>	<b>274</b>	<b>116</b>	<b>(22)</b>	<b>94</b>	<b>(739)</b>	<b>(646)</b>

Note 25 | Interest-bearing liabilities

Amounts in NOK million	2017	2016
Secured bank loans	16 543	15 839
Unsecured bank loans	2 278	2 837
Unsecured bond issues	8 880	11 306
Finance lease liabilities	-	4
Loan from associates and other related parties	11	11
Overdraft facilities	149	88
Other interest-bearing liabilities	263	214
<b>Total interest-bearing liabilities</b>	<b>28 124</b>	<b>30 300</b>
Recorded as follows:		
Current liabilities	4 616	6 392
Non-current liabilities	23 508	23 909
<b>Total interest-bearing liabilities</b>	<b>28 124</b>	<b>30 300</b>

THE CONTRACTUAL TERMS OF INTEREST-BEARING LIABILITIES AS AT 31 DECEMBER 2017 ARE AS FOLLOWS:

Amounts in NOK million	Currency	Nominal interest rate	Maturity	Nominal value in currency	Carrying amount (NOK)
<b>Aker Solutions</b>					
Unsecured bank loan - Term loan	NOK	3 mths Nibor + 1.10 %	July 2019	1 250	1 239
Unsecured bond 2019	NOK	3 mths Nibor + 4.20 %	October 2019	1 000	1 008
Unsecured bank loan - Brazilian Development Bank EXIM loan	BRL	11.10%	2016 to 2022	345	858
Other loans					10
<b>Total Aker Solutions</b>					<b>3 114</b>
<b>Akastor</b>					
Secured bank loan - Term loan	NOK	Nibor + 2.25%	July 2019	350	348
Secured bank loan - Term loan	USD	Libor + 2.25 %	July 2019	58	478
Unsecured bank loan - Brazilian Development Bank EXIM loan	BRL	TJLP + margin	May 2022	74	183
Other loans					30
<b>Total Akastor</b>					<b>1 040</b>
<b>Ocean Yield</b>					
Secured loans in USD	USD	Libor + 0.66 %-2.65 %	2018 to 2027	1 155	9 363
Secured loans in NOK	NOK	3.69%	2025	611	642
Unsecured bond	NOK	Nibor + 3.9% - 4.5%	2019 to 2021	2 739	2 389
<b>Total Ocean Yield</b>					<b>12 394</b>
<b>Aker BioMarine</b>					
Secured bank loan DNB and CAT	USD	Libor + 3.4% - 3.95%	2022 to 2023	123	1 010
Other mortgage loans	NOK		2023 to 2026	111	111
Other loans and overdraft facilities				-	313
<b>Total Aker BioMarine</b>					<b>1 434</b>
<b>Aker ASA and holding companies</b>					
Unsecured bond issue	SEK	Stibor + 3.25%	July 2019	1 500	1 496
Unsecured bond issues	NOK	Nibor + margin	2018 to 2022	4 000	3 986
Term loan facilities	USD	Libor + margin	2018 to 2020	350	2 860
<b>Total Aker ASA and holding companies</b>					<b>8 343</b>
<b>Other companies</b>					
Fornebuporten	NOK	Nibor + margin	2018 to 2019	1 312	1 312
Philly Shipyard	USD	Libor + margin		60	489
<b>Total other companies</b>					<b>1 801</b>
<b>Total interest-bearing liabilities</b>					<b>28 124</b>

Aker Solutions

Unsecured bonds: The bond is unsecured on a negative pledge basis and include no dividend restrictions. The bond issued is 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, NOK 3.7 billion was undrawn on this facility per 31 December 2017. The credit facility expires July 2019.

Akastor

Mortgage loans: The terms and conditions include restrictions which are

customary 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.

Kvaerner

Revolving credit facility of NOK 2 billion is maturing in July 2020. The revolving credit facility was undrawn per 31 December 2017.

Ocean Yield

Mortgage loan: The mortgage loans in USD are with a different bank syndicates and are secured in 1 FPSO and 30 vessels with a book value of NOK 16.6 billion. The loans have mainly a floating interest rate. The mortgage loan has an average debt maturity of 4.5 year with maturity from May 2018 to July 2027. Interests are mainly paid quarterly.



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**Unsecured bonds:** The senior unsecured bond issues 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% to 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 2017.

**Aker BioMarine**

**Secured loans:** Instalments and interest are paid semi-annually.

The mortgages and overdraft facility, totalling NOK 1 423 million, are secured in ships and other assets with book values of NOK 2 066 million.

The loan and overdraft facilities includes several financial covenants. Aker BioMarine was in compliance with all covenants at year-end 2017.

**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 principal falls due on the maturity date and interest is payable quarterly until maturity.

**CHANGES IN THE GROUP'S INTEREST-BEARING LIABILITIES IN 2017:**

Amounts in NOK million	Non-current	Current	Total
Interest-bearing liabilities as at 1 January 2017	23 909	6 392	30 300
Drawn Revolving Credit facility in Aker Solutions	-	1 250	1 250
Drawn bank facility in Ocean Yield	1 900	-	1 900
Drawn bank facility in Akastor	620	-	620
Drawn USD bank facility in Aker ASA and holding companies	1 649	-	1 649
Other new loans	67	1 312	1 379
Change in credit facilities	-	56	56
<b>Total payment of interest-bearing loans</b>	<b>4 236</b>	<b>2 618</b>	<b>6 854</b>
Repayment of USD facility in Aker ASA and holding companies	(620)	-	(620)
Repayment of bonds in Aker Solutions	-	(1 500)	(1 500)
Repayment of bonds in Aker ASA and holding companies	(500)	(500)	(1 000)
Repayment of bank facilities in Ocean Yield	(591)	(1 815)	(2 406)
Repayment of bank facilities in Akastor	(901)	-	(901)
Other repayments	(745)	(1 529)	(2 274)
<b>Total repayment of interest-bearing loans</b>	<b>(3 357)</b>	<b>(5 344)</b>	<b>(8 701)</b>
Acquisition and sale of subsidiaries	36	433	469
Reclassification / first year instalments	(580)	580	-
Currency translation and other changes	(735)	(63)	(798)
<b>Interest-bearing liabilities as at 31 December 2017</b>	<b>23 508</b>	<b>4 616</b>	<b>28 124</b>

Currency adjustments total NOK 0.8 billion and are mainly attributable to the USD loans described above. Loans denominated in USD at the end of the year totalled USD 1.7 billion. A 10 per cent decrease in the USD exchange rate compared to the rate of 8.21 on the balance sheet date would have caused a reduction in debt expressed in NOK of NOK 1.4 billion.

**Mortgage loan:** The mortgage loans and the interest are paid quarterly, until maturity. The loans are secured with 42.8 million Aker BP ASA shares.

The bonds and loans has an average debt maturity of 2.4 year with maturity from June 2018 to September 2022.

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 2017.

**Fornebuporten**

Loans with a group of Norwegian banks with floating interest. Interest and instalments are payable quarterly until maturity. The loans mature with NOK 850 million in 2018, NOK 23 million in 2019 and NOK 439 million after 2019.

**Philly Shipyard**

The company's loans are secured in shares.

**Collateral**

Collateral for interest-bearing debt of NOK 16.9 billion has been issued related to secured loans and overdraft facilities. The book value of the assets used as collateral is NOK 26.8 billion.

Note 26 | Pension expenses and pension liabilities

The Aker Group's Norwegian companies operate different pension plans through Aker's pension fund and 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, some of the Norwegian companies are members 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 retirement 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 rates used in 2017 and 2016 are based on the Norwegian high-quality corporate bond rate.

The following assumptions have been made when calculating liabilities and expenses in Norway:

	Balance 2017	Profit/loss 2017 and balance 2016
Expected return	2.4%	2.5%
Discount rate	2.4%	2.5%
Wage growth	2.5%	2.3%
Pension adjustment	0.0%-2.3%	0.0%
Mortality table	K2013	K2013

**PENSION EXPENSE RECOGNISED IN PROFIT AND LOSS:**

Amounts in NOK million	2017	2016
Expense related to benefits earned during the period	93	101
Interest expense accrued on pension liabilities	39	46
Expected return on pension funds	(14)	(14)
Service costs	1	2
<b>Pension expense recognised from defined benefit plans</b>	<b>120</b>	<b>136</b>
Contribution plans (employer's contribution)	628	678
<b>Total pension expense recognised in profit and loss</b>	<b>748</b>	<b>814</b>

Allocation in income statement:

Pension cost recognised as part of wages and other personal expenses	721	782
Interest expenses and expected return recognised as part of net financial items	27	33
<b>Total pension expense recognised in profit and loss</b>	<b>748</b>	<b>814</b>

**REMEASUREMENT LOSS (GAIN) INCLUDED IN OTHER COMPREHENSIVE INCOME:**

Amounts in NOK million	2017	2016
Change in discount rate and other financial assumptions	2	(182)
Change in mortality table	(39)	202
Change in other assumptions	103	17
<b>Other comprehensive income - loss/(gain) before tax</b>	<b>66</b>	<b>37</b>
Tax	(6)	5
<b>Other comprehensive income - loss/(gain) after tax</b>	<b>60</b>	<b>42</b>

**CHANGES IN NET PRESENT VALUE OF BENEFIT-BASED PENSION LIABILITIES:**

Amounts in NOK million	2017	2016
Net pension liabilities as at 1 January	1 238	1 512
Pension expense recognised from defined benefit plans	120	136
Acquisitions and disposals	(18)	(215)
Pension payments	(62)	(94)
Payments received	(154)	(137)
Remeasurements included in other comprehensive income	66	37
Effects of changes in exchange rates and other changes	(1)	(1)
<b>Net pension liabilities at 31 December</b>	<b>1 189</b>	<b>1 238</b>

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**NET DEFINED-BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET:**

Amounts in NOK million	2017	2016
Pension liabilities as at 31 December	(2 983)	(3 203)
Fair value of pension funds as at 31 December	1 794	1 965
<b>Net liabilities for benefit-based pension liabilities as at 31 December</b>	<b>(1 189)</b>	<b>(1 238)</b>
Pension funds	-	5
Pension liabilities	(1 189)	(1 242)
<b>Net liabilities for benefit based pension liabilities as at 31 December</b>	<b>(1 189)</b>	<b>(1 238)</b>

**PLAN ASSETS PER CATEGORY:**

Amounts in NOK million	2017	2016
Equity securities	45	59
Bonds	1 406	1 630
Other	219	139
<b>Total funds Norwegian plans</b>	<b>1 669</b>	<b>1 829</b>
Total funds for plans outside Norway	125	136
<b>Total funds</b>	<b>1 794</b>	<b>1 965</b>

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 are primarily in the Norwegian market within bonds classified as being "Investment Grade".

**FINANCIAL ASSUMPTIONS (NORWEGIAN PLANS):**

In the table below, the effect on pension expenses and pension liabilities is shown given a one percentage point increase or decrease in the discount rate. The effect of a one percentage point increase or reduction in pension adjustment is also shown.

Amounts in NOK million	1%-point increase	1%-point reduction
Discount rate	(204)	241
Future pension growth	204	(140)

**Note 27 | Other interest-free long-term liabilities**

Amounts in NOK million	2017	2016
US pension guarantee provision (see <a href="#">Note 13</a> to the Aker ASA financial statement)	93	125
Derivatives (see also <a href="#">Note 30</a> )	97	268
Deferred revenue and deferred considerations	348	469
Other interest-free long-term debt	89	50
<b>Total other interest-free long-term liabilities</b>	<b>627</b>	<b>912</b>

The derivatives consist mainly of interest rate swaps and currency contracts in Ocean Yield. Deferred revenue consists mainly of NOK 251 million (NOK 322 million in 2016) in Ocean Yield related to deferred income in Aker Floating Production and prepaid charter hire related to four car carriers and two anchor handling vessels.

**Note 28 | Provisions**

Amounts in NOK million	Warranties	Abandonment provision	Other	Total
Balance as at 1 January 2017	801	246	1 154	2 201
Acquisition and disposals of subsidiaries	-	-	(8)	(8)
Provisions made during the year	171	-	518	689
Provisions used during the year	(127)	-	(570)	(697)
Provisions reversed during the year	(139)	-	(179)	(317)
Reclassifications	-	13	26	40
Currency exchange adjustment	-	(12)	2	(11)
<b>Balance as at 31 December 2017</b>	<b>706</b>	<b>247</b>	<b>944</b>	<b>1 897</b>
Non-current liabilities	13	247	243	503
Current liabilities	693	-	700	1 393
<b>Balance as at 31 December 2017</b>	<b>706</b>	<b>247</b>	<b>944</b>	<b>1 897</b>

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)
<b>Balance as at 31 December 2016</b>	<b>801</b>	<b>246</b>	<b>1 154</b>	<b>2 201</b>
Non-current liabilities	4	246	356	606
Current liabilities	797	-	798	1 595
<b>Balance as at 31 December 2016</b>	<b>801</b>	<b>246</b>	<b>1 154</b>	<b>2 201</b>

**Warranties**

The provision for warranties are mainly due to contractually commitments 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 532 million has been provided for warranties in Aker Solutions, NOK 86 million in Akastor, NOK 77 million in Kvaerner and NOK 11 million in Philly Shipyard.

**Removal and decommissioning liabilities**

The non-current obligation of NOK 247 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 30.9 million is estimated. At year-end, the provision is USD 30.1 million, representing the present value of the estimated obligation.

**Other provision**

Other provisions include mainly Akastor with NOK 427 million, Aker Solutions with NOK 410 million and Kvaerner with NOK 71 million. The provision relates to workforce reductions and restructuring in addition to lease obligations for vacant premises.

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## Note 29 | Trade and other payables

Amounts in NOK million	2017	2016
Trade accounts payable	2 600	2 032
Amount due to customers for contract work and advances	1 602	5 333
Accruals of operating- and financial expenses	6 086	6 148
Other current interest-free liabilities	1 347	1 998
<b>Total</b>	<b>11 636</b>	<b>15 511</b>

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	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets carried at fair value</b>				
Available for sale financial assets	1 851	1 851	1 016	1 016
Financial assets at fair value through profit and loss (including derivatives)	210	210	46	46
Financial assets designated at fair value through profit and loss	168	168	202	202
Foreign exchange contracts - hedge accounting	198	198	340	340
<b>Total financial assets carried at fair value</b>	<b>2 428</b>	<b>2 428</b>	<b>1 604</b>	<b>1 604</b>
<b>Financial assets carried at amortised cost</b>				
Loans and receivables	11 267	11 737	19 008	19 643
Cash and cash equivalents (including long-term restricted deposits, see <a href="#">Note 18</a> )	8 268	8 268	13 036	13 036
<b>Total financial assets carried at amortised cost</b>	<b>19 535</b>	<b>20 005</b>	<b>32 044</b>	<b>32 680</b>
<b>Financial liabilities carried at fair value</b>				
Interest rate swaps - hedge accounting	18	18	33	33
Foreign exchange contracts - hedge accounting	380	380	1 329	1 329
Derivative contracts - not hedge accounting	206	206	692	692
<b>Total financial assets carried at fair value</b>	<b>604</b>	<b>604</b>	<b>2 054</b>	<b>2 054</b>
<b>Financial liabilities carried at amortised cost</b>				
Bonds	8 880	9 132	10 806	10 963
Other interest-bearing debt	19 244	19 362	19 495	19 601
Interest-free non-current financial liabilities	266	266	559	559
Interest-free current financial liabilities	6 722	6 722	9 135	9 135
<b>Total financial liabilities carried at amortised cost</b>	<b>35 113</b>	<b>35 482</b>	<b>39 995</b>	<b>40 259</b>

NOK 3.1 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 are 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	2017		
	Level 1	Level 2	Level 3
<b>Financial assets carried at fair value</b>			
Available for sale financial assets	833	22	996
Financial assets at fair value through profit and loss (including derivatives)	-	210	-
Financial assets designated at fair value through profit and loss	69	-	99
Foreign exchange contracts used for hedging	-	198	-
<b>Total</b>	<b>902</b>	<b>431</b>	<b>1 095</b>

### Financial liabilities carried at fair value

Interest rate swaps used for hedging	-	18	-
Foreign exchange contracts used for hedging	-	380	-
Other derivative contracts - liability	-	206	-
<b>Total</b>	<b>-</b>	<b>604</b>	<b>-</b>

### Interest-bearing financial liabilities carried at amortised cost

Bonds	5 694	3 438	-
Other interest-bearing debt	-	18 812	549
<b>Total</b>	<b>5 694</b>	<b>22 250</b>	<b>549</b>

### THE FOLLOWING TABLE PRESENTS THE CHANGES FOR RECURRING FAIR VALUE MEASUREMENTS CLASSIFIED AS LEVEL 3 AS AT 31 DECEMBER:

Amounts in NOK million	2017	2016
	Financial assets	Financial assets
Carrying amount as at 1 January	243	198
Transfer to level 3	389	161
Total gains or losses for the period recognised in the income statement	21	(110)
Total gains or losses recognised in other comprehensive income	1	-
Purchases	445	-
Divestment and other	(3)	(6)
<b>Carrying amount as at 31 December</b>	<b>1 095</b>	<b>243</b>

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

## 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 502 million per 31 December 2017 (NOK 533 million per 31 December 2016). Akastor AS has issued a financial parent company indemnity guarantee of NOK 713 million and a financial guarantee of NOK 28 million in favour of finance institutions for fulfilment of lease obligations related to Avium Subsea AS.

### 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, and 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.



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**Aker Solutions – Tax claim Brazil**

The tax authorities in the state of Parana in Brazil has claimed the Aker Solutions company in Brazil for approximately NOK 744 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. Management has the opinion that a successful outcome in the administrative appeal system or in a judicial process is regarded as likely based on current law and practice. The claim is 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.

**Note 32 | Transactions and agreements with related parties**

Aker ASA's main shareholder is TRG Holding AS, controlled by Kjell Inge Røkke 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 which 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 AMF secured external financing. Subsequent to these transactions, Kjell Inge Røkke owned all the shares in AMF and through TRG AS he owned 40 per cent of the shares in Fornebu Gateway. During 2017, companies within the Aker group has paid NOK 86 million in rent to the companies owned by AMF and NOK 171 million in rent to Fornebu Gateway AS (NOK 86 million in rent to companies owned by AMF and NOK 98 million in rent to Fornebu Gateway in 2016). 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 2017, Kjell Inge Røkke paid NOK 2.0 million plus value added tax for services and rental of premises (NOK 1.9 million in 2016). TRG AS and Kjell Inge Røkke have provided services to Aker for NOK 1.6 million in 2017 (NOK 1.6 million in 2016).

Kristian Røkke, son of Kjell Inge Røkke, earned in 2017 NOK 6 394 790 in salary and other remuneration as CEO of Akastor. In 2016, he received 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. He also earned remuneration for his role as director in Aker ASA from 22 April 2016 (see [Note 33](#)).

**TRANSACTIONS WITH EMPLOYEES**

Aker ASA reacquired in April 2017 0.49 per cent of the shares in Aker BioMarine AS which up until then was owned by the management of the

**Akastor (MHWirth) – VAT claim South Korea**

In November 2017, the South Korea Branch of MHWirth AS received a Pre-assessment Notice from the Seoul Regional Tax Office (SRTO), claiming Valued Added Tax (VAT) of KRW 26 billion (approximately USD 24 million) including penalties and interests. The tax authorities have claimed that eight Derrick Equipment Packages delivered to the client outside Korea are subject to VAT in Korea. MHWirth disputes SRTO's position and has filed an application for review of the Pre-assessment Notice. It is the management's judgment, based on all available evidence as at the reporting date, that it is more likely than not that the final outcome will be in favour of MHWirth's position. Hence, no provision has been recognised.

company. The purchase price for the shares totalled NOK 7 million. There were no other material transactions with employees during 2017.

**TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES OUTSIDE ORDINARY COURSE OF BUSINESS**

Several of the companies within the group have, as part of their ordinary course of business, transactions with related parties of the group. Particularly this is the case for Aker BP, who receives products and services from several companies within the group, such as Aker Solutions, Akastor, Kvaerner, Ocean Yield and Cognite. Below is a description of other transactions with associates and joint ventures outside ordinary course of business.

**DOF Deepwater AS**

Aker's subsidiary Akastor have issued a shareholder's loan to the joint venture DOF Deepwater AS (a company owned 50 per cent by Akastor and 50 per cent by DOF ASA). At 31 December 2016, the carrying amount of the loan was NOK 50 million. During 2017, the shareholder's loan was increased by NOK 28 million and NOK 69 million of the loan was converted to the equity of 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, Akastor and Mitsui established a joint venture, Avium Subsea AS, with 50/50 ownership. The joint venture acquired both the Skandi Santos hull from DOF Subsea Rederi AS and the Skandi Santos topside equipment from AKOFS Offshore. The sale of topside equipment resulted in an accounting gain of NOK 172 mill, representing 50 per cent of the total gain on sale. The joint venture 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 a financial parent company indemnity guarantee of NOK 713 million and a financial guarantee of NOK 28 million in favour of finance institutions for fulfilment of lease obligations related to Avium Subsea AS.

**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 which 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. In 2017, no payment for uncovered expenses has been made. The company acquired in 2017 an airplane that will replace the airplane acquired from Aker ASA in 2016. As bridge financing, the company received a loan from Aker ASA of USD 15 million. Bjørn Rune Gjelsten has also provided a loan on equal terms.

**Solstad Offshore ASA / Solstad Farstad ASA**

In December 2016, the merger was completed between Rem Offshore ASA («REM») and Solship Invest 1 AS. Solship Invest 1 AS was a wholly owned subsidiary of Solstad Offshore ASA ("Solstad") which was an associate in the Aker Group. Prior to the merger, Aker owned bonds in REM that were 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, which in turn resold these share to its employees. Aker was paid NOK 13.08 per share.

In April 2017, the General Assemblies of Solstad, Farstad Shipping ASA (Farstad) and Deep Sea Supply Plc approved the merger between the three companies. The merger was completed in June 2017, forming the new company Solstad Farstad ASA. The Aker Group received shares in Solstad Farstad ASA as compensation for its shares held in Farstad prior to the merger. In addition, Aker was issued 20 million shares in Solstad Farstad ASA by the exercise of its conversion rights under the NOK 250 million convertible loan issued to Solstad in 2016, and Aker's B-shares in Solstad were converted to ordinary shares in Solstad Farstad ASA. Following the merger, the group holds 67 332 983 shares in Solstad Farstad ASA, representing 23.1 per cent of the shares in the company.

**Aker BP ASA**

Aker Solutions entered in ultimo 2016 into an agreement with Aker BP to sub-lease offices in Stavanger, Norway. Annual lease income to Aker Solutions is NOK 30 million

**TRANSACTIONS AND OUTSTANDING BALANCES INVOLVING RELATED PARTIES IN 2017 AND 2016**

Amounts in NOK	2017	2016
<b>Income statement:</b>		
Operating revenues	4 984	757
Operating expenses	(364)	(73)
Net financial items	8	8
<b>Balance sheet:</b>		
Interest-bearing receivable	141	300
Trade receivable and other interest-free current assets	406	142
<b>Total assets</b>	<b>547</b>	<b>442</b>
Trade liabilities and other interest-free current liabilities	(10)	(31)
Interest-bearing debt	-	-
<b>Net exposure</b>	<b>537</b>	<b>411</b>

The operating revenues above for 2017 mainly relate to the delivery of equipment and services from Aker Solutions to Aker BP, sale of man-hours from Kvaerner to joint venture projects, and Philly Shipyard's sale of vessels to the joint venture Philly Tankers.

**Note 33 | Vested salary and other remuneration 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	Shares owned as of 31 December 2017	2017	2016
Kjell Inge Røkke (Chairman of the Board) <sup>1)</sup>	50 673 577	575 000	555 000
Finn Berg Jacobsen (Deputy Chairman)	5 159	400 000	385 000
Kristin Krohn Devold (Director)	-	350 000	335 000
Karen Simon (Director)	-	350 000	335 000
Anne Marie Cannon (Director)	-	350 000	335 000
Kristian Røkke (Director from 22 April 2016 to 31 December 2017)	-	350 000	223 333
Atle Tranøy (Employee representative)	-	175 000	167 500
Arnfinn Stensø (Employee representative)	-	175 000	167 500
Amram Hadida (Employee representative)	-	175 000	167 500
Tommy Angeltveit (Employee representative since 21 April 2017)	-	116 667	-
Anne Tysdal Egaas (Employee representative from 17 September 2016 to 21 April 2017)	-	58 333	48 854
Leif O. Høegh (Director until 22 April 2016)	-	-	111 667
Inger Elise Karlsen (Employee representative until 17 September 2016)	-	-	118 646
<b>Total</b>		<b>3 075 000</b>	<b>2 950 000</b>

<sup>1)</sup> Owns 100 per cent of The Resource Group TRG AS (TRG AS). 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.

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**REMUNERATION TO THE AUDIT COMMITTEE**

Amounts in NOK	2017	2016
Finn Berg Jacobsen (Chairman of the audit committee)	175 000	170 000
Atle Tranøy	125 000	115 000
Kristin Krohn Devold	125 000	115 000
<b>Total</b>	<b>425 000</b>	<b>400 000</b>

**REMUNERATION TO THE NOMINATION COMMITTEE**

Amounts in NOK	2017	2016
Kjell Inge Røkke (Chairman of the nomination committee)	50 000	55 000
Gerhard Heiberg	50 000	55 000
Leif-Arne Langøy	50 000	55 000
<b>Total</b>	<b>150 000</b>	<b>165 000</b>

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 2017, The Resource Group AS (TRG) earned NOK 625 000 in board remuneration (remuneration to the nomination committee included) from Aker ASA (NOK 610 000 in 2016), through Chairman of the Board Kjell Inge Røkke. TRG also earned board remuneration from other Aker-owned companies totalling NOK 1 496 000 through Kjell Inge Røkke in 2017 (NOK 1 552 167 in 2016). See also [Note 32](#) Transactions and agreements with related parties.

The board members earned no payments from Aker ASA in 2017 or 2016 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. At the end of 2017, 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 2017, Mr. Eriksen earned a salary of NOK 15 726 319 (NOK 15 342 079 in 2016), and variable pay of NOK 10 232 617 (NOK 9 576 335 in 2016). The value of additional remuneration was NOK 30 036 in 2017 (NOK 16 937 in 2016), while the net pension expense for Mr. Eriksen was NOK 293 755 (NOK 283 316 in 2016). As per 31 December 2017, Mr. Eriksen owns 219 072 shares in Aker ASA through his wholly-owned company Erøy AS. Erøy AS also owns 200 000 shares in Ocean Yield ASA and 100 000 Class-B shares (0.2 per cent) in TRG Holding AS as at 31 December 2017.

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 contractual variable salary may total up to 140 per cent of his fixed salary. Mr. Reite earned a fixed salary of NOK 3 799 814 in 2017

(NOK 3 701 658 in 2016), as well as variable pay of NOK 5 951 260 (NOK 5 190 277 in 2016). This includes the value of allocated bonus shares in Aker ASA for the year. The value of additional remuneration was NOK 324 726 in 2017 (NOK 242 542 in 2016), while the net pension expense for Mr. Reite was NOK 263 532 in 2017 (NOK 295 096 in 2016). In 2017, through his wholly-owned company Fausken Invest AS, Mr. Reite was allocated 2 402 bonus-shares for 2016. In 2016, Reite purchased through Fausken Invest AS 54 832 shares at a discount as part of the employee share purchase program. The share purchase program was not carried out during 2017. As per 31 December 2017, Mr. Reite owns 64 781 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 as at 31 December 2017,

Senior executives receive no remuneration for directorships or membership of nomination committees of other Aker companies. In 2017, Aker ASA earned a total of NOK 2 275 345 in respect of Øyvind Eriksen's directorships of other Aker companies. Aker ASA earned NOK 1 307 928 in respect of Frank O. Reite's directorships of other Aker companies in 2017.

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**

**AKER BIOMARINE – ACQUISITION OF ENZYMOTEC'S KRILL BUSINESS**

On 17 January 2018, Aker BioMarine AS entered into an agreement with Enzymotec Ltd for the acquisition of assets and certain liabilities related to Enzymotec's krill operations. The purchase price was set at USD 26.4 million. Under the agreement, Aker BioMarine will take over customer contracts and portfolios, and obtain insight into the production processes as well as other aspects of Enzymotec's krill business. There will be no transfer of employees. The group assess the acquisition as a business combination.

**PHILLY SHIPYARD – TOTE CONTAINERSHIP PROJECT ON HOLD**

On 26 January 2018, Philly Shipyard announced that it had placed the TOTE containership project on hold and is considering alternative projects. On 31 January 2018, the Letter of Intent between Philly Shipyard and TOTE expired in accordance with its terms.

**AKER ENERGY – ACQUISITION OF HESS' OPERATIONS IN GHANA**

On 19 February 2018, Aker announced that Aker Energy AS ("Aker Energy"), a 50-50 joint venture established in 2018 between Aker and The Resource Group TRG AS ("TRG"), had entered into an agreement with a subsidiary of Hess Corporation to acquire Hess' 50 per cent participating interest in the Deepwater Tano Cape Three Points block ("DWT/CTP")

in Ghana. The Tano Basin offshore Ghana is a prolific petroleum region where Aker Energy sees considerable potential to apply the Aker Group's experience from the Norwegian Continental Shelf (NCS) to build a significant E&P activity in Ghana together with Ghana National Petroleum Corporation ("GNPC").

The total cash consideration for the transaction is USD 100 million, consisting of USD 25 million payable upon closing of the transaction and a further USD 75 million payable upon approval of the Plan for Development and Operation (PDO) on the DWT/CTP block. The acquisition is subject to approval from relevant Ghanaian authorities and other customary closing conditions. The PDO will be submitted in 2018 with anticipated first oil in 2021.

**OCEAN YIELD – PRIVATE PLACEMENT OF NEW SHARES**

On 28 February 2018, Ocean Yield completed a NOK 759 million private placement of 11 million new shares at a subscription price of NOK 69 per share. Aker had pre-subscribed for 5.5 million new shares, but due to strong demand, Aker was allocated zero shares. This was in order to give priority to other investors to improve the overall free float in the Ocean Yield share.



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## Income statement

Amounts in NOK million	Note	2017	2016
Salaries and other personnel related expenses	2, 12, 20	(166)	(114)
Depreciation, write-downs, and reversal of write-downs for fixed assets	4	(14)	(32)
Other operating expenses	2	(77)	(84)
<b>Operating profit (loss)</b>		<b>(257)</b>	<b>(230)</b>
Interest income from subsidiaries		30	20
Other interest income		33	52
Reversed impairments of shares and receivables	8	760	1 822
Dividends from subsidiaries	5	1 272	1 707
Foreign exchange gains		11	150
Gains on sale of shares	3	-	42
Other financial income		154	89
<b>Total financial income</b>		<b>2 260</b>	<b>3 882</b>
Interest expenses to subsidiaries		(19)	(18)
Other interest expenses		(271)	(330)
Foreign exchange losses		(88)	(21)
Other financial expenses		(67)	(207)
<b>Total financial expenses</b>		<b>(444)</b>	<b>(576)</b>
<b>Net financial items</b>		<b>1 816</b>	<b>3 306</b>
<b>Profit before tax</b>		<b>1 559</b>	<b>3 076</b>
Tax expense	11	-	-
<b>Profit after tax</b>		<b>1 559</b>	<b>3 076</b>
<b>Allocation of profit/loss for the year:</b>			
Profit (+) / loss (-)		1 559	3 076
Allocation of dividend		(1 337)	(1 189)
Transferred from (+) / allocated to (-) other equity		(222)	(1 887)
<b>Total</b>	10	<b>-</b>	<b>-</b>

## Balance sheet as at 31 December

Amounts in NOK million	Note	2017	2016
<b>ASSETS</b>			
Deferred tax assets	11	-	-
Art, equipment, cars and fixtures		101	113
Buildings, property and land		6	7
<b>Total tangible fixed assets</b>	4	<b>107</b>	<b>120</b>
Shares in subsidiaries	5	24 859	24 094
Investments in associates and joint ventures	6	66	68
Other investments in shares	6	4	3
Non-current receivables from subsidiaries	7	951	56
Other non-current financial assets	7	102	234
<b>Total financial fixed assets</b>		<b>25 981</b>	<b>24 455</b>
<b>Total non-current assets</b>		<b>26 088</b>	<b>24 575</b>
Current receivables from subsidiaries	7	1 260	1 204
Other current receivables	6	221	27
Cash and cash equivalents	9	873	3 248
<b>Total current assets</b>		<b>2 353</b>	<b>4 479</b>
<b>Total assets</b>		<b>28 442</b>	<b>29 054</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		2 081	2 081
Own shares		(1)	(1)
Share premium		250	250
<b>Total paid-in equity</b>		<b>2 331</b>	<b>2 330</b>
Other equity		17 751	17 494
<b>Total equity</b>	10	<b>20 081</b>	<b>19 824</b>
Pension liabilities	12	81	126
Other non-current provisions	13	93	168
Non-current liabilities to subsidiaries	14	1 272	1 217
Non-current external interest-bearing debt	15	4 184	5 900
<b>Total non-current liabilities</b>		<b>5 629</b>	<b>7 411</b>
Allocated dividend	10	1 337	1 189
Current debt to subsidiaries		1	8
Current external interest-bearing debt	15	1 299	500
Other current liabilities	16	94	122
<b>Total current liabilities</b>		<b>2 732</b>	<b>1 819</b>
<b>Total equity and liabilities</b>		<b>28 442</b>	<b>29 054</b>

Fornebu, 23 March 2018  
Aker ASA

Kjell Inge Røkke (sign)  
Chairman

Finn Berg Jacobsen (sign)  
Deputy Chairman

Anne Marie Cannon (sign)  
Director

Kristin Krohn Devold (sign)  
Director

Karen Simon (sign)  
Director

Atle Tranøy (sign)  
Director

Tommy Angeltveit (sign)  
Director

Amram Hadida (sign)  
Director

Arnfinn Stensø (sign)  
Director

Øyvind Eriksen (sign)  
President and CEO



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## Cash flow statement

Amounts in NOK million	Note	2017	2016
Profit before tax		1 559	3 076
Sales losses/gains(-) and write-downs/reversals(-) of financial assets	3, 8	(760)	(1 864)
Unrealised foreign exchange losses/gains(-)		75	(129)
Depreciation and write-downs of fixed assets	4	14	32
Changes in other current items, etc.		(1 446)	(817)
<b>Cash flow from operating activities</b>		<b>(559)</b>	<b>298</b>
Sales proceeds/aquisitions(-) of fixed assets	4	(3)	86
Acquisitions of shares and other equity investments		(7)	(58)
Repayments of interest-bearing receivables		119	966
Payments on interest-bearing receivables		(976)	(646)
Proceeds from sale of shares and other equity investments		-	621
<b>Cash flow from investment activities</b>		<b>(867)</b>	<b>969</b>
Repayments of external interest-bearing debt		(1 000)	-
Net repayments/payments (-) on debt to group companies		1 239	1 255
Dividend paid		(1 188)	(733)
<b>Cash flow from financing activities</b>		<b>(949)</b>	<b>522</b>
Cash flow for the year		(2 375)	1 789
Cash and cash equivalents as at 1 January	9	3 248	1 459
<b>Cash and cash equivalents as at 31 December</b>	9	<b>873</b>	<b>3 248</b>

## 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 2017.

#### SUBSIDIARIES, ASSCIATES 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 ASSESMENT 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 lives. Direct maintenance of operating assets is expensed on an ongoing basis as operating expenses, 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 expenses 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

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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	2017	2016
Salaries	121	106
Social security contributions	21	17
Pension expenses exclusive financial items (see Note 12)	7	(26)
Other benefits	17	17
<b>Total salaries and other personnel expenses</b>	<b>166</b>	<b>114</b>
Average number of employees	37	40
Average number of man years	37	39

### AUDIT FEE IS INCLUDED IN OTHER OPERATING EXPENSES AND CONSISTS OF THE FOLLOWING:

Amounts in NOK million, inclusive VAT	2017	2016
Statutory audit	2,1	2,2
Attestation services	-	0,5
Tax services	-	-
Other services	0,2	0,1
<b>Total</b>	<b>2,4</b>	<b>2,9</b>

### REMUNERATION TO/FROM GROUP COMPANIES AND RELATED PARTIES CONSIST OF THE FOLLOWING:

Amounts in NOK million	2017	2016
Invoiced for services and office rent within the Group	10,8	13,1
Procured services from the The Resource Group TRG AS and Kjell Inge Røkke	(1,6)	(1,6)
Board fee to The Resource Group TRG AS, excluding payroll tax	(0,6)	(0,7)
Invoiced for services to The Resource Group TRG AS	2,0	1,9
<b>Total</b>	<b>10,6</b>	<b>12,7</b>

See Note 32 to the group accounts for 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 2017, 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 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 belongs, 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 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 30 million has been made under other current liabilities as at 31 December 2017 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 2017 bonus shares of NOK 5 million.

## Note 3 | Gains from sale of shares

Amounts in NOK million	2017	2016
Cork Oak Holding AS (gain on liquidation)	-	1
Aker Maritime Finance AS	-	41
<b>Total gain</b>	<b>-</b>	<b>42</b>

## Note 4 | Tangible fixed assets

Amounts in NOK million	Art	Equipment/ cars/ fixtures	Property/ buildings/ land	Total
Acquisition cost as at 1 January 2017	44	101	8	153
Additions	-	3	-	3
Disposal at acquisition cost	(1)	-	-	(1)
<b>Acquisition cost as at 31 December 2017</b>	<b>43</b>	<b>104</b>	<b>8</b>	<b>155</b>
Accumulated depreciation and write-downs	(17)	(29)	(1)	(47)
<b>Book value as at 31 December 2017</b>	<b>26</b>	<b>75</b>	<b>6</b>	<b>107</b>
Depreciation for the year	-	(14)	-	(14)
Useful life		3-8 years	50 years	
Depreciation plan	No depreciations	Linear	Linear	



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Note 5 | Shares in subsidiaries

Amounts in NOK million	Ownership in % <sup>1)</sup>	Location, city	Equity as at 31 Dec. 2017 <sup>2)</sup>	Profit before tax 2017 <sup>2)</sup>	Dividend received	Book value
Aker Capital AS	100.0	Fornebu	16 823	1 647	1 259	16 814
Aker Kværner Holding AS	70.0	Fornebu	8 648	960	-	6 053
Akastor ASA <sup>3)</sup>	8.5	Fornebu	5 277	(1 212)	-	383
Aker Solutions ASA <sup>4)</sup>	6.4	Fornebu	6 981	399	-	801
Aker BioMarine AS	100.0	Fornebu	487	(139)	-	746
Norron Holding AB <sup>5)</sup>	50.6	Stockholm	91	-	14	44
Resource Group International AS	100.0	Fornebu	14	(1)	-	11
Intellectual Property Holdings AS	100.0	Fornebu	3	-	-	8
Aker Achievements AS	100.0	Fornebu	6	-	-	-
<b>Total</b>					1 272	24 859

1) Ownership and voting interest.

2) 100 per cent of the company's equity before dividends and group contributions as at 31 December and profit before tax in 2017. 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.

5) The company received dividend of NOK 14 million from the subsidiary Norron AB before the restructuring of Norron in 2017.

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	Accumulated write-down	Book value 2017	Book value 2016
G&A Air AS <sup>1)</sup>	66	-	66	68
Others	1	(1)	-	-
<b>Total investments in associates and joint ventures</b>	67	(1)	66	68
Aker Pensjonskasse	4	-	4	3
<b>Total investments in other shares</b>	4	-	4	3

1) In addition, the company has a receivable against G&A Air AS of NOK 131 million.

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	2017	2016
Non-current receivable American Shipping Company ASA	-	172
Non-current derivatives	50	-
Other non-current receivables	52	62
<b>Total other non-current financial assets</b>	102	234

Amounts in NOK million	2017	2016
Aker Kværner Holding AS	2	-
Resource Group International AS	30	-
Aker BioMarine AS	919	56
<b>Total non-current receivables from subsidiaries</b>	951	56

The receivables have maturities of more than one year. Interest terms on the receivables reflect market terms.

Amounts in NOK million

	2017	2016
Aker Capital AS	1 259	1 203
Other	1	1
<b>Total current receivables from subsidiaries</b>	1 260	1 204

Note 8 | Impairments and reversals of impairment of shares and receivables

Amounts in NOK million	2017	2016
Aker Maritime Finance AS	-	50
Aker Kværner Holding AS	672	1 478
Akastor ASA	5	98
Aker Solutions ASA	84	192
<b>Total reversals of impairments on shares</b>	760	1 818
Reversed write-downs on receivables	-	5
<b>Total reversals of impairments on shares and receivables</b>	760	1 822

Note 9 | Cash and cash equivalents

Amounts in NOK million	2017	2016
Restricted cash	22	19
Unrestricted cash	851	3 229
<b>Total cash and cash equivalents</b>	873	3 248

Note 10 | Shareholders' equity

The share capital at 31 December 2017 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 2017, Aker ASA had 26 349 own shares, and the number of shares outstanding was 74 295 513. At the Annual General Meeting on 20 April 2018, it will be proposed a dividend of NOK 18 per share, totalling NOK 1 337 million.

CHANGES IN SHAREHOLDER'S EQUITY IN 2017 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	(1)	250	2 330	17 494	19 824
Purchased/sold/bonus treasury shares	-	-	-	-	3	3
Changes in estimate pension booked directly against equity	-	-	-	-	32	32
Allocation of dividend	-	-	-	-	(1 337)	(1 337)
Profit for the year	-	-	-	-	1 559	1 559
<b>Equity as at 31 December</b>	2 081	(1)	250	2 331	17 751	20 081

In 2017, the company has not acquired any treasury shares and sold/distributed 13 552 own shares in connection with the employees incentive program. Net effect recorded against equity was NOK 0 million.

In addition, accrued share bonus in 2017 with NOK 3 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.



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THE 20 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2017:

	Number of shares	Per cent
TRG Holding AS <sup>1)</sup>	49 785 635	67.0%
Folketrygdfondet	3 094 771	4.2%
J.P. Morgan Chase BANK N.A. London	1 108 294	1.5%
The Resource Group TRG AS <sup>1)</sup>	887 942	1.2%
Tvenge. Torstein Ingvald	750 000	1.0%
J.P. Morgan Chase BANK N.A. London	700 000	0.9%
KLP Aksjenorge	580 877	0.8%
Catella Hedgefond	436 835	0.6%
Brown Brothers Harriman (Lux.) Sca	383 008	0.5%
Norron Sicav - Target	375 000	0.5%
Morgan Stanley & Co LLC	356 703	0.5%
Kommunal Landspensjonskasse	333 110	0.4%
Morgan Stanley And Co Intl Plc	331 335	0.4%
State Street Bank & Trust Company	319 405	0.4%
Gothic Corporation	306 974	0.4%
J.P. Morgan Chase BANK N.A. London	306 259	0.4%
State Street Bank And Trust Comp	298 355	0.4%
VPF Nordea Norge Verdi	274 741	0.4%
J.P. Morgan Chase BANK N.A. London	247 260	0.3%
KLP Aksjenorge Indeks	245 560	0.3%
Others	13 199 798	17.8%
<b>Total</b>	<b>74 321 862</b>	<b>100%</b>

<sup>1)</sup> 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 2017 and 2016 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	2017	2016
Provisions and accruals	50	(72)
Fixed asset differences	2	2
Net pension liability/guarantee pension	(174)	(251)
Capital gains and loss reserve	41	52
<b>Total differences</b>	<b>(81)</b>	<b>(269)</b>
Tax losses carried forward	(3 957)	(3 317)
Cut-off interest deduction carried forward	(3)	(3)
<b>Total deferred tax basis</b>	<b>(4 041)</b>	<b>(3 589)</b>
<b>Net deferred tax 23% (2016: 24%)</b>	<b>(929)</b>	<b>(861)</b>
Write-down deferred tax assets	929	861
<b>Recognised deferred tax assets</b>	<b>-</b>	<b>-</b>

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 2017. NOK 834 million of the tax losses carried forward are disputed.

ESTIMATED TAXABLE INCOME

Amounts in NOK million	2017	2016
Profit before tax	1 559	3 076
Permanent differences	(2 010)	(3 636)
Change in temporary differences	(189)	78
Utilization of accumulated tax losses	-	-
<b>Estimated taxable income</b>	<b>(640)</b>	<b>(483)</b>
Tax payable 24% in the profit and loss account (2016: 25%)	-	-
<b>Tax payable 24% in the balance sheet (2016: 25%)</b>	<b>-</b>	<b>-</b>

INCOME TAX EXPENSE

Amounts in NOK million	2017	2016
Tax payable in the profit and loss account	-	-
Change in deferred tax	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>

RECONCILIATION OF EFfEKTIVE TAX RATE IN THE PROFIT AND LOSS ACCOUNT

Amounts in NOK million	2017	2016
24% tax on profit before tax (2016: 25%)	(374)	(769)
24% tax on permanent differences (2016: 25%)	482	909
Change in tax rate	(40)	(36)
Change in unrecognised deferred tax asset	(68)	(104)
<b>Estimated tax expense</b>	<b>-</b>	<b>-</b>
Effective tax rate (tax expense compared with profit / loss before tax)	<b>0%</b>	<b>0%</b>

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. From 1 January 2018, the company has changed the pension scheme to a defined contribution plan. The change has effect for persons up to 58 years old as at 1 January 2018. The employees who was included in the defined benefit plan receives paid-up policies according to earned rights from the defined benefit plan. For accounting purposes, the change in scheme has been treated as a change in plan and include 33 persons. The pension scheme for persons above 58 years is treated as a defined benefit plan and includes 4 active persons as of 31 December 2017. In addition, Aker ASA has uninsured pension liabilities, which gives rights to defined future benefits.

AKTUARIAL CALCULATIONS HAVE BEEN UNDERTAKEN BASED ON THE FOLLOWING ASSUMPTIONS	2017	2016
Discount rate	2.4%	2.5%
Wage increases	2.5%	2.3%
Social security base adjustment / inflation	2.3%	2.0%
Pension adjustment	0.0%	0.0%

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	2017	2016
Bonds	86.7%	84.6%
Money market	0.0%	5.4%
Shares	7.5%	6.4%
Property/other	5.8%	3.6%



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PENSION EXPENSES

Amounts in NOK million	2017	2016
Present value of this year's pension accruals	(6)	(7)
Change in plan in profit and loss accounts	(1)	33
Interest expense on accrued pension liabilities	(5)	(5)
Expected return on pension funds	2	2
<b>Net pension expenses (-)</b>	<b>(10)</b>	<b>23</b>

NET PENSION LIABILITIES AS AT 31 DECEMBER

Amounts in NOK million	2017 <sup>1)</sup>	2016 <sup>1)</sup>
Present value of accrued pension liabilities	(124)	(196)
Value of pension funds	43	70
<b>Net pension liabilities <sup>2)</sup></b>	<b>(81)</b>	<b>(126)</b>
<b>Number of individuals covered</b>	<b>65</b>	<b>105</b>

The plans include 4 active and 61 retired persons.

1) Aker ASA had only underfunded plans in 2017 and 2016 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	2017	2016
US pension guarantee provision	93	125
Unrealised loss on foreign exchange derivatives	-	43
<b>Total other non-current provisions</b>	<b>93</b>	<b>168</b>

Aker ASA had earlier signed a guarantee commitment regarding the US pension fund Kvaerner Consolidated Retirement Plan with Kvaerner US Inc (KUSI). As of December 2015, Aker Maritime Finance AS ("AMF") 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 continued to guarantee for the liability and shall cover for all AMF's expenses related to the pension plan. In 2017, Aker Maritime Finance AS merged with The Resource Group TRG AS ("TRG"), and the commitment of Aker to cover the expenses is now against TRG. As at 31 December 2017, Aker ASA has made a provision of NOK 93 million in the balance sheet.

Note 14 | Non-current liabilities to subsidiaries

Amounts in NOK million	2017	2016
Aker Holding Start 2 AS	13	24
Aker Capital AS	1 259	1 193
<b>Total non-current liabilities to subsidiaries</b>	<b>1 272</b>	<b>1 217</b>

Note 15 | External interest-bearing debt

Amounts in NOK million	Interest	Maturity	2017	2016
Bond AKER11	Nibor + 3.5%	June 2018	-	1 300
Bond AKER07	Nibor + 5%	January 2019	-	500
Bond AKER12	Stibor + 3.25%	July 2019	1 499	1 427
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			(16)	(26)
<b>Total non-current external interest-bearing liabilities</b>			<b>4 184</b>	<b>5 900</b>
Bond AKER11	Nibor + 3.5%	June 2018	1 300	-
Bond AKER08	Nibor + 4%	Mars 2017	-	500
Loan expenses			(1)	-
<b>Total current external interest-bearing liabilities</b>			<b>1 299</b>	<b>500</b>

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 31.12.2017.

Note 16 | Other current liabilities

Amounts in NOK million	2017	2016
Accrued interest external	23	30
Other accrued expenses	33	32
Foreign exchange derivatives	-	29
Other	38	32
<b>Total other current liabilities</b>	<b>94</b>	<b>122</b>

Note 17 | Guarantee obligations

Amounts in NOK million	2017	2016
Loan guarantees	308	308
Completion and other guarantees	-	3
<b>Total guarantee obligations</b>	<b>308</b>	<b>311</b>

Loan guarantees as at 31 December 2017 consisted mainly of guarantees related to Aker BioMarine AS with NOK 305 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 2017, Aker ASA was in compliance with all such covenants. See also [Note 6](#) to the group accounts. Aker ASA secures part of net exposure in cash flow in foreign exchange and normally not balance

items. Cash flow, including detectable structural transactions and possible loans in foreign exchange are secured within fixed intervals. In total, Aker ASA has hedged USD 90 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 2017, the accounts show an unrealised net gain of NOK 50 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 financial assets with 50 million. See [Note 7](#).



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## 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 31.12.17.

## Note 22 | Events after the balance sheet date

The company has during January 2018 completed a new senior unsecured bond issue of NOK 1 500 million with maturity in January 2023.

There have not been any other major events after the balance sheet date. See also [Note 34](#) in the financial statement 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 2017.

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 2017. 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 2017. 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 2017.

**To the best of our knowledge:**

- The consolidated and separate annual financial statements for 2017 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 2018**  
Aker ASA

**Kjell Inge Røkke (sign)**  
Chairman

**Finn Berg Jacobsen (sign)**  
Deputy Chairman

**Anne Marie Cannon (sign)**  
Director

**Kristin Krohn Devold (sign)**  
Director

**Karen Simon (sign)**  
Director

**Atle Tranøy (sign)**  
Director

**Tommy Angeltveit (sign)**  
Director

**Amram Hadida (sign)**  
Director

**Arnfinn Stensø (sign)**  
Director

**Øyvind Eriksen (sign)**  
President and CEO

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## Independent auditor's report



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Enterprise 935 174 627 MVA

To the Annual Shareholder's 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 2017, and 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 as at 31 December 2017, and income statement, 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 accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

##### 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 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.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.  
Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:  
Oslo    Elverum    Mo i Rana    Stord  
Alta    Fimnesnes    Molde    Straume  
Arendal    Hamar    Skien    Tromsø  
Bergen    Haugesund    Sandefjord    Trondheim  
Bode    Knarvik    Sandnessjøen    Tynset  
Drammen    Kristiansand    Stavanger    Ålesund



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#### 1. Assessment of the carrying value of property, plant and equipment and goodwill

Reference is made to Note 2 Basis for preparation, Note 5 Accounting principles, Note 12 Impairments, Note 15 Property, plant and equipment, Note 16 Intangible assets, and the Board of Directors' report.

The key audit matter	How the matter was addressed in our audit
<p>The impairment assessment of property, plant and equipment and goodwill, with carrying values of NOK 22 178 million and NOK 7 471 million respectively, 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, particularly oil &amp; gas business segments, as well as the judgemental nature of the recoverable amount.</p> <p>Significant auditor judgment is required when evaluating whether the management's assessment is reasonable and supportable.</p> <p>The Group has recognised impairment charges in respect of items of property, plant and equipment during the year of NOK 132 million. No impairment of goodwill has been recognised during the year.</p>	<p>Audit procedures in this area, performed by the group team and component auditors in other listed subsidiaries, included, among others:</p> <ul style="list-style-type: none"> <li>• We assessed management's process and results for identification and classification of cash generating units;</li> <li>• We evaluated management's assessment of impairment indicators;</li> <li>• Where impairment indicators were identified or where impairment testing was required, 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;</li> <li>• We evaluated the historical accuracy of management's budgets and forecasts and challenged management on the current year cash flow forecasts;</li> <li>• We evaluated and challenged management on the appropriateness of the key assumptions, such as for example growth assumptions and residual values, in the cash flow forecasts; and</li> <li>• We evaluated the adequacy and appropriateness of the disclosures related to the carrying value of property, plant and equipment and goodwill.</li> </ul> <p>From the audit evidence obtained, we consider management's assessment of the carrying value of property, plant and equipment and goodwill to be in accordance with the requirements under the relevant accounting standards.</p>

#### 2. 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</p>	<p>Audit procedures in this area, performed by the group team and component auditors in other listed subsidiaries, included, among others:</p> <ul style="list-style-type: none"> <li>• We corroborated the revenue forecasts with reference to signed contracts and variation orders;</li> </ul>

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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:

- incentive payments;
- key performance indicators;
- liquidating damages; and
- expected total costs to complete.

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.

- We reviewed the terms and conditions of significant contracts and comparing these to management's assessment of the contract forecasts;
- 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;
- We evaluated the calculation of project revenue and cost and amounts due to and from customers in relation to the stage of completion and forecasts; and
- We evaluated the adequacy and appropriateness of the disclosures in the financial statements related to revenue from long term projects.

From the audit evidence obtained, we consider construction contract estimates and revenue recognition to be consistent with the requirements under the relevant accounting standards.

Other information

Management is responsible for the other information. The other information comprises the information included 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 in accordance with law and regulations, including fair presentation of the financial statements of the



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Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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 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 skepticism 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 and the Group'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 and the Group 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.

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Aker ASA

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 to 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 (ISAE) 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 2018  
KPMG AS

Vegard Tangerud  
*State Authorised Public Accountant*

Note: This translation from Norwegian has been prepared for information purposes only.



AKER GROUP

AKER ASA

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## Combined income statement

Amounts in NOK million	Note	2017	2016
<b>Operating revenues</b>	2	-	1 906
Operating expenses		(244)	(198)
Depreciation and write-down	8	(14)	(32)
<b>Operating profit</b>		<b>(258)</b>	1 675
Dividends received	3	1 588	1 430
Other financial items	4	(209)	(480)
Value changes	5	(289)	(8)
<b>Profit before tax</b>		<b>833</b>	2 617
Income tax expense	6	-	-
<b>Profit for the year</b>		<b>833</b>	2 617

## Combined balance sheet as at 31 December

Amounts in NOK million	Note	2017	2016
<b>ASSETS</b>			
<b>Tangible fixed assets</b>	8	<b>149</b>	131
Financial interest-bearing fixed assets	9	1 306	1 114
Financial interest-free fixed assets	8,9	146	60
Equity investments	7	19 578	17 381
<b>Total financial fixed assets</b>		<b>21 030</b>	18 555
<b>Total fixed assets</b>		<b>21 179</b>	18 685
Current interest-free receivables		127	43
Current interest-bearing receivables	9	196	-
Cash and cash equivalents	10	1 232	4 466
<b>Total current assets</b>		<b>1 555</b>	4 509
<b>Total assets</b>		<b>22 735</b>	23 194
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Paid-in capital	11	2 331	2 330
Retained earnings		10 448	10 921
<b>Total equity</b>		<b>12 779</b>	13 251
Non-current provisions	12	174	294
Non-current interest-bearing liabilities	13	6 224	7 831
<b>Total non-current liabilities</b>		<b>6 398</b>	8 125
Current interest-free liabilities	12	1 439	1 319
Current interest-bearing liabilities	13	2 119	500
<b>Total current liabilities</b>		<b>3 558</b>	1 818
<b>Total equity and liabilities</b>		<b>22 735</b>	23 194

Fornebu, 23 March 2018  
Aker ASA

Kjell Inge Røkke (sign)  
Chairman

Finn Berg Jacobsen (sign)  
Deputy Chairman

Anne Marie Cannon (sign)  
Director

Kristin Krohn Devold (sign)  
Director

Karen Simon (sign)  
Director

Atle Tranøy (sign)  
Director

Tommy Angeltveit (sign)  
Director

Amram Hadida (sign)  
Director

Arnfinn Stensø (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

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](#). 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	2017	2016
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
<b>Total operating revenues</b>	<b>-</b>	<b>1 906</b>

### Note 3 | Dividends received

Amounts in NOK million	2017	2016
Aker BP ASA	820	209
Ocean Yield ASA	603	567
American Shipping Company ASA	91	117
Fornebuporten Holding AS	45	-
Philly Shipyard ASA	15	452
Havfisk ASA	-	80
Other	14	4
<b>Total dividends received</b>	<b>1 588</b>	<b>1 430</b>

### Note 4 | Other financial items

Amounts in NOK million	2017	2016
Interest income from subsidiaries	31	20
Other interest	(253)	(247)
Other financial items	13	(254)
<b>Total other financial items</b>	<b>(209)</b>	<b>(480)</b>

Other financial items in 2017 included a gain on foreign exchange including hedge instruments totalling NOK 69 million, impairment on Solstad Offshore convertible loan NOK 31 million and a loss on total return swap (TRS) agreements of NOK 18 million.

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.

### Note 5 | Value changes on share investments

Amounts in NOK million	2017	2016
Aker Solutions ASA (direct investment)	84	192
Akastor ASA (direct investment)	5	98
Solstad Farstad ASA / Farstad Shipping ASA	(325)	(28)
Cxense ASA	(27)	-
The Future Group ASA	(20)	-
American Shipping Company ASA	(5)	(28)
Norway Seafoods AS	-	8
Navigator Marine AS	-	7
Align AS	-	(127)
Trygg Pharma Group AS	-	(79)
NBT AS	-	(54)
Other changes in value of shares	-	3
<b>Total value changes on share investments</b>	<b>(289)</b>	<b>(8)</b>

### 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 2017 and 31 December 2016.

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## Note 7 | Equity investments

As at 31 December 2017	Ownership in per cent	Number of shares	Book value (NOK million)	Per share market value (NOK)	Investment market value <sup>4)</sup> (NOK million)
<b>Industrial Holdings</b>					
Aker Solutions ASA <sup>1)</sup>	28.39	77 233 531		46.19	3 567
Akastor ASA <sup>2)</sup>	28.19	77 233 531		16.40	1 267
Kværner ASA <sup>3)</sup>	28.71	77 233 531		15.80	1 220
Aker Kværner Holding AS	70.00		3 460		6 054
Aker Solutions ASA <sup>1)</sup>	6.37	17 331 762	801	46.19	801
Akastor ASA <sup>2)</sup>	8.52	23 331 762	383	16.40	383
Aker BP ASA	40.00	144 049 005	8 967	201.90	29 083
Aker BioMarine AS	100.00	69 053 544	1 411	-	1 411
Ocean Yield ASA	66.22	98 242 575	2 487	69.50	6 828
<b>Total industrial investments</b>			17 509		44 560
<b>Financial Investments</b>					
American Shipping Company ASA			276		
Philly Shipyard ASA			51		
Norron Target/Select			280		
Fornebuporten Holding AS			674		
Cxense ASA			30		
Trygg IDT Holdings I Corp			109		
Solstad Farstad ASA			353		
Align AS			117		
Cognite AS			44		
Other equity investments			134		
<b>Total shares and long-term equity investments</b>			19 578		

1) Aker Kværner Holding AS 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 ASA. Total indirect and direct shareholding in Aker Solutions ASA for Aker ASA is 34.76 per cent.

2) Aker Kværner Holding AS 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 ASA. Total indirect and direct shareholding in Akastor ASA for Aker ASA is 36.71 per cent.

3) Aker Kværner Holding AS owns 41.02 per cent of Kværner ASA. Aker ASA owns 70 per cent of Aker Kværner Holding AS. Aker ASA thus indirectly owns 28.71 per cent of Kværner ASA.

4) See [Note 14](#).

## Note 8 | Tangible fixed assets and financial interest-free fixed assets

Amounts in NOK million	Financial interest-free fixed assets	Other assets	Total 2017	Total 2016
Pension funds	-	-	-	3
Non-current receivables from subsidiaries	95	-	95	57
Other	51	149	200	131
<b>Total</b>	146	149	295	191

Other financial interest-free fixed assets in 2017 consist mainly of currency derivative contracts. In 2017, other assets includes inventory, software, office machines and real estate of NOK 118 million. In 2016, the amount was NOK 98 million.

The depreciation in 2017 was NOK 14 million (NOK 15 million in 2016). In 2017 there was not any impairment related to other assets (NOK 17 million in 2016).

## Note 9 | Current interest-bearing receivables and financial fixed assets

Amounts in NOK million	Current interest-bearing receivables	Financial interest-bearing fixed assets	Total 2017	Total 2016
Receivables from subsidiaries	-	825	825	100
Receivable American Shipping Company ASA	55	-	55	172
Solstad Offshore ASA convertible loan	-	-	-	250
Receivable Ocean Harvest Invest AS	-	404	404	509
Other receivables	141	77	218	82
<b>Total</b>	196	1 306	1 503	1 114

### RECEIVABLES FROM SUBSIDIARIES AT 31 DECEMBER 2017:

Amounts in NOK million	Current interest-bearing receivables	Non-current interest-bearing receivables	Total interest-bearing	Non-current interest-free receivables	Total receivables from subsidiaries
Aker BioMarine AS	-	823	823	95	919
Other companies	-	2	2	-	2
<b>Total</b>	-	825	825	95	921

## Note 10 | Cash and cash equivalents

Cash and cash equivalents amounted to NOK 1 232 million as at the end of 2017. Of this total, NOK 22 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	(26 349)	28	(1)
Share premium reserve			250
<b>Total paid-in capital / shares outstanding</b>	74 295 513		2 331

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 18.00 per share, NOK 1 337 million in total, will be proposed at the Annual General Meeting on 20 April 2018.

## Note 12 | Interest-free debt and liabilities

Amounts in NOK million	Current	Non-current	Total 2017	Total 2016
Pension liabilities	-	81	81	126
Guarantee liability TRG AS	-	93	93	125
Dividend	1 337	-	1 337	1 189
Other liabilities	102	-	102	173
<b>Total</b>	1 439	174	1 613	1 613



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## Note 13 | Interest-bearing debt

### INTEREST-BEARING DEBT TO EXTERNAL CREDITORS IS SHOWN BELOW:

Amounts in NOK million	2017	2016
Non-current bonds	4 199	5 927
Secured bank loans	2 051	1 940
Capitalised fees	(27)	(36)
<b>Total non-current interest-bearing debt</b>	<b>6 224</b>	<b>7 831</b>
Current bonds	1 300	500
Secured bank loans (3-year loan with annual rollover)	821	-
Capitalised fees	(2)	-
<b>Total current interest-bearing debt</b>	<b>2 119</b>	<b>500</b>
<b>Total interest-bearing debt</b>	<b>8 343</b>	<b>8 331</b>

### INSTALMENT SCHEDULE FOR EXTERNAL INTEREST-BEARING DEBT, BY TYPE:

Amounts in NOK million	Bonds	Secured bank loans	Accrued fees	Total
2018	1 300	821	(2)	2 119
2019	1 499	-	(3)	1 496
2020	1 700	2 051	(17)	3 735
2021	-	-	-	-
2022	1 000	-	(7)	993
<b>Total</b>	<b>5 499</b>	<b>2 872</b>	<b>(28)</b>	<b>8 343</b>

## Note 14 | Risk

### THE BALANCE SHEET OF AKER ASA AND HOLDING COMPANIES IS SPLIT INTO TWO SEGMENTS:

Percent	2017	2016
Industrial investments	77%	68%
Financial investments	23%	32%
<b>Specification financial investments:</b>		
Funds-and equity investments	9%	7%
Cash	5%	19%
Interest-bearing receivables	7%	5%
Fixed assets, deferred tax assets and interest-free receivables	2%	1%

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 22 735 million including the book value for Industrial investments of NOK 17 509 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 44 560 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 5 226 million. Cash represents 5 per cent of the book value of total assets and 24 per cent of Financial investments.

See also [Note 6](#) to the consolidated financial statements for Aker ASA.

## Independent auditor's report



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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 2017, 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 2017, 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 2017, 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 2018.

#### 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.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

#### Offices in:

Oslo	Everum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Kragerø	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



**Auditor's report - 2017**  
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 2018  
KPMG AS

Vegard Tangerud  
State Authorised Public Accountant

[Translation has been made for information purposes only]

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 Management

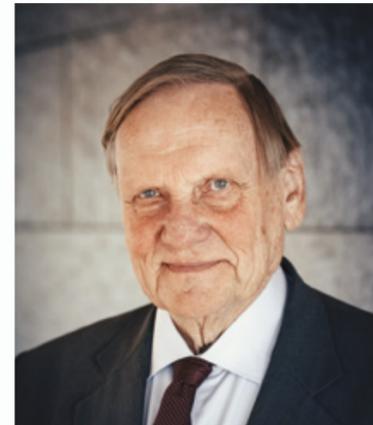
# Board of Directors



**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 2017, Mr. Røkke holds 50 673 577 (68.2 per cent) in Aker ASA through his investment company TRG AS and its subsidiaries, 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 boards, 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 2017, Mr. Berg Jacobsen holds 5 159 shares in Aker ASA, through FBJ-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 35 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 Petroleum. 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 2017, 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 2017–2019.



**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 and Chamber of Commerce of Sweden and Norway. She has an MSc degree from the Norwegian School of economics (NHH) and has a bachelor degree in sociology from the University of Bergen.

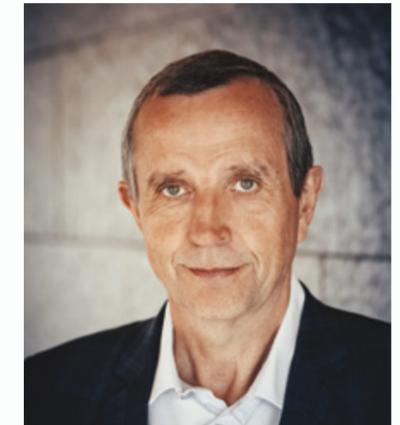
As at 31 December 2017, Ms. Krohn Devold holds no shares in Aker ASA, and has no stock options. Ms. Krohn Devold is a Norwegian citizen. She has been elected for the period 2017–2019.



**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 2017, 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 2017–2019.



**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 2017, 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 2017–2019.

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# Board of Directors



**TOMMY ANGELVEIT**  
DIRECTOR, ELECTED BY THE  
EMPLOYEES

Tommy Angelveit (born 1965) has worked as a mechanic at the Controls division in Aker Subsea since 2003. Mr. Angelveit has occupational education as a service electronics engineer. He previously served as an employee representative at the board of Aker Subsea. Mr. Angelveit is full time employee representative and manager for Industry Energy section 47.

As of 31 December 2017, Mr. Angelveit holds no shares in Aker ASA, and has no stock options. Tommy Angelveit is a Norwegian citizen. He has been elected for the period 2017-2019.



**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 2017, 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 2017-2019.



**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 2017, 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 2017-2019.

# Management



**ØYVIND ERIKSEN**  
PRESIDENT AND CEO

Øyvind Eriksen (born 1964) joined Aker ASA in January 2009. In addition to attending the Norwegian Air Force officer candidate school, 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. As a corporate attorney he among other things worked with strategic and operational development, M&A and negotiations. Among other, Mr. Eriksen worked closely with Aker. Mr. Eriksen has held several board positions in different industries, including shipping, finance, asset management, offshore drilling, fisheries, media, trade and industry. As CEO Mr. Eriksen is currently chairman of the board in Aker BP ASA, Aker Solutions ASA, Cognite AS, Aker Capital AS and Aker Kvaerner Holding AS, and a director of several companies, including Akastor ASA, The Resource Group TRG AS, TRG Holding AS and Reitangruppen AS.

As at 31 December 2017, Mr. Eriksen holds 219 072 shares in Aker ASA, and has no stock options. Mr. Eriksen holds, through a privately owned company, 0.20 percent of the B-shares in TRG Holding AS. Mr. Eriksen is a Norwegian citizen.



**FRANK O. REITE**  
CFO

Frank O. Reite (born 1970) 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 ASA and Akastor ASA.

As at 31 December 2017, Mr. Reite holds 64 781 shares in Aker ASA, and has no stock options. Mr. Reite is a Norwegian citizen.



**KRISTIAN RØKKE**  
CHIEF INVESTMENT OFFICER

Kristian Røkke (born 1983) was employed as Chief Investment Officer at Aker ASA in January 2018. He has extensive experience from offshore oil services, shipbuilding industry and mergers and transactions. Røkke joined Aker ASA from Akastor, an investment company listed on the stock exchange, where he was the CEO from 2015. Røkke is a board member of TRG Holding AS and previously a board member of Aker ASA. He holds an MBA from The Wharton School, University of Pennsylvania.

As of 31 December 2017, Kristian Røkke owns no shares in Aker ASA and has no options. Røkke holds both Norwegian and American citizenships.

Photos: **Ilja Hendel, Hugo Lütcherath,**  
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