Annual Report **2017**

We create solutions to unlock energy **safely and sustainably** for future generations.

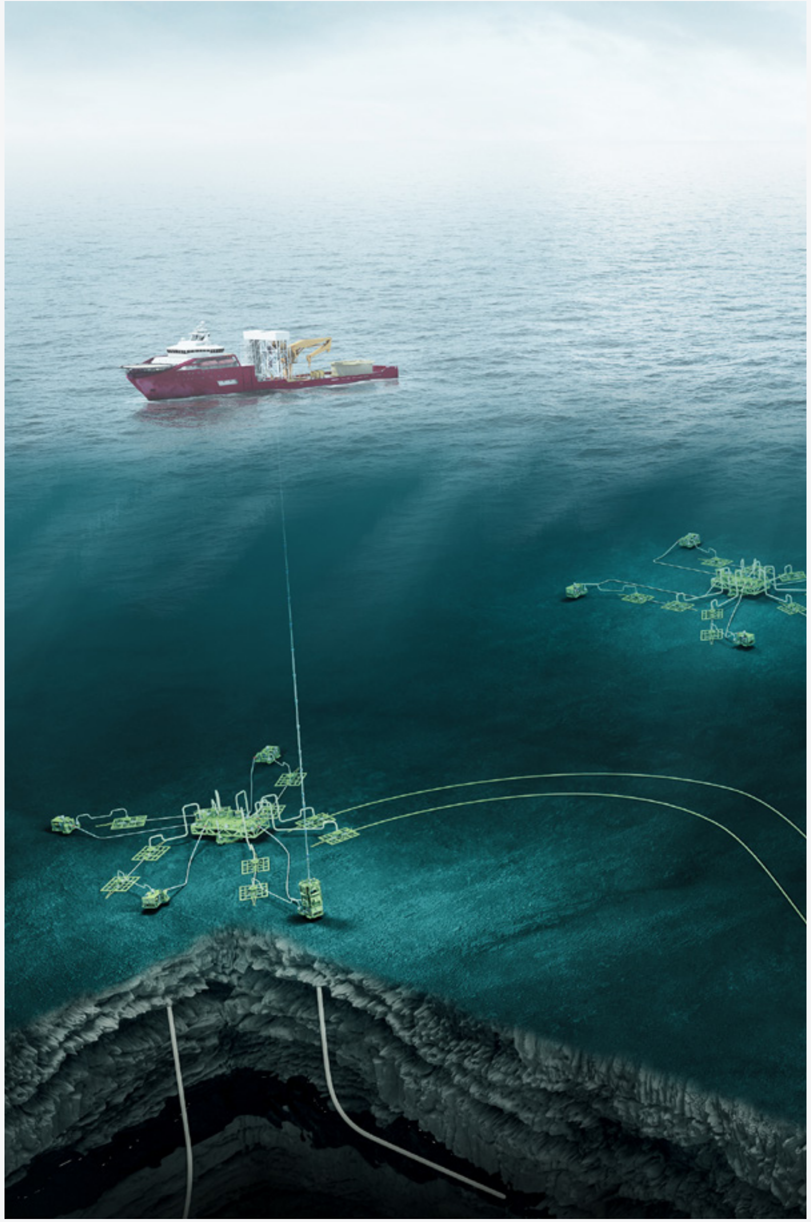
AkerSolutions

Vision. Building on almost 200 years of technological and engineering excellence Aker Solutions is at the forefront in forging a sustainable future for the energy industry and the world it serves. A spirit of collaboration and openness is at the heart of this effort as we set new standards and solve new challenges.

Content

Key Figures

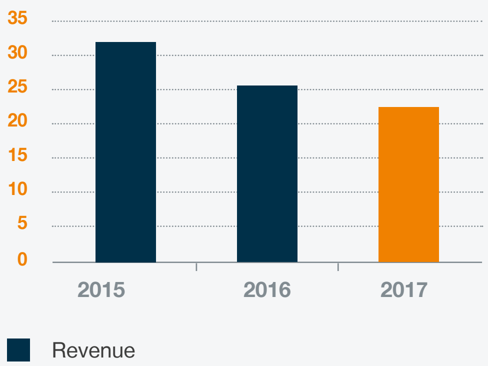
Amounts in NOK million unless otherwise stated		2017	2016
ORDERS AND RESULTS			
Order backlog December 31		34,581	31,188
Order intake		23,553	17,004
Revenue		22,461	25,557
EBITDA		1,519	1,929
EBITDA margin (%)		6.8	7.5
EBITDA margin ex. special items (%)		7.4	8.3
EBIT		571	687
EBIT margin (%)		2.5	2.7
EBIT margin ex. special items (%)		3.9	5.3
Net profit		239	152
CASHFLOW			
Cashflow from operational activities		587	312
BALANCE SHEET			
Net interest-bearing debt		970	1,002
Equity ratio (%)		35.7	29.8
Liquidity reserve		5,728	7,480
SHARE			
Share price December 31 (NOK)		46.19	41.37
Basic earnings per share (NOK)		0.81	0.21
EMPLOYEES			
Total employees December 31	Own employees	13,796	14,385
HSE			
Lost time incident frequency	Per million worked hours	0.47	0.30
Total recordable incident frequency	Per million worked hours	1.35	1.30
Sick-leave rate	Percentage of total working hours	2.80	2.75



Key Figures

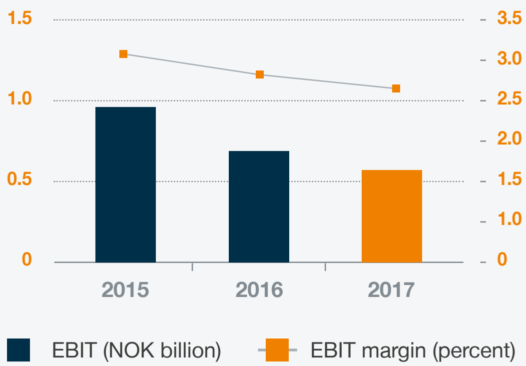
Revenue

Amounts in NOK billion



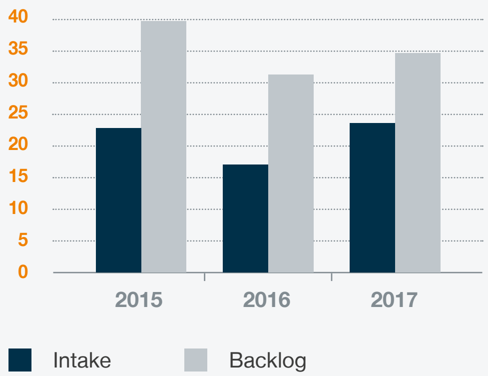
EBIT and margin

Amounts in NOK billion and percent



Order intake and backlog

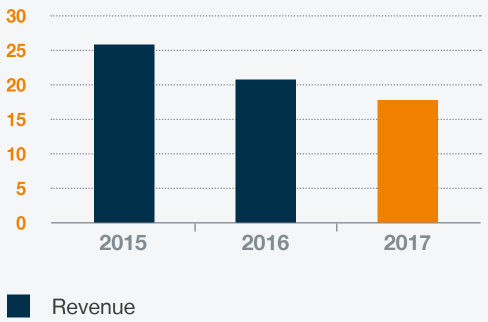
Amounts in NOK billion



Projects

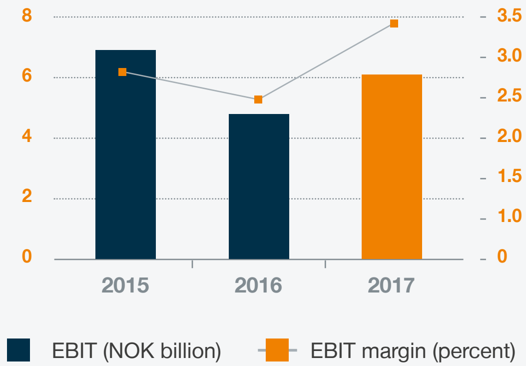
Revenue

Amounts in NOK billion



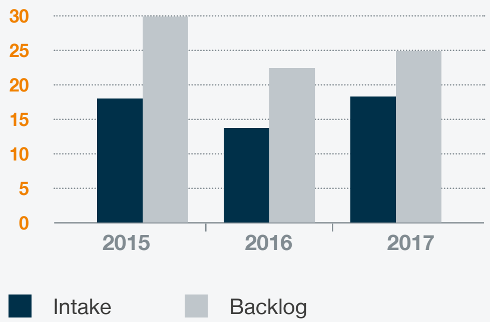
EBIT and margin

Amounts in NOK billion and percent



Order intake and backlog

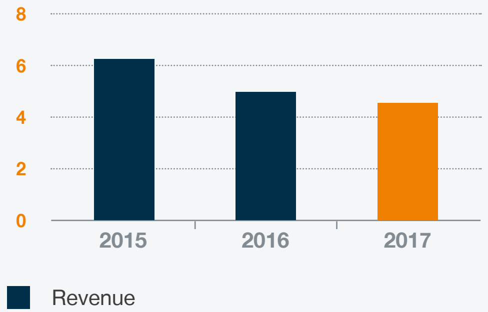
Amounts in NOK billion



Services

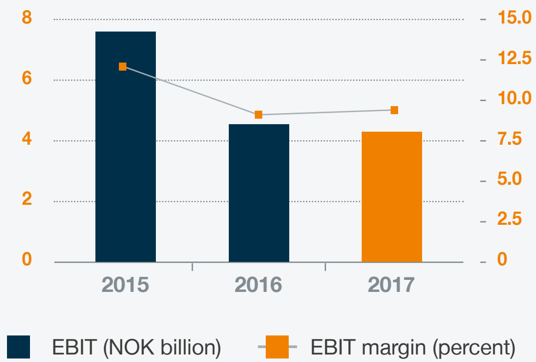
Revenue

Amounts in NOK billion



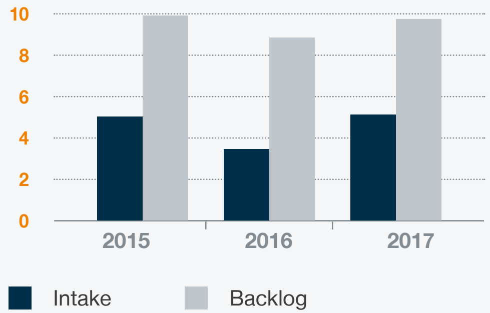
EBIT and margin

Amounts in NOK billion and percent



Order intake and backlog

Amounts in NOK billion



Worldwide. Operations in about 20 countries.

Highlights

Strategy

Aker Solutions' new strategy aims to strengthen the company's competitiveness and ability to serve customers. It has five main priorities: customers, partnerships, innovation, operational excellence and services.

Digitalization

Aker Solutions accelerates efforts to drive digital solutions that improve the efficiency of energy developments, including the PUSH program and development of data structures to build and maintain digital twins for energy assets.

#thejourney

Aker Solutions meets its target to improve cost efficiency across the business by at least 30 percent by the end of 2017. The company now aims for an additional cost-efficiency improvement of at least 5 percent per year by the end of 2021.

Johan Castberg

The company in December secures several key orders for this landmark Arctic development, including for the subsea production system and topside design of the floating production, storage and offloading facility. Aker Solutions has since the earliest project phases worked closely with the customer Statoil to help reduce costs and enable the development to move forward.

Aker BP

Aker Solutions in April secures a framework agreement with Aker BP to provide engineering and procurement services for new offshore field installations for as many as 10 years.

Natural Gas

Aker Solutions bolsters its capabilities in natural gas, an area with great potential. The company aims to use its capabilities in gas compression, subsea and floating facility design to integrate offshore gas developments to help unlock value.

Front End

Aker Solutions sees a surge in demand for front-end engineering, winning 124 awards for such work. Early involvement in a development enables the company to significantly optimize the overall project. It also puts it in a strong position to secure work in the next project phases.

Services

Aker Solutions takes steps to expand its services business internationally. These include the acquisition of Reinertsen, the third-largest maintenance and modifications supplier offshore Norway, and the successful integration of C.S.E. Mecânica e Instrumentação Ltda in Brazil following Aker Solutions' acquisition of a majority stake in the company in December 2016.

Strong Execution

Aker Solutions delivers consistently strong execution on major offshore energy projects, including Zohr in Egypt, Moho in Congo-Brazzaville, Kaombo in Angola, Gina Krog in Norway and Kraken in the UK.

Low Carbon

Aker Solutions in December invests in floating offshore wind technology company Principle Power Inc. The two companies form an alliance that will utilize Aker Solutions' offshore expertise, particularly in floating facilities, to bring Principle Power's technology to a broader market. Aker Solutions also strengthens its carbon capture technologies with a standardized modular unit that helps lower costs.

Sustainability

Aker Solutions steps up efforts to promote industry sustainability, including working for The International Association of Oil & Gas Producers to help drive greater standardization across the sector.

HSSE

The safety of Aker Solutions' employees is always the top priority. Aker Solutions has 313 days without a recordable injury, illness, spill or incident in 2017, compared with 296 days the prior year. Aker Solutions has nine serious incidents in 2017, compared with 34 in 2016.

Looking Forward

Aker Solutions always moves with the times.

Innovation is embedded in our almost two century-old DNA. This has allowed us to emerge leaner and stronger from the deepest slowdown the oil and gas industry has ever seen. At the same time, we have pivoted to play a crucial role in the big energy transformation that is upon us.

Oil and gas remain central to our business. We have played a key role in bringing down costs in the industry, enabling more projects to move ahead. We rounded off 2017 with a strong order intake. Solid execution on major projects globally and significant efficiency improvements are supporting margins amid increasing signs of a market recovery.

But we are at heart a technology and engineering company. With those skills you can be anywhere and solve any problem. The world will always need more energy – in whatever form – especially as we transition to a low-carbon society. That is why we are focused on sustainable solutions. Subsea is already playing a major role, but we are also branching out to put our expertise harder to work on gas developments, carbon capture and offshore wind.

We see ourselves as a key partner in helping provide the sustainable energy solutions the world needs – it's both the right thing to do and also good business.

Internally, we continued to make significant adjustments in 2017. A new strategy centered on customers, partnerships, innovation, operational excellence and services was brought to life. Our new organizational structure became fully operational with five delivery centers: Customer Management, Front End, Products, Projects and Services. These reflect our business workflow from early engagement to project execution and through to services and decommissioning.

This setup is driving leaner workflows and standardization, and helped us achieve a target to improve cost efficiency across the business by at least 30 percent by the end of 2017.

Digitalization underpins the strategy and the business. It is changing the way we work and what we offer customers. Last year, about half of our research and development investments went to digital initiatives. This includes the PUSH program, which was started in 2016 to develop software that cuts costs, improves schedules for energy developments and strengthens operations.

All of this is helping us to be on the offensive. We last year bought Reinertsen, the third-largest maintenance and modifications supplier offshore Norway, boosting our market presence as we position for a recovery.

We won contracts across the business and deepened our relationships with major customers. This included framework agreements with Aker BP for as many as 10 years and for Statoil-operated fields offshore Norway. We secured several orders for the landmark Johan Castberg development, where we have worked closely with Statoil since the beginning to significantly lower costs.

We see ourselves as a key partner in helping provide the sustainable energy solutions the world needs – it's both **the right thing to do** and also good business.

Those orders highlight the value of our front-end engineering capabilities, a key tool in winning more work. We saw a surge in demand last year, securing 124 front-end orders. Twenty-six of our concept studies led to FEEDs and twelve FEEDs led to fully-fledged projects.

Our partnerships also paid off. Our subsea alliance with Aker BP and Subsea 7 completed its first project faster and cheaper than planned, highlighting the potential from standardizing processes and solutions.

All of this work is not going unnoticed. Last year, the International Association of Oil & Gas Producers, which produces about 40 percent of the world's petroleum, selected Aker Solutions to help drive greater standardization across the sector.

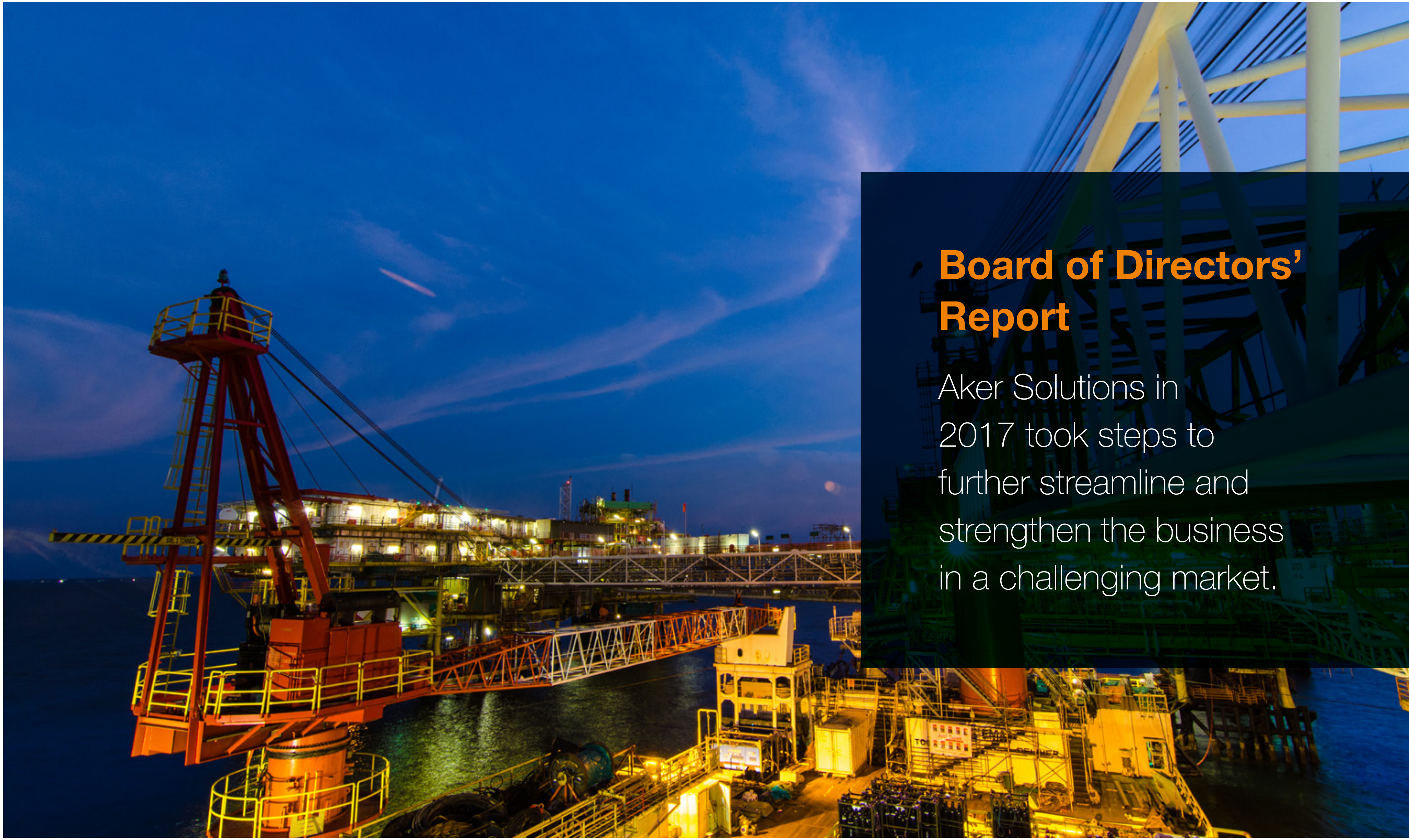
The cost-efficiency drive and strong project execution helped maintain stable underlying margins. We had a solid financial position with a liquidity buffer of NOK 5.7 billion at the end of the year.

As always, the safety and health of our employees remains our first priority. In 2017, we had 313 days without a recordable injury, illness, spill or incident, up from 296 days in the previous year. We had nine serious incidents compared with 34 in 2016. This indicates the business is improving.

We are committed to the principles of the UN Global Compact and to responsible and sustainable business practices. We continue to strengthen our anti-corruption efforts and prioritize good corporate governance. We are also continuing to promote diversity in our workforce through clear requirements in our recruitment, people development and programs supporting equal opportunity.

In summary, it was an eventful and successful year and I am proud of the strong dedication shown by Aker Solutions' employees. I am also encouraged by the positive market signs and where our hard work has positioned us.

Luis Araujo
Chief Executive Officer



Board of Directors' Report

Aker Solutions in 2017 took steps to further streamline and strengthen the business in a challenging market.

The company introduced a strategy aimed at boosting its competitiveness and accelerated a push to drive digital transformation. It achieved a companywide cost-efficiency target, deepened collaborations and entered new markets.

Overview

Building on nearly two centuries of technological and engineering excellence, Aker Solutions is committed to finding solutions to bring energy resources safely and cost-effectively into production, maximize recovery and minimize the environmental footprint.

The company provides products, systems and services ranging from concept studies and front-end engineering to subsea production systems and services for enhancing and extending the life of a field. The main customers are international, national and independent energy companies.

Aker Solutions had 13,796 own employees and was present in 24 countries at the end of 2017. The main office is in Fornebu, Norway. Aker Solutions ASA is listed on the Oslo Stock Exchange.

Strategy and Organizational Development

Aker Solutions' strategy builds on its vision to be a leader in forging a sustainable future for the global energy industry and the world it serves. The company provides solutions to safely and sustainably develop, operate and retire customers' energy assets. These efforts are reinforced through alliances with other businesses that aim to deliver innovative and cost-effective solutions. Aker Solutions also develops solutions to decarbonize the industry, including carbon capture and offshore electrification.

Aker Solutions in 2017 introduced a new strategy aimed at further strengthening its competitiveness and ability to serve customers. The strategy has five main priorities: customers, partnerships, innovation, operational excellence and services. It is underpinned by the company's continuous improvement efforts and push to develop and deploy new and existing digital technologies.

A key strategic objective is to drive digital transformation at Aker Solutions. The company last year allocated about half of all research and development (R&D) investments to digital initiatives. It accelerated efforts to develop digital solutions that improve the efficiency of energy developments. This includes the PUSH program, which was initiated in 2016 to develop software that adds value, cuts costs and improves schedules for field developments and operations. The program has already developed applications that develop front-end concepts more efficiently and accurately, optimizing the return on investment and reducing risk in field development. Aker Solutions also develops data structures to build and maintain digital twins for energy assets.

Aker Solutions' strategy builds on its vision of being a leader in forging a **sustainable future** for the global energy industry and the world it serves.

Building on these efforts, the company in 2018 formed a long-term strategic collaboration with software company Cognite. Aker Solutions will use Cognite's industrial data platform to collect and analyze large volumes of data from offshore energy installations, providing solutions that will enable customers to make informed decisions about an energy asset at any stage of its lifetime.

Aker Solutions in 2017 fully implemented a reorganization that streamlined the business structure to better reflect its workflow from early engagement with customers to project execution and through to life-of-asset services and decommissioning. It replaced the business-area structure with the following delivery centers: Customer Management, Front End, Products, Projects and Services.

The company concluded the first phase of its global cost-efficiency improvement program, #thejourney. The program, initiated in 2016, is now entering a second phase emphasizing continuous improvement. Aker Solutions has been simplifying its work methods, organizational setup and geographic footprint to drive improvements across the business. The company is also standardizing its products and services and boosting efficiency through innovation and digital technologies.

Aker Solutions deepened its collaboration within the industry, including by working for the International Association of Oil & Gas Producers (IOGP) to help drive greater standardization across the sector. The company continued to work with partners that are leaders in their fields of expertise, such as ABB, MAN Diesel & Turbo, Saipem, NOV, Alcatel and SBM Offshore. These collaborations span the offshore value chain and work to develop solutions that will reduce costs, improve productivity and enhance the environmental performance of energy developments.

The company last year also invested in offshore floating wind power technology company Principle Power Inc., marking its entry into a growing renewable energy market. The two companies formed a partnership that will utilize Aker Solutions' offshore expertise, especially in floating facilities, to bring Principle Power's technology to a broader market.

Aker Solutions operates in a fast-paced and competitive landscape characterized by recent structural changes. The company will continue to monitor this landscape and opportunistically consider new strategic partnerships and acquisitions that will strengthen its competitiveness.

Customer Focus

Aker Solutions aims to provide the best experience in the industry for its customers, which include major integrated oil and gas companies, national oil companies and independent exploration and production companies. The company in 2017 sharpened its focus on delivering value to clients by further strengthening its global customer management team.

Aker Solutions' collaboration with customers has helped improve the overall economics and performance of key offshore oil and gas developments. Working closely with customers, particularly from the earliest phases of an energy project, enables a more integrated and holistic approach to finding effective solutions across the full development and production lifecycle.

Building on this approach, Aker Solutions in 2017 deepened its collaboration with Aker BP and Subsea 7 through an alliance of all three companies formed the prior year. The collaboration is based on a business model where risks and rewards are shared by all parties and the operator and suppliers work as one integrated team over several projects to find and reuse the most cost-efficient solutions. Aker Solutions will continue to pursue opportunities to engage and collaborate with its customers.

Where We Operate

Aker Solutions is pursuing international growth while safeguarding its existing market positions. The company is represented in all major offshore oil and gas basins around the world from the Gulf of Mexico and Brazil to the North Sea, Africa, Middle East and Southeast Asia. The ongoing market slowdown in 2017 posed challenges for the global oil and gas industry. Aker Solutions took additional steps to streamline its global footprint while safeguarding the capabilities required to take advantage of future opportunities.

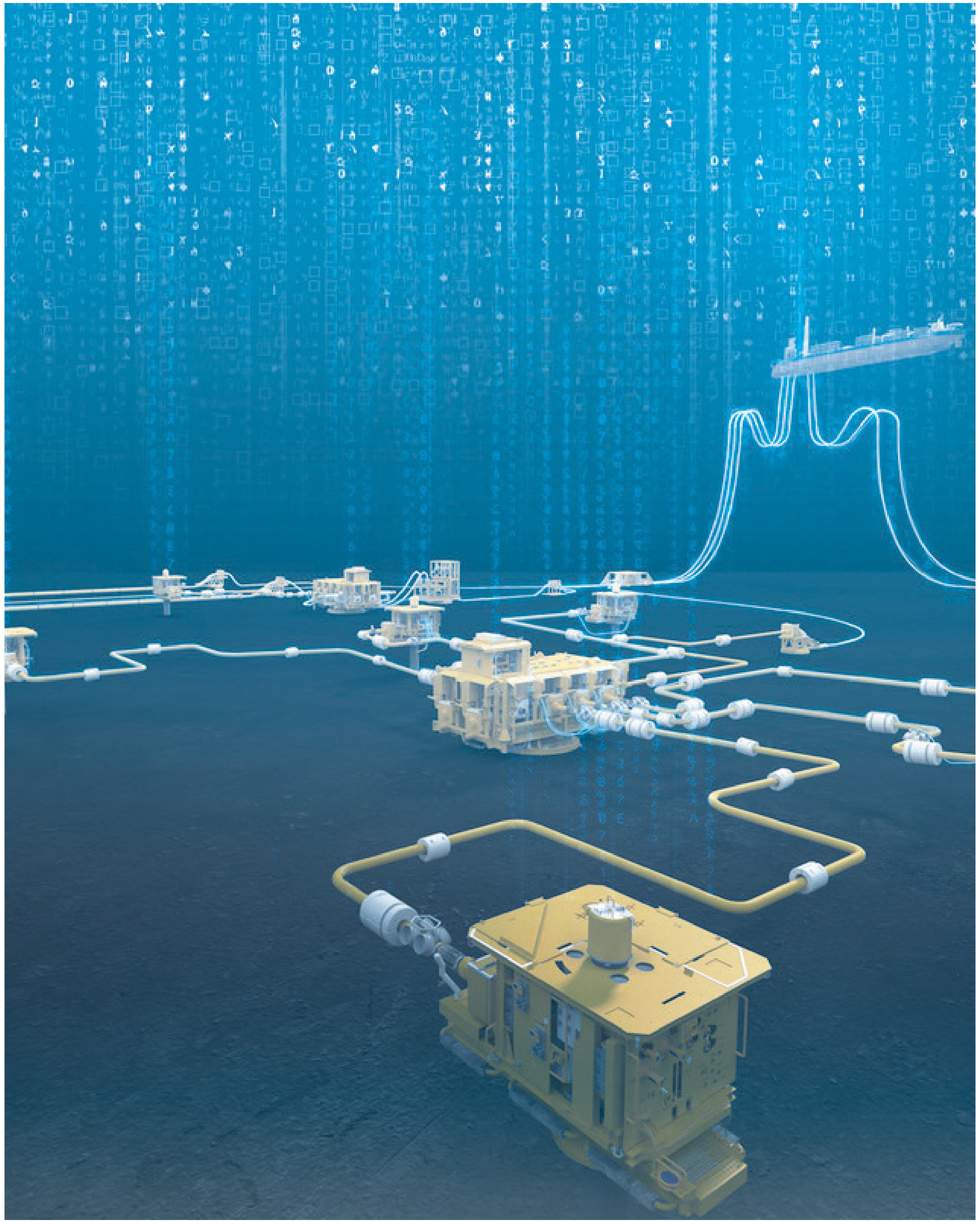
Market Outlook

Aker Solutions' financial performance primarily depends on activity in global oil and gas markets.

While markets remained challenging in 2017, there was a gradual pickup in activity during the year, particularly offshore Norway. Most notably, Aker Solutions saw high demand for front-end engineering and secured key brownfield and greenfield contracts, including for subsea projects in Norway.

There are increasing signs of a recovery because of higher oil prices and declining development costs. Natural gas prices are more stable due to the market's improving ability to match supply and demand. Increased demand for gas, especially in Asia, is expected to continue. Additional investments in liquefied natural gas are seen to be needed to ensure a long-term balance.

Lower break-even prices, simpler field architecture and more effective collaboration are spurring new developments. Several large oil and gas projects were sanctioned last year at costs as much as 50 percent lower than seen two to three years ago. The company expects to see more projects being sanctioned in 2018 amid continued fierce competition. Aker Solutions margins were



last year helped by improved operations and cost reductions. These efforts are expected to continue supporting margins in 2018.

Longer term, the outlook remains positive. Declining reserves and lower oil and gas production in many parts of the world are expected to generate investments in new developments and increased recovery from existing fields. Aker Solutions is well placed in key regions to provide the capabilities and technology to lower development costs, improve recovery rates and reduce the industry's environmental footprint.

Corporate Responsibility

Corporate responsibility is about making good and sustainable decisions that add value to the company, its stakeholders and society. The company works to integrate corporate responsibility considerations into internal processes and operations, seeking to ensure sustainability, integrity and responsibility in its business.

The company is a signatory to the United Nations Global Compact, the world's largest corporate sustainability initiative, and is committed to its 10 principles. Aker Solutions is a member of Trace International, an international organization promoting transparency and compliance with anti-corruption rules, and participates in informal compliance forums with other Norwegian companies.

The company's commitment to human and labor rights is covered by the Global Framework Agreement between Aker ASA and the Norwegian and international trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna. Aker Solutions reports and communicates on corporate responsibility based on recommendations from the Global Reporting Initiative. More information is available in the company's corporate responsibility report for 2017 on www.akersolutions.com/cr-reports.

Corporate Governance

Corporate governance is a framework of values, responsibilities and work processes to control the business and promote a sustainable value creation for shareholders and other stakeholders. The board of directors is responsible for ensuring sound governance at Aker Solutions. The audit committee supports the board in ensuring the company has internal procedures and systems in place for effective processes based on the principles set out in the Norwegian Code of Practice for Corporate Governance.

Aker ASA holds 34.8 percent of Aker Solutions, making it the company's largest indirect shareholder. The board of directors and executive management team of Aker Solutions are conscious of all relations with Aker ASA, its subsidiaries and other entities in which Aker ASA has significant ownership interests, including Aker BP, Kvaerner, Akastor and Cognite. Aker Solutions has adopted related-party transaction procedures to ensure that all transactions and other relations with such entities shall be premised on commercial terms and structured in line with the arm's length principle.

The «Related Parties» note to the consolidated financial statements contains information on the most significant transactions between Aker Solutions and Aker ASA, its subsidiaries and other entities in which Aker ASA has significant ownership interests. More information is available in the corporate governance report for 2017 on www.akersolutions.com/corporate-governance.

Ethical and Political Risks

Aker Solutions could potentially become involved in unethical behavior, either directly or through third parties or partners. The company has operations in countries associated with high political, reputational and corruption risks. Key tools to reduce these risks are the company's code of conduct and anti-corruption compliance program, which are implemented at all locations globally. Risks are also managed through country analyses, mandatory awareness training, compliance reviews and integrity due diligence.

Aker Solutions has zero tolerance for corruption and works vigilantly to combat such behavior. The company has control systems in place throughout the organization that are designed to identify and limit the effects of violations of the code of conduct. In 2017 these internal mechanisms revealed behavior among a few employees that breached the code of conduct. While the breaches were limited in scope, the company took swift action to address them. In general, employees face consequences spanning from a warning to a dismissal for violating the code of conduct.

The company last year further strengthened its anti-corruption compliance framework. It updated several supporting documents to the company's anti-corruption compliance policy framework in areas such as gifts and hospitality, business-partner qualification processes, whistleblowing and country risk assessments. It established a group-wide compliance plan and each delivery center introduced annual risk-based compliance plans with key focus areas and annual targets. The company introduced new mandatory business ethics training, which was rolled out to all employees. The company also conducted more country risk assessments and integrity due diligence processes of potential business partners than previously as it pursued more opportunities in high-risk markets.

Financial Performance

Aker Solutions presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. All amounts except those in the Parent Company Financial Statements on page 17 relate to the consolidated financial statements for the group, since the parent company has very limited operations.

Consolidated Financial Results

Aker Solutions' revenue declined to NOK 22.5 billion in 2017 from NOK 25.6 billion the prior year amid the market slowdown. Earnings before interest and taxes (EBIT) fell to NOK 571 million from NOK 687 million a year earlier, burdened by NOK 86 million in costs for restructuring and workforce reductions, and NOK 40 million for lease costs on vacated office space. Earnings were impacted by an unrealized loss of NOK 10 million on non-qualifying hedges and other non-recurring losses of NOK 10 million. Aker Solutions booked NOK 156 million in impairment charges on capitalized research and development programs as well as machinery and equipment. Excluding these special items EBIT fell to NOK 0.9 billion from NOK 1.3 billion a year earlier.

Interest income was NOK 55 million in 2017 compared with NOK 65 million the previous year. Interest expenses fell to NOK 305 million from NOK 477 million in 2016 because of a decrease in borrowings. Aker Solutions hedges currency risk for all significant project exposures. More than 80 percent of the value of the hedging instruments either qualify for hedge accounting or are hedges of separated embedded derivatives. Income before tax increased to NOK 399 million in 2017 from NOK 273 million the year before. Income tax expenses were NOK 160 million, up from NOK 121 million in 2016. This corresponds to an effective tax rate of 40 percent, down from 44 percent the year before. Net income after tax in 2017 was NOK 239 million compared with NOK 152 million the previous year. Earnings per share were NOK 0.81 versus NOK 0.21 in 2016.

The board of directors has proposed that no dividend payment be made for 2017. While Aker Solutions' finances were solid, with a liquidity buffer of NOK 5.7 billion at the end of the year, the board considered it prudent to exercise caution and conserve cash amid continued uncertainty about the market outlook. The company maintains its policy of paying a dividend of between 30 percent and 50 percent of net profit over time.

Projects Financial Results

The projects segment provides greenfield engineering and procurement, brownfield modifications, hook-up and subsea equipment and systems. The segment aims to deliver world-class project execution by building excellence in project management, engineering, fabrication and offshore construction. The projects segment is externally reported in two sub-segments: subsea and field design.

Projects revenue declined to NOK 17.7 billion in 2017 from NOK 20.6 billion the year before, mainly related to the subsea sub-segment, partially offset by higher revenue in the field design sub-segment. The EBIT margin increased to 3.4 percent from 2.3 percent a year earlier. Excluding special items, the EBIT margin was 4.4 percent compared with 4.8 percent a year earlier.

The full-year order intake was NOK 18.2 billion in 2017, up from NOK 13.6 billion the prior year. The order backlog was NOK 24.8 billion at the end of 2017 versus NOK 22.3 billion a year earlier.

Services Financial Results

The services segment provides subsea lifecycle services (SLS) and production asset services (PAS). The SLS part is mainly related to installation, operations and maintenance support services related to subsea equipment. The PAS part is mainly related to outsourced asset management services, maintenance of offshore infrastructure and asset integrity management services. A key strategic objective of the company is to strengthen and grow its services business globally, positioning Aker Solutions as a partner of choice for customers.

Services revenue declined to NOK 4.6 billion in 2017 from NOK 5 billion the year before, mainly related to the subsea lifecycle services area, partially offset by slightly higher revenue in the production asset services area. The EBIT margin increased to 9.4 percent from 9.1 percent a year earlier. Excluding special items, the EBIT margin was 9.5 percent compared with 9.4 percent a year earlier.

The full-year order intake was NOK 5.1 billion in 2017, up from NOK 3.5 billion the prior year. The order backlog was NOK 9.7 billion at the end of 2017 versus NOK 8.8 billion a year earlier.

	Projects		Services	
Amounts in NOK million unless otherwise noted	**2017**	**2016**	**2017**	**2016**
Operating revenue	**17,660**	20,627	**4,560**	5,001
EBITDA	**1,217**	1,547	**605**	601
EBITDA margin (%)	**6.9**	7.5	**13.3**	12.0
EBITDA ex. special items	**1,292**	1,602	**607**	618
EBITDA margin ex. special items (%)	**7.3**	7.8	**13.3**	12.4
EBIT	**608**	478	**429**	454
EBIT margin (%)	**3.4**	2.3	**9.4**	9.1
EBIT ex. special items	**773**	997	**432**	471
EBIT margin ex. special items (%)	**4.4**	4.8	**9.5**	9.4
NCOA (or working capital)	**-712**	-1,297	**511**	921
Net capital employed	**3,873**	4,442	**1,792**	1,587
Order intake	**18,177**	13,607	**5,116**	3,461
Order backlog	**24,807**	22,327	**9,743**	8,849
Employees	**6,980**	9,623	**5,036**	4,448

Cashflow

Consolidated cashflow from operating activities depends on a number of factors, including progress on and delivery of projects, changes in working capital and prepayments from customers. Net cash from operating activities was NOK 587 million in 2017 compared with NOK 312 million a year earlier. Net current operating assets were negative NOK 844 million at the end of 2017 compared with negative NOK 904 million a year earlier.

Working capital may fluctuate considerably due to large milestone payments on projects. Aker Solutions' net cash outflow for investing activities was NOK 308 million in 2017, compared with NOK 1.2 billion a year earlier. This included the acquisition of Reinertsen's Norwegian oil and gas services business. Investments in technology development and IT were NOK 149 million, compared with NOK 297 million a year earlier. Net cash outflow related to financing activities was NOK 835 million, up from NOK 213 million in 2016. The company redeemed a NOK 1.5 billion bond in June 2017, utilizing the revolving credit facility.

Financial Position

Assets, Equity and Liability

Non-current assets totaled NOK 9.9 billion at the end of 2017, compared with NOK 10.3 billion the year before. Goodwill and other intangible assets amounted to NOK 5.8 billion, up from NOK 5.6 billion in 2016. The company had net interest bearing debt of NOK 970 million in 2017, compared with NOK 1 billion the prior year. The net interest bearing debt consists of current and non-current borrowings excluding cash and interest-bearing receivables. The debt includes bond loans in the Norwegian market, bank loans with Nordic and international banks, local financing in Brazil and some smaller loan facilities between group subsidiaries and local banks. The financial position was solid at the end of the year with a total liquidity buffer at NOK 5.7 billion. This included cash and bank deposits of NOK 1.9 billion as well as undrawn and committed long-term revolving bank credit facilities of NOK 3.75 billion. Capital adequacy and liquidity were generally deemed solid at the end of 2017, putting the company in a good position to meet challenges and opportunities over the next few years.

The book value of equity including non-controlling interests was NOK 7 billion at the end of 2017, compared with NOK 6.4 billion a year earlier. The company's equity ratio was 35.7 percent of the total balance sheet, up from 29.8 percent a year earlier.

Parent Company Financial Statements

Aker Solutions ASA, the parent company of the Aker Solutions group, owns and manages the group's subsidiaries. Aker Solutions ASA has outsourced all company functions to other companies in the group, mainly Aker Solutions AS. Assets and liabilities related to the corporate treasury function are held by Aker Solutions ASA. Aker Solutions ASA had a net loss of NOK 187 million in 2017 compared with a net loss of NOK 199 million in 2016 mainly consisting of corporate costs and interest expenses. The parent company's dividend policy is to pay shareholders 30 percent to 50 percent of net profit as an annual dividend over time.

The dividend will be paid in cash or share buybacks or a combination of both. The board of directors proposed that no dividend payment be made for 2017 as it was deemed prudent to exercise caution amid continued uncertainty about the market outlook. More information on the allocation of profits can be found in the income statement of the parent company on page 90 of this report.

Going Concern

In accordance with the Norwegian Accounting Act, the board confirms that the consolidated financial statements and parent company financial statements have been prepared on the basis of the going-concern assumption.

Research, Innovation and Technology

Aker Solutions seeks to build on its strengths in key markets through investments in innovation, research and development. The focus is on developing new cost-efficient concepts, technologies and products that address the challenges customers face as the offshore petroleum industry moves into an era of declining production at maturing fields and increasingly complex reservoirs at greenfield projects.

The research and development portfolio in 2017 involved more than 10 key projects. Total R&D expenditure was NOK 190 million, of which NOK 149 million was capitalized and NOK 41 million was expensed. Aker Solutions recognized NOK 72 million in impairment losses on capitalized research and development. This was mainly related to technologies where the market outlook changed as a result of the market slowdown.

Aker Solutions in 2017 rolled out and made strong progress on a strategy to drive digital transformation at the company. About half of all R&D investments were allocated to digital initiatives last year. The company expects this share to increase going forward.

The company is developing software and associated offerings to improve how the industry works from concept through field development, operations and decommissioning. This is represented by the company's PUSH program.

The company in 2017 targeted three key areas for its subsea products:

- Subsea production system products
- Next-generation controls, instruments, sensors and automation systems
- Software solutions supporting data acquisition and analytics, improved operational efficiency and an improved customer experience

A substantial part of Aker Solutions' innovation takes place in collaboration with other companies, such as ABB and MAN Diesel & Turbo. Aker Solutions works with these and other businesses to develop technologies and products to lower costs, increase recovery and minimize the environmental footprint.

Aker Solutions last year also continued investing in early phases of technology development, encouraging employees to come up with ideas and concepts to ensure a steady stream of innovation for the technology and qualification pipeline. The company engages with university researchers to develop competence and create new technologies.

Health, Safety, Security and Environment

Aker Solutions promotes safe, reliable and sustainable operations to achieve its goal of zero harm to people, assets and the environment through a company-wide system that sets the standard for HSSE management and leadership. Regular audits aim to uncover possible shortcomings so that measures can be identified and initiated. The HSSE system works as a framework for cross-organizational sharing and learning. The company's Just Care concept represents Aker Solutions' HSSE culture. It is underpinned by the principle that HSSE is the personal responsibility of every employee. Just Care will be further developed in 2018 to ensure that HSSE remains a top priority.

Safety

The company introduced new key performance indicators (KPI) after the 2016 reorganization of the HSSE function. A new indicator for serious incidents focuses on high-potential incidents and conditions (known as black and red incidents). It replaced the previous definition of the serious incidents KPI. According to this new definition, the company had nine serious incidents in 2017 compared with 34 in 2016. One involved an express kidnap incident in Congo-Brazzaville, which was resolved quickly and without injury. Two incidents involved bone fractures and the remaining six were classified as high potential incidents involving lifting operations and dropped objects where no injuries were sustained. The company investigates all such incidents, near misses and observations to learn and improve.

The total recordable injury frequency (TRIF) per million working hours was 1.35 in 2017, up from 1.3 in 2016. The lost-time injury frequency (LTIF) per million working hours was 0.47 in 2017, compared with 0.3 in 2016. For 2018, the company is targeting a TRIF and LTIF of below 1.17 and 0.27, respectively. The figures include subcontractors.

Health and Working Environment

Sick leave amounted to 2.8 percent of total working hours in 2017, unchanged from 2016. Variations in national laws and reporting practices make it difficult to directly compare sick leave rates between countries. Rates for Aker Solutions' staff in Norway were low by national standards, but generally higher than for employees in other countries. The company works continuously to reduce sick leave. In Norway, many of these efforts are led by Aker Care, a health initiative that was introduced in 2014.

Aker Care provides employees at major locations in Norway easy access to a variety of in-house services from health personnel. The Aker Active initiative also helped motivate staff to participate in physical activity and training. In 2017 the company implemented a new health hazard assessment tool, which is yielding valuable benchmark data to aid improvements going forward.

Security

Aker Solutions is increasingly exploring international opportunities making it a major priority to ensure robust and resilient systems to maintain the safety and security of personnel, assets and information. The company has streamlined security measures and implemented a global approach. Aker Solutions continued to strengthen the global security operations center (GSOC), which it established in 2016. The GSOC is staffed by competent and experienced personnel. Aker Solutions has improved the process for travel safety. This ensures that the company maintains its duty of care to all its employees. In 2017, the company increased the number of sites connected to the preferred corporate technical security and monitoring system. This enabled a reduction in manual security measures, such as the use of security personnel and call-out services. The security department continues to cooperate closely with the International Association of Oil & Gas Producers to harmonize requirements and align with customer expectations.

The express kidnap attempt and personnel tampering with machinery with intent to cause harm were the most serious security incidents of 2017. Several other international incidents triggered security responses and preventive measures.

Emergency Preparedness and Response

Aker Solutions in 2017 restructured its emergency preparedness setup to reflect the company's new organizational structure. The reorganization presented an opportunity to centralize and streamline the approach to emergency response. As a result, the company is rolling out global requirements for emergency response across the business. Previously, processes could differ between business units.

Environment

Aker Solutions works to protect the environment in two ways: first, by offering products, systems and services that help reduce the environmental footprint of customers' operations, and second, by seeking to reduce its own direct impact.

Aker Solutions' total energy consumption, based on recorded use of oil, gas, fuels and electricity, decreased to 90,709 megawatt hours (MWh) in 2017 from 109,122 MWh in 2016. Total carbon dioxide emissions were 18,383 tons in 2017, down from 22,133 tons the year before.

Aker Solutions also focuses on waste reduction, which is highly project dependent. The company in 2017 recorded total waste of 6,410 tons, compared with 7,690 tons a year earlier. A total 87 percent of the waste was sent for recycling. This mainly consisted of metal waste from the company's production. The decrease in energy use and waste were mainly due to lower activity, but Aker Solutions is also becoming more efficient and can meet its production goals with lower energy consumption and less waste.

Safeguarding Diversity and Equal Opportunity

Aker Solutions had 13,796 own employees and 2,379 contract staff at the end of 2017. Men comprised 83 percent of own employees partly because offshore work continues to attract more men than women. The percentage of men increased from the prior year because of the acquisition in December 2016 of C.S.E. Mecânica e Instrumentação Ltda in Brazil. At Aker Solutions, men hold 77 percent of management positions and women hold 23 percent.

Aker Solutions' workforce represents about 80 nationalities and a wide range of competencies and insights that benefit customers and the business. Aker Solutions seeks to promote diversity in its workforce through clear requirements for diversity in recruitment, development of individuals and programs supporting equal opportunity, in accordance with its people policy and recruitment procedures.

The company is committed to equal opportunity and enabling local staff to move into management positions. This is mandatory in some places under rules for local content and job creation for nationals. Local management teams actively seek to attract, develop and retain local talent, ensuring legal compliance and securing long-term operations. More information on diversity and equal opportunity is available in the company's 2017 corporate responsibility report.

Risk Factors

Aker Solutions' global footprint, operations and exposure to energy markets provide both opportunities and risks that may affect the company's operations, performance, finances, reputation and share price.

The overall company performance is affected by external factors such as customers' behavior and market developments, including fluctuations in energy prices and internal factors such as project execution and service delivery. Results are also impacted by costs across the value chain and its inherent complexity. The main cost drivers include the cost of suppliers' direct and indirect material, sub-contractor costs and own man-hours and fluctuations in oil and gas prices. Through its business, Aker Solutions is exposed to legal, regulatory and political risks, such as tax changes, decisions on environmental regulation and international sanctions that impact supply and demand, as well as risks associated with unethical and criminal behavior. The company is exposed to a range of cyber-security threats with so-called phishing the most prominent type. Attacks of this nature could lead to loss of intellectual property, loss of data integrity or system unavailability and risks are mitigated through awareness campaigns and utilization of various protection technologies. The company is also exposed to financial market risks, including changes in currency rates, interest rates, credit and counterparty risks, as well as risks associated with access to and terms of financing.

Market Risk

The market situation and current outlook for the oil-services industry is improving compared with the past few years, however challenges still remain. The main factors that contribute to market risk include, but are not limited to:

- Oil companies' exploration, development, production, investment, modification and maintenance activity. This is affected by changes in global demand, energy prices and environmental requirements.
- Local content requirements in countries of existing or planned operations, legislative restrictions or prohibitions on oil and gas activities.
- Liabilities under environmental laws or regulations.
- Uncertainty about future contract awards and their impact on future earnings and profitability.

Changes in market developments may lead to further capacity adjustments and changes in the valuation of the company's assets and liabilities. The main uncertainties include delivering on the company's reorganization targets, restructuring obligations, onerous leases, impairments and increased credit risk impacting the valuation of trade receivables. Aker Solutions may take mitigating actions to increase flexibility in its operations, for instance by driving down costs, adjusting capacity and driving standardization and simplification. The company is focused on improving agility, productivity and sustainability across the business to enable the business to effectively adapt to industry changes, particularly in how value is created and rewarded across the value chain.

Operational Risk

Aker Solutions uses both reimbursable and fixed-price contracts. Contracts that include fixed prices for all or parts of the deliverables are exposed to potential cost overruns. The projects often involve complex design and engineering as well as significant procurement and manufacturing of equipment, supplies and construction management. They may also require development of new technology and solutions. There is, at any project phase, a risk of delays that may hamper the company's ability to deliver on time and in accordance with a contract and potentially harm Aker Solutions' reputation, performance and finances. Factors that may have a material adverse effect on the business, results of operations and finances of Aker Solutions include, but are not limited to:

- Loss of business from a significant customer or failure to deliver a significant project as agreed
- Changes to the order backlog, which includes contracts that may be adjusted, canceled or suspended and consequently do not necessarily represent future revenue
- Aker Solutions' ability to compete effectively and maintain market positions and sales volumes
- Aker Solutions' ability to effectively commercialize new technology
- Technology or intellectual property disputes involving the company, its suppliers or sub-suppliers which could increase or hamper Aker Solutions' ability to deliver products and services or limit its operational freedom
- Partnerships, joint ventures and other types of cooperation that expose the company to risks and uncertainties outside its control
- Significant delays or quality issues impacting project delivery or performance
- Non-delivery and/or disputes with a key sub-supplier

Financial Risks

The objective of financial risk management is to manage exposure to risk to increase predictability of earnings and minimize potential adverse effects on financial performance. Financial risk management and exposure are described in detail in note 22 and capital management is described in note 23. The main financial risks are:

- **Currency risk:** Aker Solutions has international operations and is exposed to currency risk on commercial transactions, assets and liabilities when payments and revenues are denominated in a currency other than the respective functional currency of the subsidiary. The currency risk on all major contracts is hedged in the external market. More than 80 percent of this either qualifies for hedge accounting or is presented separately as embedded derivative hedges. Some jurisdictions may also have restrictions on conversion to other currencies and transfer of cash out of the country. The company takes mitigating actions to minimize the currency exposure. These include multilateral agreements with banks, customers and vendors on timing of payments to minimize the exposed cash balance.
- **Liquidity risk:** The corporate treasury department ensures sufficient flexibility in funding by maintaining availability under committed credit lines. The company monitors rolling weekly and monthly forecasts of the company's liquidity reserve based on expected cashflow.
- **Interest rate risk:** Aker Solutions' interest rate risk stems from external borrowing issued at variable rates. In order to reduce the interest rate risk related to external borrowings, Aker Solutions enters into interest swap agreements. As the group has no significant interest-bearing operating assets, operating income and operating cashflow are substantially independent of changes in market interest rates.
- **Credit risk:** The credit risk related to customers' ability to pay is assessed in the bid phase and during execution of a project. The majority of the customers are highly rated oil companies where the credit risk is considered to be limited. Risk related to lower rated companies is monitored closely.
- **Price risk:** Aker Solutions is exposed to fluctuations in market prices which are mitigated in the bid process by locking in committed prices with vendors or through escalation clauses with customers.

More information on financial risk factors is available in note 22. Aker Solutions has company-wide policies, procedures and tools that identify, evaluate and respond to risks actively and systematically. The assessment, definition, follow-up and implementation of adequate mitigating actions towards the main risk factors are all integral parts of the overall governance of the company. Aker Solutions applies a combination of risk management practices in order to effectively manage the risk to the company such as: internal controls, scenario planning, sensitivity analysis and audit management.

Fornebu, March 21, 2018
Board of Directors of Aker Solutions ASA

Øyvind Eriksen

Øyvind Eriksen
Chairman

Anne Drinkwater

Anne Drinkwater
Deputy Chairman

Kjell Inge Røkke

Kjell Inge Røkke
Director

Koosum Kalyan
Director

Atle Teigland

Atle Teigland
Director

Hilde Karlsen

Hilde Karlsen
Director

Oddvar Hølland

Oddvar Hølland
Director

Luis Araujo
Chief Executive Officer

Consolidated Financial Statements

Aker Solutions Group

December 31, 2017

Declaration by the Board of Directors and Chief Executive Officer

The board and chief executive officer have today considered and approved the annual report and financial statements for the Aker Solutions group and its parent company Aker Solutions ASA for the 2017 calendar year ended on December 31, 2017.

This declaration is based on reports and statements from the chief executive officer, chief financial officer and on the results of the group's business as well as other essential information provided to the board to assess the position of the parent company and group.

To the best of our knowledge:

- the 2017 financial statements for the parent company and the group have been prepared in accordance with all applicable accounting standards
- the information provided in the financial statements gives a true and fair portrayal of the parent company's and the group's assets, liabilities, financial position and results taken as a whole as of December 31, 2017
- the board of directors' report for the parent company and the group provides a true and fair overview of: the development, performance and financial position of the parent company and the group taken as a whole, and the most significant risks and uncertainties facing the parent company and the group

Fornebu, March 21, 2018
Board of Directors of Aker Solutions ASA

Øyvind Eriksen
Øyvind Eriksen
Chairman

Ane Drinkwater
Anne Drinkwater
Deputy Chairman

Kjell Røkke
Kjell Inge Røkke
Director

Koosum Kalyan
Director

Atle Teigland
Atle Teigland
Director

Hilde Karlsen
Hilde Karlsen
Director

Oddvar Hølland
Oddvar Hølland
Director

Luis Araujo
Chief Executive Officer

Income Statement

Consolidated statement for the year ended December 31

Amounts in NOK million	Note	2017	2016
Revenue	3, 4	**22,461**	**25,557**
Materials, goods and services		**-8,359**	-10,369
Personnel expenses	5	**-9,290**	-9,475
Other operating expenses	6	**-3,292**	-3,784
Operating expenses before depreciation, amortization and impairment		**-20,941**	**-23,628**
Operating income before depreciation, amortization and impairment		**1,519**	**1,929**
Depreciation and amortization	10, 11	**-792**	-778
Impairment	10, 11, 12	**-156**	-464
Operating income		**571**	**687**
Interest income	7	**55**	65
Interest expenses	7	**-305**	-477
Net other financial items	7	**78**	-1
Income before tax		**399**	**273**
Income tax	9	**-160**	-121
Net income		**239**	**152**
Net income attributable to:			
Equity holders of the parent company		**221**	57
Non-controlling interests		**18**	95
Net income		**239**	**152**
Earnings per share in NOK (basic and diluted)	8	**0.81**	**0.21**

Other Comprehensive Income (OCI)

Consolidated statement for the year ended December 31

Amounts in NOK million	Note	2017	2016
Net income		**239**	**152**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Cashflow hedges, effective portion of changes in fair value		**348**	-81
Cashflow hedges, reclassification to income statement		**233**	982
Cashflow hedges, deferred tax	9	**-147**	-232
Translation differences - foreign operations		**112**	-852
Total		**546**	**-183**
Items that will not be reclassified to profit or loss:			
Remeasurements of defined pension obligations	18	**-60**	42
Remeasurements of defined pension obligations, deferred tax asset	9	**10**	-13
Available-for-sale financial assets - net change in fair value	28	**-17**	28
Other changes		**0**	14
Total		**-67**	**70**
Other comprehensive income (loss), net of tax		**479**	**-113**
Total comprehensive income		**718**	**38**
Total comprehensive income (loss) attributable to:			
Equity holders of the parent company		**701**	-46
Non-controlling interests		**17**	84
Total comprehensive income		**718**	**38**

Balance Sheet

Consolidated statement as of December 31

Amounts in NOK million	Note	2017	2016
Assets			
Non-current assets			
Property, plant and equipment	10,12	**3,316**	3,808
Intangible assets	11,12	**5,814**	5,647
Deferred tax assets	9	**633**	666
Other investments	22, 25, 28	**91**	75
Other non-current assets	25	**106**	90
Total non-current assets		**9,960**	**10,287**
Current assets			
Current tax assets		**174**	242
Inventories	13	**428**	575
Trade and other receivables	14, 25	**6,843**	7,398
Derivative financial instruments	24, 25	**226**	93
Interest-bearing receivables	25	**128**	437
Cash and cash equivalents	15, 25	**1,978**	2,480
Total current assets		**9,775**	**11,226**
Total assets		**19,736**	**21,512**

Amounts in NOK million	Note	2017	2016
Equity and liabilities			
Equity			
Share capital	16	**294**	294
Treasury shares	16	**-1**	-1
Reserves	16	**1,115**	635
Retained earnings		**5,572**	5,350
Total equity attributable to the parent		**6,981**	**6,278**
Non-controlling interests	27	**67**	**138**
Total equity		**7,047**	**6,415**
Non-current liabilities			
Non-current borrowings	17, 25	**2,576**	1,844
Pension obligations	18	**556**	540
Deferred tax liabilities	9	**238**	331
Other non-current liabilities		**83**	84
Total non-current liabilities		**3,453**	**2,800**
Current liabilities			
Current tax liabilities		**43**	30
Current borrowings	17, 25	**539**	2,110
Provisions	20	**942**	1,087
Trade and other payables	21, 25, 29	**7,304**	8,002
Derivative financial instruments	24, 25	**408**	1,069
Total current liabilities		**9,236**	**12,297**
Total liabilities		**12,688**	**15,097**
Total equity and liabilities		**19,736**	**21,512**

Fornebu, March 21, 2018
Board of Directors of Aker Solutions ASA

Øyvind Eriksen
Chairman

Anne Drinkwater
Deputy Chairman

Kjell Inge Røkke
Director

Koosum Kalyan
Director

Atle Teigland
Director

Hilde Karlsen
Director

Oddvar Hølland
Director

Luis Araujo
Chief Executive Officer

Cashflow

Consolidated statement for the year ended December 31

Amounts in NOK million	Note	2017	2016
Cashflow from operating activities			
Net income		**239**	**152**
Adjustments for:			
Income tax	9	**160**	121
Net interest cost		**213**	346
(Profit) loss on foreign currency forward contracts	7	**-41**	67
Depreciation, amortization and impairment	10, 11, 12	**948**	1,242
Other (profit) loss on disposals and non-cash effects		**70**	-130
Net income after adjustments		**1,589**	**1,799**
Changes in operating assets and liabilities		**-482**	-483
Cash generated from operating activities		**1,107**	1,315
Interest paid		**-327**	-517
Interest received		**91**	103
Income taxes paid		**-283**	-590
Net cash from operating activities		**587**	**312**
Cashflow from investing activities			
Acquisition of property, plant and equipment	10	**-211**	-329
Payments for capitalized development	11	**-149**	-297
Business combinations, net of cash acquired	26	**-221**	-210
Proceeds from sale of property, plant and equipment		**26**	17
Payment of interest-bearing loan from (to) third party		**264**	-351
Other investing activities		**-16**	-16
Net cash used in investing activities		**-308**	**-1,186**

Amounts in NOK million	Note	2017	2016
Cashflow from financing activities			
Proceeds from borrowings	17	**1,317**	1,095
Repayment of borrowings	17	**-2,078**	-1,065
Paid dividends including tax	8	**-27**	-34
Acquisition of non-controlling interests		**-47**	-207
Other financial activities		**0**	-2
Net cash from financing activities		**-835**	**-213**
Effect of exchange rate changes on cash and bank deposits		**54**	-294
Net increase (decrease) in cash and bank deposits		**-502**	**-1,382**
Cash and cash equivalents at the beginning of the period		**2,480**	3,862
Cash and cash equivalents at the end of the period	15	**1,978**	**2,480**

Equity

Consolidated statement of changes in equity

Amounts in NOK million	Note	Share capital	Treasury share reserve	Retained earnings	Hedging reserve	Translation reserve	Fair value reserve	Pension reserve	Equity attributable to parent	Non-controlling interests	Total equity
Equity as of January 1, 2016		294	-1	5,382	-1,287	1,998	0	10	**6,397**	234	**6,630**
Net income		0	0	57	0	0	0	0	**57**	95	**152**
Other comprehensive income		0	0	-17	669	-811	28	28	**-103**	-11	**-114**
Total comprehensive income		0	0	**40**	**669**	**-811**	**28**	**28**	**-46**	**84**	**38**
Treasury shares		0	0	10	0	0	0	0	**10**	0	**10**
Employee share purchase program		0	0	-10	0	0	0	0	**-10**	0	**-10**
Change in non-controlling interests from dividend payments, incl tax		0	0	0	0	0	0	0	**0**	-34	**-34**
Change in non-controlling interests from acquisition of shares		0	0	-57	0	0	0	0	**-57**	-146	**-204**
Taxes on internal dividends		0	0	-15	0	0	0	0	**-15**	0	**-15**
Equity as of December 31, 2016		**294**	**-1**	**5,350**	**-618**	**1,187**	**28**	**38**	**6,278**	**138**	**6,415**
Net income		0	0	221	0	0	0	0	**221**	18	**239**
Other comprehensive income		0	0	0	434	114	-17	-50	**480**	-2	**479**
Total comprehensive income		0	0	**221**	**434**	**114**	**-17**	**-50**	**701**	**17**	**718**
Change in non-controlling interests from acquisition of shares	27	0	0	2	0	0	0	0	**2**	-50	**-48**
Dividends to non-controlling interests	27	0	0	0	0	0	0	0	**0**	-38	**-38**
Equity as of December 31, 2017		**294**	**-1**	**5,572**	**-184**	**1,301**	**10**	**-12**	**6,981**	**67**	**7,047**

Notes to the Consolidated Financial Statements

For the year ended December 31

Note 1 Company Information

Aker Solutions is a global provider of products, systems and services to the oil and gas industry. The group employs about 13,800 people with operations in 24 countries across the world, with head office based in Fornebu, Norway.

Aker Solutions ASA is a Norwegian limited liability company listed on the Oslo Stock Exchange under the ticker AKSO. The consolidated financial statements of Aker Solutions incorporate the financial statements of the company and its subsidiaries collectively referred to as “the group” or "the company" and separately as group companies. The parent company Aker ASA publishes consolidated financial statements. The Resource Group TRG AS is the ultimate parent company of Aker Solutions ASA.

Note 2 Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of December 31, 2017.

The consolidated financial statements were approved by the Board of Directors and the chief executive officer (CEO). The consolidated financial statements will be authorized at the Annual General Meeting on April 18, 2018. Until this date the Board of Directors has the authority to amend the financial statements.

Financial Reporting Principles

The relevant financial reporting principles are described in each note to the consolidated financial statements. Aker Solutions focuses on describing the reporting within the IFRS framework rather than repeating the actual text of the standard.

Basis of Measurement

The consolidated balance sheet has been prepared on the historical cost basis except for certain financial assets and liabilities as presented in note 25 measured at fair value on each reporting date. The financial information presented in Norwegian Kroner (NOK) has been rounded to the nearest million (NOK million), therefore the subtotals and totals in some tables may not equal the sum of the amounts shown. Certain of the comparative figures have been adjusted to conform to the presentation adopted in the current year, including notes 22, 24, 25 and 29.

Note 2 continues on next page

Note 2 Basis of Preparation cont.

Consolidation

The consolidated financial statements comprise the parent company Aker Solutions ASA and its subsidiaries. Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions each reporting period that affect the income statement and balance sheet. The accounting estimates will by definition seldom precisely match actual results. The main areas where judgments and estimates have been made are described in each of the following notes:

- Note 3 Revenue
- Note 9 Tax
- Note 10 Property, Plant and Equipment
- Note 11 Intangible Assets
- Note 12 Impairment of Assets
- Note 13 Inventories
- Note 14 Trade and Other Receivables
- Note 18 Pension Obligations
- Note 20 Provisions and Contingent Liabilities
- Note 26 Business Combinations

Note 3 Revenue

Construction contracts for the sale of subsea production equipment and modifications of oil and gas installations account for more than half of the revenue in Aker Solutions. These contracts typically last more than one year and can be as long as five years. The total estimated contract revenue and cost in construction contracts are critical financial reporting estimates that may require significant management judgment. Aker Solutions also has engineering contracts and service contract for maintenance of oil and gas installations. These contracts are usually reimbursable with lower risk, but can include lump sum elements and various incentive schemes with bonus and penalty arrangements where management judgment is required. A limited portion of the revenue relates to product sales and other revenue.

Financial Reporting Principles

Construction Contracts

The construction contracts consist of engineering, procurement and construction (EPC) contracts for manufacturing or modification of assets. Revenue and cost for construction contracts are recognized using the stage of completion method. The stage of completion method is determined by the method that best reflects the work performed. Depending on the nature of the contract, the following two main methods are used in order to determine progress:

- Technical completion
- Cost incurred of total cost

The compensation format in the construction contracts is lump sum, reimbursable or a mix. The following principles are used:

- Options for additional scope of work are recognized when exercised by the buyer
- Variation orders for changes in the scope of work are recognized when they are probable and can be measured reliably
- Incentive payments based on various key performance indicators are included in contract revenue when the contract is sufficiently advanced so it is probable that the specified performance targets will be met, and the amounts can be measured reliably
- Disputed amounts and claims are only recognized when negotiations have reached an advanced stage, customer acceptance is probable and the amounts can be measured reliably
- When considered probable that liquidated damages (LD) will be imposed, a corresponding reduction in project revenue is recognized

Contract cost includes the cost relating directly to the specific contract and allocated cost that is attributable to general contract activity. Tender cost is capitalized when it is probable that the company will obtain the contract. The project management team uses their experience from similar projects and develops a detailed cost estimate based on the drawings and specifications in the contract and assumptions made in the tender phase. The specific risks associated with the contract are estimated and a risk contingency is included in the cost forecast based on a probability weighting of possible outcomes.

The estimation uncertainty during the early stages of a construction contract is mitigated by a principle of not recognizing profit before the contract reaches 20 percent completion. However, management can on a project-by-project basis give approval of earlier profit recognition if cost estimates are considered reliable due to repeat projects, proven technology, proven execution model or high level of committed cost.

During execution, total forecasted revenue and cost in addition to the stage of completion are updated each reporting date. The full loss is recognized immediately when identified on loss-making contracts.

Service Contracts

Service contracts consists mainly of engineering services, subsea aftersales services and maintenance framework agreements for oil and gas installations. The compensation format is mainly reimbursable with incentive schemes and can include target sums and lump sum elements. Service revenue is recognized in the period in which the services are rendered or by using the stage of completion method. The stage of completion is normally assessed based on the proportion of cost incurred for work performed to date compared to the estimated total contract cost. Service revenue is only recognized to the extent it is probable and the revenue, cost and the progress can be measured reliably.

Product Sales

Product revenue is recognized when significant risks and rewards have been transferred to the buyer, usually upon delivery.

Note 3 continues on next page

Note 3 Revenue cont.

Other Income

Other income relates to rental income, gains and losses from sale of fixed assets and gains and losses from sale of shares that are operational in their nature.

Judgments and Estimates

It can be challenging to estimate the expected revenue and cost in construction and service contracts, in particular if the project is experiencing operational challenges. The most significant judgments and estimates in construction and service contracts are described below.

Estimate of Total Contract Cost

The total contract cost can be judgmental and sensitive to changes, particularly in lump sum construction contracts. Remaining project cost depends on the ability to properly execute the engineering and design phase, availability of skilled resources, manufacturing capacity, productivity and quality factors, performance of subcontractors and sometimes also weather conditions. Experience, systematic use of the project execution model and focus on core competencies reduce, but do not eliminate, the risk that cost estimates may change significantly.

Liquidated Damages (LD)

LDs are penalties for not achieving defined milestones on time. LDs are common in construction contracts, but can also be present in service contracts. If a project does not meet the defined milestone in a contract, a provision reducing project revenue is made when it is considered probable that an LD will be imposed. The estimated LD provision is highly judgmental and based on experience from similar LD situations and negotiations with customers.

Change of Scope (Variation Orders)

The construction and service contracts may have significant changes in scope of work and variation orders are normally agreed upfront. However, unapproved variation orders may be included in the project revenue where recovery is assessed as probable and the amount of revenue can be measured reliably.

Incentive Payments

Incentive payments are integral and significant parts of contract revenue on many service contracts and may also exist on construction contracts. Incentive payments include key performance indicators, bonuses, target sum mechanisms and productivity measures and can potentially both increase and decrease revenue. Incentive payments are generally included when there is a high level of probability that the milestones or key performance indicators will be met. There is a risk that the actual payment of incentives may differ from the estimated amount.

Amounts in the Balance Sheet Relating to Construction and Service Revenue

Work in Progress (WIP) on Construction Contracts

Work in progress (WIP) on construction contracts is presented in the balance sheet as amounts due to or from customers. The presentation of WIP as an asset or liability depends on the financial status of the individual projects. All projects with a net asset position are summarized and presented as amounts due from customer. All projects with a net liability position are summarized and presented as amounts due to customer. Advances are presented separately as a liability as such advances represent payments from customers in excess of the work performed.

Amounts in NOK million	**2017**	**2016**
Amounts due from customers for construction work	**883**	1,103
Amounts due to customers for construction work	**-833**	-98
Advances received from customers	**-372**	-2,411
Construction contracts in progress, net position	**-323**	**-1,406**
Cost incurred and recognized profits (less losses) from project start to period end	36,393	38,509

Accrued and Deferred Revenue on Service Contracts

Service contracts where performed work exceeds invoiced amounts are presented as trade and other receivables in the balance sheet. Service contracts where invoiced amounts exceed work performed are presented as a trade and other payables in the balance sheet.

Amounts in NOK million	**2017**	**2016**
Accrued operating revenue from service contracts	**1,298**	1,337
Deferred revenue for service contracts	**-196**	-190
Service contracts in progress, net position	**1,103**	**1,147**

See note 4 for more information about revenue per segment
See note 14 for more information about other receivables
See note 21 for more information about other payables

Note 4 Operating Segments

The company has been through a major restructuring in 2017 which changed how the business is organized. The previous operating segments reflected the markets of Subsea and Field Design, whereas the new segments reflect the company's value chain. Early customer engagement and project execution is reported in the segment called "Projects" whereas life-of-field offerings are reported in "Services". Comparative information for prior year has been restated.

Financial Reporting Principles

Operating segments are components of the group regularly reviewed by the chief operating decision maker to assess performance and be able to allocate resources. The group's CEO (chief executive officer) is the chief decision maker in Aker Solutions. The accounting principles of the operating segments are the same as described in this annual report, except for hedge accounting. When contract revenues and contract costs are denominated in a foreign currency, the subsidiary hedges the exposure against corporate treasury. Hedge accounting is applied independently of whether the hedge qualifies for hedge accounting in accordance with IFRS. The correction of the non-qualifying hedges to secure that the consolidated financial statements are in accordance with IFRS is made as an adjustment at the corporate level and reported in the "other" segment. This means that the group's segment reporting reflects all hedges as qualifying even though they may not qualify according to IFRS.

Projects

The Projects segment provides subsea equipment and systems, engineering and procurement in addition to brownfield maintenance, modifications and hook-up. The objective of the segment is to deliver world-class project execution by building excellence in project management, engineering, fabrication and offshore construction.

Services

The Services segment provides subsea lifecycle services (SLS) and production asset services (PAS). The objective of the segment is to grow a focused service business and position Aker Solutions as a key partner of choice for customers.

Other

The "other" segment includes unallocated corporate costs, onerous lease cost and the effect of hedges not qualifying for hedge accounting. Lease decisions are taken by the corporate center and onerous lease cost has for that reason been reported in the "other" segment. After the restructuring in 2017, the number of employees in the operations and finance support functions are reported in the "other" segment while the related cost is allocated to the segments.

Note 4 continues on next page

Note 4 Operation Segments cont.

Segment Performance

2017

Amounts in NOK million	Note	Projects	Services	Total operating segments	Other	Intra-group elimination	Total
Income statement							
Construction revenue		12,107	0	**12,107**	40		**12,147**
Services revenue		5,422	4,554	**9,976**	1		**9,977**
Products revenue		113	0	**113**	0		**113**
Other revenue		0	1	**1**	222		**223**
Total external revenue		**17,643**	**4,555**	**22,197**	**263**		**22,461**
Inter-segment revenue		18	5	**23**	1	-24	**0**
Total revenue		**17,660**	**4,560**	**22,220**	**264**	**-24**	**22,461**
Operating income before depreciation, amortization and impairment		1,217	605	**1,822**	-303		**1,519**
Depreciation and amortization	10, 11	-519	-178	**-697**	-95		**-792**
Impairment	10, 11, 12	-90	2	**-88**	-68		**-156**
Operating income		**608**	**429**	**1,037**	**-466**		**571**
Assets							
Current operating assets		4,669	2,127	**6,796**	714	-65	**7,444**
Non-current operating assets		5,650	2,825	**8,475**	722		**9,197**
Derivative financial instruments				**0**	226		**226**
Operating assets		**10,319**	**4,952**	**15,271**	**1,661**	**-65**	**16,866**
Liabilities							
Current operating liabilities		5,381	1,616	**6,997**	1,357	-65	**8,289**
Non-current operating liabilities		5	0	**5**	551		**556**
Derivative financial instruments		-37	0	**-37**	445		**408**
Operating liabilities		**5,350**	**1,616**	**6,966**	**2,353**	**-65**	**9,253**
Net current operating assets		-712	511	**-201**	-643		**-844**
Net capital employed		3,873	1,792	**5,665**	2,535		**8,199**
Cashflow							
Cashflow from operating activities		281	816	**1,097**	-511		**587**
Acquisition of property, plant and equipment	10	-110	-87	**-196**	-15		**-211**
Capitalized development	11	-143	-3	**-146**	-4		**-149**
Other key figures							
Order intake (unaudited)		18,177	5,116	**23,293**	381	-121	**23,553**
Order backlog (unaudited)		24,807	9,743	**34,550**	135	-103	**34,581**
Own employees (unaudited)		6,980	5,036	**12,016**	1,780		**13,796**

Note 4 continues on next page

Note 4 Operation Segments cont.

Segment Performance

2016

Amounts in NOK million	Note	Projects	Services	Total operating segments	Other	Intra-group elimination	Total
Income statement							
Construction revenue		13,159	0	**13,159**	-26		**13,133**
Services revenue		7,130	4,974	**12,104**	0		**12,104**
Products revenue		167	0	**167**	0		**167**
Other revenue		135	8	**143**	10		**153**
Total external revenue		**20,591**	**4,982**	**25,573**	**-16**		**25,557**
Inter-segment revenue		36	20	**55**	104	-159	**0**
Total revenue		**20,627**	**5,001**	**25,628**	**88**	**-159**	**25,557**
Operating income before depreciation, amortization and impairment		1,547	601	**2,148**	-219		**1,929**
Depreciation and amortization	10, 11	-605	-147	**-753**	-26		**-778**
Impairment	10, 11, 12	-464	0	**-464**	0		**-464**
Operating income		**478**	**454**	**931**	**-245**		**687**
Assets							
Current operating assets		7,643	2,557	**10,200**	204	-2,189	**8,215**
Non-current operating assets		6,978	2,351	**9,329**	181		**9,510**
Derivative financial instruments		730	0	**730**	-637		**93**
Operating assets		**15,351**	**4,908**	**20,259**	**-252**	**-2,189**	**17,819**
Liabilities							
Current operating liabilities		8,940	1,636	**10,575**	732	-2,189	**9,119**
Non-current operating liabilities		509	0	**509**	31		**540**
Derivative financial instruments		1,146	4	**1,150**	-81		**1,069**
Operating liabilities		**10,595**	**1,640**	**12,235**	**682**	**-2,189**	**10,728**
Net current operating assets		-1,297	921	**-376**	-528		**-904**
Net capital employed		4,442	1,587	**6,029**	2,364		**8,393**
Cashflow							
Cashflow from operating activities		-191	648	**456**	-145		**312**
Acquisition of property, plant and equipment	10	-270	-41	**-311**	-18		**-329**
Capitalized development	11	-288	0	**-288**	-8		**-297**
Other key figures							
Order intake (unaudited)		13,607	3,461	**17,068**	86	-150	**17,004**
Order backlog (unaudited)		22,327	8,849	**31,176**	0	12	**31,188**
Own employees (unaudited)		9,623	4,448	**14,071**	314		**14,385**

Note 4 continues on next page

Note 4 Operation Segments cont.

Reconciliation of Information on Operating Segments to IFRS Measures

Amounts in NOK million	2017	2016
Assets		
Total operating segment assets	**16,866**	17,819
Deferred tax assets	**633**	666
Other investments	**91**	75
Current interest-bearing receivables	**128**	437
Cash and cash equivalents	**1,978**	2,480
Other	**39**	35
Total assets	**19,736**	**21,512**
Liabilities		
Total operating segment liabilities	**9,253**	10,728
Tax-related liabilities	**238**	331
Net interest-bearing borrowings	**3,114**	3,954
Other non-current liabilities	**83**	84
Total equity and liabilities	**12,688**	**15,097**

Geographical Information

External revenue is presented on the basis of geographical location of the selling company. Non-current segment assets and capital expenditures are based on the geographical location of the company owning the assets.

	Revenue		Non-current operating assets		Capital expenditure fixed assets	
Amounts in NOK million	2017	2016	2017	2016	2017	2016
Norway	**12,984**	13,626	**4,129**	4,033	**70**	34
UK	**2,411**	4,157	**2,265**	2,265	**51**	111
Brazil	**2,068**	1,679	**1,335**	1,480	**20**	83
USA	**1,506**	929	**484**	643	**2**	31
Angola	**1,095**	1,983	**64**	38	**28**	25
Brunei	**732**	956	**3**	4	**1**	1
Malaysia	**546**	601	**430**	516	**17**	26
Congo	**364**	707	**14**	17	**0**	1
Other countries	**754**	918	**474**	516	**24**	17
Total	**22,461**	**25,557**	**9,197**	**9,510**	**211**	**329**

Major Customers

One major customer represented 24.8 percent of total revenue in 2017, of which NOK 5.0 billion (2016: NOK 5.4 billion) in Projects and NOK 0.6 billion (2016: NOK 0.7 billion) in Services. Another major customer represented 17.1 percent of total revenue in 2017, of which NOK 2.6 billion (2016: NOK 6.9 billion) in Projects and NOK 1.2 billion (2016: NOK 1.0 billion) in Services. Aker Solutions has long-term contracts with these two customers. Both customers are large international oil companies.

Note 5 Personnel Expenses

Financial Reporting Principles

Personnel expenses include wages, salaries, social security contributions, sick leave, parental leave, price reduction in employee share purchase program and other employee benefits. The benefits are recognized in the year in which the associated services are rendered by the employees.

Personnel Expenses

Amounts in NOK million	2017	2016
Salaries and wages including holiday allowance	**7,244**	7,478
Social security contribution	**951**	945
Pension cost	**466**	542
Restructuring cost related to personnel	**92**	112
Other employee benefits	**538**	399
Personnel expenses	**9,290**	**9,475**

Loans to Employees

There were no loans to employees per December 31, 2017 as there was no share purchase program in 2017. Loans to employees related to the share purchase program for 2016 amounted to NOK 25 million per December 31, 2016.

See note 18 for more information about the pension cost and obligation
See note 20 for more information about restructuring provision related to downsizing of personnel

Note 6 Other Operating Expenses

Amounts in NOK million	2017	2016
Rental and other cost for land and buildings	**1,391**	1,389
Office supplies	**818**	981
External consultants	**339**	311
Travel expenses	**348**	411
Insurance	**123**	111
Other expenses	**274**	581
Other operating expenses	**3,292**	**3,784**

See note 19 for more information about operating leases
See note 31 for more information about audit fees

Note 7 Finance Income and Expenses

Financial Reporting Principles

Interest income and expenses include effects from using the effective interest rate method where fees, interest paid, transaction costs and other premiums are deferred and amortized over the life of the instrument. Effects from net present value calculations of assets and liabilities are also included.

Foreign exchange gains and losses arise upon settlement of monetary assets and liabilities that are not hedged. Foreign exchange gains and losses also include result from Corporate Treasury's trading mandate and the effects from translating monetary assets and liabilities denominated in foreign currencies at the balance sheet date. The profit on foreign exchange forward contracts include effects from derivatives that do not qualify for hedge accounting, embedded derivatives and the ineffective portion of qualifying hedges.

Financial Income and Expenses

Amounts in NOK million	2017	2016
Interest income	**55**	**65**
Interest expense on financial liabilities measured at amortized cost	**-273**	-452
Interest expense on financial liabilities measured at fair value	**-33**	-26
Interest expense	**-305**	**-477**
Capitalized interest cost	**0**	24
Net foreign exchange gain (loss)	**27**	26
Profit (loss) on foreign currency forward contracts	**41**	-67
Other finance income	**25**	25
Other financial expense	**-15**	-9
Net other finance items	**78**	**-1**
Net finance cost	**- 172**	**- 414**

See note 24 for more information about derivative financial instruments
See note 25 for more information about financial assets and liabilities

Note 8 Earnings per Share and Dividends

Financial Reporting Principles

The calculation of basic and diluted earnings per share is based on the income attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding. Treasury shares are not included in the weighted average number of ordinary shares. Weighted average number of diluted and ordinary shares is the same, as the company does not have any diluted shares.

Earnings per Share (EPS)

	2017	2016
Income attributable to ordinary shares (NOK million)	**221**	57
Weighted average number of issued ordinary shares for the year adjusted for treasury shares	**271,532,588**	270,916,252
Basic and diluted earnings per share (NOK)	**0.81**	0.21

Dividends

The board of directors has proposed that no dividend should be declared for 2017 as it is deemed prudent to exercise caution under the current market uncertainty in the oil and gas industry. This is the same as in the prior year.

See note 16 for more information about share capital and treasury shares

Note 9 Tax

Financial Reporting Principles

Income tax in the income statement consists of current tax, effect of change in deferred tax positions and withholding tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next 12 months. Current tax also includes any adjustment of taxes from previous years and taxes on dividends recognized in the year.

Deferred Tax

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for goodwill identified in acquisitions. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences. The deferred tax asset is only recognized to the extent it is considered probable that future taxable profits will be available to utilize the credits.

Withholding Tax

Withholding tax and any related tax credits are generally recognized in the period they are incurred. Withholding tax and related tax credits directly related to construction contracts are recognized according to the progress of the construction contract, and follow the same recognition criteria as the underlying construction contract.

Judgments and Estimates

The group is subject to income taxes in numerous jurisdictions, and judgment may be involved when determining the taxable amounts. Tax authorities in different jurisdictions may challenge calculation of taxes payable from prior periods. In particular, management judgment is required when assessing complex valuation of unused losses, tax credits and other deferred tax assets. The recoverability is assessed by estimating taxable profits in future years taking into consideration also expected changes in temporary differences. The discounted amount from these profits is compared to book value of the tax assets.

The estimate of future taxable profits is sensitive to future market development for the projects and services of Aker Solutions. 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 and services can have a significant impact on the forecasted cashflows. Economic conditions may change and lead to a different conclusion regarding recoverability, and such changes may affect future reporting periods.

Note 9 continues on next page

Note 9 Tax cont.

Income Tax

Amounts in NOK million	2017	2016
Current income tax		
Current year	**303**	358
Adjustments for prior years	**-9**	-2
Total current income tax	**293**	**356**
Deferred income tax		
Origination and reversal of temporary differences	**-181**	-228
Write down of tax loss carry-forwards and deferred tax assets	**23**	46
Change in tax rates[1]	**43**	-52
Adjustment for prior periods	**-19**	0
Total deferred income tax	**-133**	**-235**
Total income tax	**160**	**121**

1) Includes the effect of change in Norwegian tax rate from 24 to 23 percent, the US tax rate from 35 to 21 percent and the UK tax rate from 19 to 17 percent.

Taxes in OCI and Equity

Amounts in NOK million	2017	2016
Cashflow hedges, deferred tax	**-147**	-232
Remeasurement of defined benefit pension plans	**10**	-13
Changes in fair values of acquisition of subsidiaries (OCI)	**15**	0
Deferred tax charged to OCI	**-121**	**-245**
Taxes on dividends	**0**	-15
Taxes on acquisition of NCI	**-7**	-34
Current tax charged to equity	**-7**	**-49**

Note 9 continues on next page

Note 9 Tax cont.

Effective Tax Rate

The table below reconciles the tax expense as if the Norwegian tax rate of 24 percent was applied.

Amounts in NOK million	2017		2016	
Income before tax	**399**		273	
Income tax when applying Norwegian tax rate of 24 percent (25 percent in 2016)	**96**	**24.0%**	68	25.0%
Tax effects of:				
Effect of different tax rates	**-30**	**-7.5%**	-31	-11.2%
Non-deductible expenses	**20**	**5.1%**	5	1.9%
Effect of withholding tax	**75**	**18.9%**	109	40.0%
Current year effect of tax incentives	**-23**	**-5.8%**	-23	-8.5%
Adjustments in respect of prior years (current tax)	**-9**	**-2.3%**	-2	-0.7%
Adjustments in respect of prior years (deferred tax)	**-19**	**-4.7%**	0	0
Previously unrecognized tax losses used to reduce payable tax	**-11**	**-2.7%**	0	0
Write down (or reversal) of deferred tax assets	**23**	**5.8%**	46	16.7%
Impact of change in tax rates	**43**	**10.8%**	-52	-19.1%
Other	**-6**	**-1.5%**	1	0.3%
Income tax and effective tax rate	**160**	**40.2%**	**121**	**44.2%**

Recognized Deferred Tax Assets and Liabilities

	Assets		Liabilities		Net	
Amounts in NOK million	2017	2016	2017	2016	2017	2016
Property, plant and equipment	**4**	18	**-87**	-107	**-83**	-89
Pensions	**113**	112	**0**	0	**113**	112
Projects under construction	**0**	7	**-1,643**	-1,451	**-1,643**	-1,444
Tax loss carry-forwards	**1,073**	745	**0**	0	**1,073**	745
Intangible assets	**0**	6	**-257**	-258	**-257**	-252
Provisions	**258**	266	**-5**	-8	**253**	258
Derivatives	**54**	209	**0**	0	**54**	209
Other	**884**	855	**3**	-58	**887**	797
Total before offsetting	**2,384**	**2,218**	**-1,989**	**-1,882**	**395**	**335**
Offsetting	**-1,751**	-1,552	**1,751**	1,552	**0**	0
Total	**633**	**666**	**-238**	**-331**	**395**	**335**

Note 9 continues on next page

Note 9 Tax cont.

Change in Net Recognized Deferred Tax Assets and Liabilities

Amounts in NOK million	Property, plant and equipment	Pensions	Projects under construction	Tax loss carry-forwards	Intangible assets	Provisions	Derivatives	Other	Total
Balance as of January 1, 2016	-92	136	-1,559	571	-286	305	440	534	49
Recognized in profit and loss	15	-9	91	169	24	-107	3	62	248
Recognized in other comprehensive income (OCI)	0	-13	0	0	0	0	-232	0	-245
Prepaid withholding tax	0	0	0	0	0	0	0	252	252
Additions through acquisition of subsidiaries	-9	0	0	0	-12	0	0	-2	-23
Reclassification between categories	0	0	0	0	0	48	0	-48	0
Currency translation differences	-3	-2	24	5	22	11	-2	-1	54
Balance as of December 31, 2016	**-89**	**112**	**-1,444**	**745**	**-252**	**258**	**209**	**797**	**335**
Recognized in profit and loss	9	-10	-199	366	10	-8	-8	-27	133
Recognized in other comprehensive income (OCI)	0	10	0	0	0	0	-147	15	-121
Tax losses offset against indirect taxes	0	0	0	-28	0	0	0	0	-28
Prepaid withholding tax	0	0	0	0	0	0	0	94	94
Reclassification between categories	0	0	0	0	-9	9	0	0	0
Currency translation differences	-4	0	0	-11	-6	-7	0	9	-19
Balance as of December 31, 2017	**-83**	**113**	**-1,643**	**1,073**	**-257**	**253**	**54**	**887**	**395**

Tax Loss Carry-Forwards and Unrecognized Deferred Tax Assets

Amounts in NOK million	Expiry within 5 years	Expires within 5-20 years	Indefinite	Total	Unrecognized tax loss carry-forwards	Unrecognized other tax assets
Norway	0	0	3,419	3,419	0	0
Europe excluding Norway	475	31	334	840	492	5
North America	14	493	0	507	32	0
South America	0	0	342	342	0	0
Asia Pacific	1	41	262	304	264	3
Middle East and Africa	104	0	14	118	118	0
Total	**594**	**564**	**4,372**	**5,530**	**906**	**8**

See note 20 for information about contingent tax claims

Note 10 Property, Plant and Equipment

The majority of property, plant and equipment relate to subsea manufacturing plants and service bases in Norway, Brazil, Malaysia, the US and the UK. Fixed assets also include furniture and fittings in office buildings.

Financial Reporting Principles

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses. Components of property, plant and equipment with different useful lives are accounted for separately. Assets are mainly depreciated on a straight-line basis over their expected economic lives as follows:

- Machinery and equipment: 3-15 years
- Buildings: 8-30 years
- Land: No depreciation

Borrowing costs are capitalized as part of the cost of the asset when significant. The cost of self-constructed assets includes the cost of materials, direct labor, production overheads and borrowing cost.

Judgment and Estimates

Judgment is involved when determining the depreciation period and when assessing impairment. Impairment is assessed for individual assets and for cash generating units. The impairment testing involves judgmental assumptions about future market development, cashflows, determination of weighted average cost of capital (WACC), growth rate and other assumptions that may change over time.

Commitments

Aker Solutions has entered into contractual commitments for the acquisition of property, plant and equipment amounting to NOK 281 million as of December 31, 2017, of which NOK 221 million will expire in 2018. Contractual commitments were NOK 52 million per December 31, 2016.

See note 12 for information about impairment testing
See note 17 for information about PPE being held as security for borrowings
See note 26 for information about acquisition of subsidiaries

Property, Plant and Equipment

Amounts in NOK million	Buildings and sites[1]	Machinery and equipment	Under construction	Total
Historical cost				
Balance as of January 1, 2016	1,436	4,970	813	7,219
Additions	48	60	292	399
Transfer from assets under construction	635	294	-929	0
Additions through acquisition of subsidiaries	23	54	0	77
Disposal of subsidiaries	0	-10	0	-10
Disposals and scrapping	-60	-152	0	-211
Currency translation differences	19	-77	40	-18
Balance as of December 31, 2016	**2,102**	**5,138**	**216**	**7,456**
Additions	5	40	161	**206**
Reclassifications and transfer from assets under construction	-190	387	-197	**0**
Additions through acquisition of subsidiaries	0	5	0	**5**
Disposals and scrapping	-15	-18	0	**-33**
Currency translation differences	-51	-5	3	**-54**
Balance as of December 31, 2017	**1,851**	**5,548**	**181**	**7,580**
Accumulated depreciation and impairment				
Balance as of January 1, 2016	-431	-2,810	-16	-3,257
Depreciation for the year	-83	-483	0	-567
Impairment	0	-78	0	-79
Disposal of subsidiaries	0	7	0	7
Disposals and scrapping	36	147	0	183
Currency translation differences	10	53	0	62
Balance as of December 31, 2016	**-469**	**-3,164**	**-16**	**-3,648**
Depreciation for the year	-66	-471	0	**-537**
Impairment	-58	-26	0	**-84**
Disposals and scrapping	13	11	0	**24**
Reclassification between categories	143	-143	0	**0**
Currency translation differences	1	-19	0	**-18**
Balance as of December 31, 2017	**-436**	**-3,812**	**-15**	**-4,264**
Book value as of December 31, 2016	**1,633**	**1,974**	**200**	**3,808**
Book value as of December 31, 2017	**1,415**	**1,735**	**166**	**3,316**

1) Assets held for sale included in Buildings and sites amounted to NOK 38 million as of December 31, 2017.

Note 11 Intangible Assets

The research and development (R&D) programs in Aker Solutions are closely monitored in order to secure the desired technological achievements in time and at acceptable cost levels. R&D programs that meet certain criteria are capitalized and amortized over the expected useful life. Intangible assets also include goodwill and other assets identified in mergers and acquisitions in addition to IT systems.

Financial Reporting Principles

Capitalized Development

The technology development in Aker Solutions is graded according to a Technology Readiness Level (TRL) consisting of eight phases. Research and development costs are expensed as incurred until a program has completed the concept phase. Development cost is only capitalized if the product or process is technically and commercially feasible and the business case shows a positive net present value. Capitalized development mainly includes internal labor costs in addition to materials for the development program. The capitalized development is normally amortized over five years on a straight-line basis, but certain programs with a clear differentiating offering and a longer economic benefit may be amortized up to seven years. For development projects in progress, a full impairment test is performed annually or when impairment indicators are identified.

Goodwill

Goodwill represents the consideration paid in excess of identifiable assets and liabilities in business combinations. Goodwill has an indefinite useful life and is tested for impairment annually, or when impairment indicators are identified.

Other

Other intangible assets include IT systems and technology development acquired through business combinations.

Judgments and Estimates

The decision to capitalize a development program involves management judgment. There are strict internal rules defining what qualifies for capitalization, and the documentation of the assessment is monitored centrally. Management makes assessment of future market opportunities, ability to successfully achieve the desired technological solution and the time and cost it takes to develop it. These factors may change over time.

Impairment indicators are assessed for individual development projects, other intangible assets and for cash generating units as a whole, including goodwill. Impairment testing is performed when impairment indicators have been identified. In addition, capitalized development programs that have not been completed are subject to an annual impairment test. The impairment test includes update of the business case, assessing status on technical achievements and reviewing cost incurred compared to budget in order to identify if any of the capitalized cost should be expensed. The asset is written down to recoverable amount, if lower than book value. The impairment testing involves judgmental assumptions about future market development, cashflows, determination of WACC, growth rate used for calculation of terminal value and other assumptions that may change over time.

Note 11 continues on next page

Note 11 Intangible Assets cont.

Intangible Assets

Amounts in NOK million	**Capitalized development**	**Goodwill**	**Other**	**Total**
Historical cost				
Balance as of January 1, 2016	2,310	4,166	359	6,836
Additions from internal development	278	0	19	297
Additions through business combinations	0	117	37	154
Disposals	0	-2	0	-2
Currency translation differences	-116	-305	-34	-455
Balance as of December 31, 2016	**2,472**	**3,976**	**381**	**6,829**
Additions from internal development	149	0	0	**149**
Additions through business combinations	45	239	0	**284**
Assets fully written down, no longer in use	-7	0	-44	**-50**
Currency translation differences	5	68	4	**78**
Balance as of December 31, 2017	**2,664**	**4,283**	**342**	**7,289**
Accumulated amortization and impairment				
Balance as of January 1, 2016	-470	4	-164	-629
Amortization for the year	-178	0	-34	-212
Impairment	-386	0	0	-386
Currency translation differences	26	2	16	44
Balance as of December 31, 2016	**-1,007**	**6**	**-182**	**-1,182**
Amortization for the year	-211	0	-44	**-255**
Impairment	-72	0	0	**-72**
Assets fully written down, no longer in use	7	0	44	**51**
Currency translation differences	-6	-9	-2	**-17**
Balance as of December 31, 2017	**-1,288**	**-3**	**-184**	**-1,475**
Book value as of December 31, 2016	**1,465**	**3,983**	**199**	**5,647**
Book value as of December 31, 2017	**1,375**	**4,281**	**158**	**5,814**

Research and Development Expenses

The research and development expenses amounted to NOK 41 million in 2017 compared to NOK 125 million in 2016.

See note 12 for more information about impairment testing
See note 26 for more information about acquisition of subsidiaries

Note 12 Impairment of Assets

After some challenging years in the oil services market, there are signs of recovery with an increase in the oil price. More projects are being sanctioned and there is generally a more optimistic view on the future across the oil services market. Assets have been assessed for impairment on an individual basis and as part of cash generating units. The impairment testing of the assets resulted in impairment losses of NOK 72 million for intangible assets and NOK 84 million for property, plant and equipment in 2017.

Financial Reporting Principles

Individual Assets

Individual intangible and fixed assets are assessed for impairment triggers every quarter to identify assets that are damaged, no longer in use or will be disposed. Capitalized development is assessed for impairment triggers every quarter to identify development programs where the technological development or commercial outlook for that specific technology no longer justifies the book value. Capitalized development programs that have not been completed are subject to annual impairment test with updates of the business case, assessing status on technical achievements and reviewing cost incurred compared to budget in order to identify if any of the capitalized cost should be expensed. The asset is written down to recoverable amount, if lower than book value.

Assets in a Cash Generating Unit (CGU)

Impairment indicators are assessed for all assets as part of a cash generating unit (CGU). A CGU represents the lowest level of independent revenue generated by the assets. This is usually the lowest level where a separate external market exists for the output from the CGU. Impairment indicators are reviewed for all assets with assessment of market conditions, technological development, change in order backlog, change in discount rate and other elements that may impact the value of the assets in the CGU. Assets are usually tested using the value-in-use approach determined by discounting expected future cashflows. Impairment losses are recognized for assets in CGUs where the recoverable amount is lower than book value.

Goodwill

The groups of CGUs that include goodwill are tested for impairment annually or when impairment triggers have been identified. The company does not have other assets than goodwill with indefinite useful lives.

Judgments and Estimates

The impairment testing of assets is by nature highly judgmental as it includes estimates such as future expected cashflows, discount rate and growth rate. In particular, future cashflows are uncertain as they are impacted by market developments beyond Aker Solutions' control. The oil price impacts the investment levels in capex and maintenance projects by the oil companies. This in turn impacts the markets in which Aker Solutions operates.

Cashflow Assumptions

Expectations about the long-term oil prices are important when assessing the future market development for the projects and services of Aker Solutions. 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 to gradually increase to USD 68 in the terminal year. This assumption is particularly sensitive in the current market conditions. Four year cashflows in the period 2018 to 2021 projected from the forecast and strategy process, approved by management in 2017, have been used as basis for the estimates of future cashflows. 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 cashflows. The forecasted cashflows used in the impairment tests reflect organic growth only. Other parameters in the assessment are the mix of projects and services, level of operating expenses and capital expenditure for maintenance of the asset portfolio.

Discount and Growth Rate

Estimated future cashflows are discounted to their present value using the weighted average cost of capital (WACC), which is a post-tax discount rate. The WACC is based on a risk free interest rate, a risk premium and average beta values of peers within each market. A separate WACC has been calculated for each of the CGUs taken into consideration country specific risk premiums and long-term risk free interest rates. A growth rate has been applied to calculate terminal value after the five-year period.

Note 12 continues on next page

Note 12 Impairment of Assets cont.

Impairment Testing of Individual Assets

When reviewing the individual capitalized development certain development programs were identified where the technology or commercial outlook no longer justified the value. This was mainly as a result of the downturn in the oil service sector. In total, NOK 72 million was impaired. The impairments were mainly related to development projects in Norway, USA and Malaysia. In addition, the impairment on individual machines, furniture and fittings was NOK 84 million, which mainly related to assets in Norway and UK. The value-in use method was used for both fixed and intangible assets.

Impairment Testing of Assets in CGUs

CGUs identified for testing fixed and intangible assets is usually a plant or a group of plants which are deemed to produce independent cash inflows. No impairment losses were recognized as a result of the impairment testing of assets in CGUs based on the value-in-use method. Various sensitivity analysis for change in future cashflows, growth rate and WACC have been performed for the CGUs with limited headroom in the impairment testing. The results from the analysis support the conclusion from the test that no impairment should be recognized. The group is continuously monitoring the market development and will perform impairment testing if further impairment triggers are identified.

Impairment Testing of Goodwill

The groups of CGUs identified when testing goodwill represent the operating segments of Aker Solutions (Projects and Services) as this is the level where synergies are expected and goodwill is monitored. The goodwill in the two operating segments are shown in the following table.

Amounts in NOK million	**2017**	**2016**
Projects	**2,123**	2,015
Services	**2,157**	1,968
Total goodwill as of December 31	**4,281**	**3,983**

The WACC used in the impairment testing of goodwill is shown below.

	Post-tax WACC	**Pre-tax WACC**
Projects	**8.4%**	**10.2%**
Services	**8.7%**	**11.6%**

A post-tax value in-use method was used, with pre-tax rates calculated using an iterative method for illustration purposes only. The calculated annual average growth rate for revenue in the cashflow used for impairment testing is 25.9 percent for Services and 7.5 percent for Projects. Management has forecasted that cashflows will gradually recover from the low activity level in 2017, which was a year heavily impacted by the decline in the oil services sector. There are indications of market recovery, proven by more projects being sanctioned and several contracts awarded to Aker Solutions late 2017. The forecasted cash flows are based on firm orders and an expected share of new contracts. When determining the terminal value, a growth rate of 1.5 percent has been used for both Services and Projects. The annual impairment testing of goodwill did not result in any impairment losses.

Multiple sensitivity tests have been run to address the current uncertainty in the oil service 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 of Aker Solutions to secure projects as estimated in the cashflow, 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 cashflows in the future. The recoverable amounts exceeded book value for all scenarios for all the CGUs in the goodwill impairment testing.

See note 10 for more information about property, plant and equipment
See note 11 for more information about intangible assets

Note 13 Inventories

Financial Reporting Principles

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses and the estimated cost to complete the inventory. The cost of inventories is based on the weighted average cost.

Judgments and Estimates

The assessment of obsolete and slow-moving inventory in order to determine inventory write-downs is subject to management judgment. The selling price in the market has to be estimated, and there is a risk that the actual selling price turns out to be different than the amount estimated by management.

Inventories

Amounts in NOK million	2017	2016
Stock of raw materials	**356**	514
Goods under production	**72**	2
Finished goods	**0**	59
Total	**428**	**575**
Total inventories at cost	**716**	818
Inventory write-downs to net realizable value	**-288**	-244
Total	**428**	**575**
Inventory write-down expense in the period	**160**	129

There are no securities pledged over inventories.

Note 14 Trade and Other Receivables

Financial Reporting Principles

Trade and other receivables are recognized at the original invoiced amount, less an allowance for doubtful receivables. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used.

Judgments and Estimates

Judgment is involved when determining the allowance for doubtful receivables. The allowance is based on individual assessments of each customer and default risk in the industry and the country in which the customer operates. The customers of Aker Solutions are mainly large, international oil companies.

Trade and Other Receivables

Amounts in NOK million	2017	2016
Trade receivables	**2,692**	3,600
Trade receivables, related parties	**305**	111
Less provision for impairment of receivables	**-121**	-170
Trade receivables, net	**2,876**	**3,541**
Advances to suppliers	**954**	156
Amounts due from customers for construction work	**883**	1,103
Accrued operating revenue from service contracts	**1,298**	1,337
Other receivables	**832**	1,260
Total	**6,843**	**7,398**

Bad Debt Provision

Amounts in NOK million	2017	2016
Balance as of January 1	**-170**	-143
Provisions made during the year	**-29**	-79
Provisions used during the year	**39**	8
Provisions reversed during the year	**37**	23
Currency translation differences	**3**	21
Balance as of December 31	**-121**	**-170**

Aging of Trade Receivables

Amounts in NOK million	2017	2016
Not overdue	**2,452**	2,599
Past due 0-30 days	**267**	611
Past due 31-90 days	**106**	136
Past due 91 days to one year	**61**	110
Past due more than one year	**110**	256
Total	**2,997**	**3,711**

See note 3 for more information about amounts due from customers for construction and service contracts
See note 22 for more information about credit risk
See note 29 for more information about receivables to related parties

Note 15 Cash and Cash Equivalents

Financial Reporting Principles

Cash and cash equivalents include cash on hand, demand deposits held at banks and other short-term highly liquid deposits with original maturity of three months or less.

Cash and Cash Equivalents

Amounts in NOK million	2017	2016
Cash pool	**635**	1,461
Other cash at banks	**1,343**	1,019
Total	**1,978**	**2,480**

Available Liquidity

Additional undrawn committed non-current bank revolving credit facilities amounted to NOK 3.75 billion, compared to NOK 5.0 billion in the prior period. Together with cash and cash equivalents, this gives a total liquidity buffer of NOK 5.7 billion, compared to NOK 7.5 billion in prior year.

See note 17 for more information about borrowings
See note 22 for more information about currency risk and the cash pool arrangement
See note 23 for more information about capital management

Note 16 Equity

Share Capital

Aker Solutions ASA was founded May 23, 2014 with a nominal share capital of NOK 293,807,940 through the issuance of 272,044,389 shares. The total number of outstanding shares is 272,044,389 at par value NOK 1.08 per share as of December 31, 2017. All issued shares are fully paid. Aker Solutions ASA has one class of shares, ordinary shares, with equal rights for all shares. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at general meetings. The number of own shares (treasury shares) was 511,801 per December 31, 2017, which is the same as last year. The consideration for these shares was NOK 16 million.

Hedging Reserve

The hedge reserve mainly relates to effects of currency cashflow hedges that are not yet recognized in the income statement. The hedging effects are recognized in the income statement according to the progress of the underlying construction contract.

Translation Reserve

The currency translation reserve includes foreign exchange differences arising from the translation of the subsidiaries into the presentation currency of the consolidated statements.

Pension Reserve

The defined benefit plan actuarial gains and losses reserve includes remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest).

See note 2 for more information about currency translation of subsidiaries
See note 18 for more information about the pension obligation
See note 24 for more information about hedging

Note 17 Borrowings

Financial Reporting Principles

Interest-bearing borrowings are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

Norwegian Bonds

The group has a NOK 1,000 million bond loan listed on the Oslo Stock Exchange denominated in Norwegian Kroner. The interest rate is three months floating interbank rates (NIBOR) plus a predefined margin. Trustee services are provided by Nordic Trustee and the loan documentation is based on Nordic Trustee's standard loan agreement for bond issues. The bond loan is unsecured on a negative pledge basis and includes no dividend restrictions. Aker Solutions' strategy is to have between 30-50 percent of borrowings at fixed interest rates. Parts of the external loans with floating interest rates are swapped to fixed interest rates by means of interest rate derivatives to maintain the desired split between fixed and floating interest rates.

Note 17 continues on next page

Note 17 Borrowings cont.

Bonds and Borrowings

2017

Amounts in NOK million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Fixed interest margin	Interest coupon	Maturity date (mm/dd/yy)	Interest terms
ISIN NO 0010661051	NOK	1,000	**1,008**	0.79%	4.20%	4.99%	10/09/19	Floating, 3M+fix margin
Total bond[1]			**1,008**					
Revolving credit facility (NOK 5,000 million)[2]	NOK	1,250	**1,239**	0.89%	1.10%	1.99%	07/03/19	NIBOR + Margin[3]
Total credit facility			**1,239**					
Brazilian Development Bank loans[4]	BRL	345	**858**	11.10%	0.00%	11.10%	2018-2024	Fixed, periodically
Brazilian Development Bank loans			**858**					
Other borrowings			**10**					
Total borrowings			**3,114**					
Current borrowings			**539**					
Non-current borrowings			**2,576**					
Total borrowings			**3,114**					

1) The carrying amount is calculated by reducing the nominal value of NOK 1,000 million (NOK 2,500 million in 2016) by total issue costs related to the new financing of NOK 3 million (NOK 7 million in 2016). Amount includes NOK 12 million of accrued interest related to the bonds (NOK 18 million in 2016).
2) The carrying amount includes fees for establishing the credit facility which is deferred according to the amortized cost method.
3) The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 35 percent of the margin.
4) Brazilian loans consist of loans with interest rates ranging from 5.8 percent to 12.4 percent in 2017 (3.5 percent to 19 percent in 2016). The weighted average interest rate is used in the table and is calculated based on the contractual rates on the loans at December 31 and does not include the effect of swap agreements.

Note 17 continues on next page

Note 17 Borrowings cont.

Bonds and Borrowings

2016

Amounts in NOK million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Fixed interest margin	Interest coupon	Maturity date (mm/dd/yy)	Interest terms
ISIN NO 0010647431	NOK	1,500	**1,505**	1.14%	4.25%	5.39%	06/06/17	Floating, 3M+fix margin
ISIN NO 0010661051	NOK	1,000	**1,007**	1.13%	4.20%	5.33%	10/09/19	Floating, 3M+fix margin
Total bonds[1]			**2,512**					
Revolving credit facility (NOK 5,000 million)[2]	NOK	0	**-20**	1.05%	0.85%	1.90%	07/03/19	NIBOR + Margin[3]
Total credit facility			**-20**					
Brazilian Development Bank loans[4]	BRL	548	**1,451**	11.96%	0.00%	11.96%	2017-2022	Fixed, periodically
Brazilian Development Bank loans			**1,451**					
Other borrowings			**10**					
Total borrowings			**3,954**					
Current borrowings			**2,110**					
Non-current borrowings			**1,844**					
Total borrowings			**3,954**					

1) The carrying amount is calculated by reducing the nominal value of NOK 2,500 million by total issue costs related to the new financing of NOK 7 million. Amount includes NOK 18 million of accrued interest related to the bonds.
2) The carrying amount includes fees for establishing the credit facility which is deferred according to the amortized cost method.
3) The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 35 percent of the margin.
4) Brazilian loans consist of loans with interest rates ranging from 3.5 percent to 19 percent. The weighted average interest rate is used in the table and is calculated based on the contractual rates on the loans at December 31 and does not include the effect of swap agreements.

Note 17 continues on next page

Note 17 Borrowings cont.

Maturity of Bonds and Borrowings

2017

Amounts in NOK million	Carrying amount	Total cashflow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
ISIN NO 0010661051	1,008	**1,101**	25	25	1,051	0	0
Total bonds	**1,008**	**1,101**	**25**	**25**	**1,051**	**0**	**0**
Revolving credit facility (NOK 5,000 million)	1,239	**1,286**	12	12	1,262	0	0
Brazilian development bank loans	858	**979**	126	449	131	272	1
Other loans	10	**10**	10	0	0	0	0
Total other loans	**2,106**	**2,275**	**148**	**461**	**1,393**	**272**	**1**
Total borrowings	**3,114**	**3,376**	**173**	**486**	**2,444**	**272**	**1**

2016

Amounts in NOK million	Carrying amount	Total cashflow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
ISIN NO 0010647431	1,505	**1,539**	1,539	0	0	0	0
ISIN NO 0010661051	1,007	**1,155**	26	27	53	1,049	0
Total bonds	**2,512**	**2,694**	**1,565**	**27**	**53**	**1,049**	**0**
Revolving credit facility (NOK 5,000 million)[2]	-20	**0**	0	0	0	0	0
Brazilian Development Bank loans	1,451	**1,801**	86	658	499	113	445
Other loans	10	**11**	0	11	0	0	0
Total other loans	**1,442**	**1,812**	**86**	**668**	**500**	**113**	**445**
Total borrowings	**3,954**	**4,506**	**1,651**	**695**	**553**	**1,162**	**445**

1) The interest costs are calculated using either the last fixing rate known by year end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).
2) The cashflow is based on the assumption that the nominal currency value will remain on NOK 1,250 million until the maturity of the revolving credit facility.

Note 17 continues on next page

Note 17 Borrowings cont.

Movement of liabilities

Amounts in NOK million	Bond	Credit Facilities	Other Borrowings	Total
Balance as of January 1, 2017	2,512	-20	1,461	**3,954**
Proceeds from loans and borrowings	-	1,250	67	**1,317**
Repayment of borrowings	-1,500	0	-578	**-2,078**
Total changes from financial cashflows	-1,500	1,250	-512	**-762**
Accrued interest	-6	0	-12	**-18**
Amortization of borrowing cost	3	8	0	**11**
Currency translation differences	0	0	-70	**-70**
Balance as of December 31, 2017	**1,008**	**1,239**	**868**	**3,114**

Mortgages

The company has no mortgage liabilities in 2017.

See note 23 for more information about capital management
See note 24 for more information about interest rate derivatives
See note 25 for more information about financial assets and liabilities
See note 33 for more information about borrowings entered into subsequent to year end

Note 18 Pension Obligations

Aker Solutions operates several pension plans around the world. The most common type of plan is the defined contribution plan, where Aker Solutions makes contributions to the employee's individual pension account. Aker Solutions still has some closed defined benefit plans and impacts of these are gradually reduced.

Financial Reporting Principles

Defined Contribution Plans

A defined contribution plan is a type of retirement plan where the employer makes contributions on a regular basis to the employees individual pension account. The benefits received by the employee are based on the employer contributions and gains or losses from investing the capital. Contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

Defined Benefit Plans

A defined benefit plan is a type of pension plan where the employer promises an annual pension on retirement based on a percentage of the salary upon retirement and the employee's earnings history, years of service and age. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

The defined benefit obligation is calculated separately for each plan by discounting the estimated amount of future benefit that employees have earned in the current and prior periods and deducting the fair value of any plan assets. The change of the defined benefit obligation as a result of the change of assumptions (actuarial gains and losses) and the return on plan assets are recognized immediately in other comprehensive income. Net interest expense and other expenses related to defined benefit plans are recognized in the income statement. When the benefits of a plan are changed, settled or when a plan is curtailed, the change relating to past service or the gain or loss on curtailment or settlement is recognized immediately in the income statement.

Judgments and Estimates

The present value of the pension obligations depends on a number of factors determined on the basis of actuarial assumptions. These assumptions include financial factors such as the discount rate, expected salary growth, inflation and return on assets as well as demographical factors concerning mortality, employee turnover, disability and early retirement. Assumptions about all these factors are based on the situation at the time the assessment is made. However, it is reasonably certain that such factors will change over long periods for which pension calculations are made. Any changes in these assumptions will affect the calculated pension obligations with immediate recognition in other comprehensive income.

Pension Plans in Norway

The main pension arrangement in Norway is a general pension plan organized by the Norwegian state providing a basic pension entitlement to all tax payers. The additional pension plans which all Norwegian employers are obliged to provide, represent limited additional pension entitlements. The following pension plans exist in Norway:

Defined Contribution Plans

All employees in Norway are offered participation in a defined contribution plan. The annual contributions expensed for the Norwegian plans in 2017 were NOK 206 million. The estimated contribution expected to be paid in 2018 is NOK 196 million.

Defined Benefit Plans

The Norwegian companies in Aker Solutions closed the defined benefit plans in 2008. Employees who were 58 years or older in 2008 are still members of the defined benefit plan. This is a funded plan and represents most of the funded pension liability reported in the tables below. The estimated contribution expected to be paid during 2018 is NOK 73 million.

Compensation Plans

All employees in 2008 who had a calculated loss of more than NOK 1,000 per year upon transition to the defined contribution plan were offered compensation. The compensation amount will be adjusted annually in accordance with the adjustment of the employees' pensionable income, and accrued interest according to market interest. If the employee leaves the company voluntarily before the age of 67 years, the accrued compensation amount will be paid out. This unfunded plan is classified and accounted for as a defined benefit plan.

Note 18 continues on next page

Note 18 Pension Obligations cont.

Tariff Based Pension Agreement (AFP)

Employees in Norway have a tariff based lifelong retirement arrangement (AFP) that can be withdrawn from the age of 62 organized by the main labor unions and the Norwegian state. The information required to estimate the pension obligation from this defined benefit plan is not available from the plan administrator. Aker Solutions therefore accounts for the plan as if it was a defined contribution plan.

Termination Benefits

Certain pension arrangements up until retirement has been given as part of restructuring programs to achieve reduction of personnel. The cost in 2017 was NOK 7 million.

Pension Plans outside Norway

Pension plans outside Norway are predominately defined contribution plans. The annual contributions expensed for plans outside Norway in 2017 were NOK 163 million. The estimated contributions expected to be paid in 2018 is NOK 231 million to the plans outside Norway.

Total Pension Cost

Amounts in NOK million	2017	2016
Defined benefit plans	66	85
Defined contribution plans	400	457
Total	**466**	**542**

Movement in Pension Obligations

Tables below relate to the movement in the pension obligation for defined benefit plans. It is mainly the Norwegian entities that have defined benefit plans; other defined benefit plans are insignificant.

Amounts in NOK million	2017	2016
Balance as of January 1	540	572
Current service and administration cost	55	71
Interest cost (income)	12	14
Included in income statement	**66**	**85**
Actuarial loss (gain) arising from demographic assumptions	0	116
Actuarial loss (gain) arising from financial assumptions	15	-126
Return on plan assets	14	-7
Changes in asset ceiling	3	0
Actuarial loss (gain) arising from experience adjustments	28	-25
Remeasurements loss (gain) included in OCI	**60**	**-42**
Contributions paid into the plan	-73	-70
Benefits paid by the plan	-38	-34
Reclassification from restructuring provision	0	28
Other movements	0	1
Other	**-111**	**-75**
Balance as of December 31	**556**	**540**
Represented by:		
Net funded liability	0	13
Net unfunded liability	556	527
Balance as of December 31	**556**	**540**

Note 18 continues on next page

Note 18 Pension Obligations cont.

Assets in the Defined Benefit Plan

Amounts in NOK million	2017	2016
Equity securities	**31**	40
Bonds	**990**	1,114
Funds	**153**	94
Total plan assets at fair value	**1,173**	**1,248**

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 majority of the bond investment is in Norwegian municipalities and is assumed to have a rating equal to AA, but there are very few official ratings for these investments. The remaining bond investment is primarily in the Norwegian market within bonds assumed to be of "Investment Grade" quality. The majority of these investments do not, however, have an official rating. The investments consist of fixed income funds and equity funds with listed securities where the value is based on quoted prices.

Actuarial Assumptions

The information below relates only to Norwegian plans as these represent the majority of the plans. The following were the principal actuarial assumptions at the reporting date:

	2017	2016
Discount rate	**2.40%**	2.50%
Asset return	**2.40%**	2.50%
Salary progression	**2.50%**	2.25%
Pension indexation funded plans[1]	**0.00%**	0.00%
Mortality table	**K2013**	K2013
Life expectancy at age 65 for pensioners, males	**22.2**	22.4
Life expectancy at age 65 for pensioners, females	**25.5**	25.4

1) Pension indexation for unfunded plans is agreed individually (0-8 percent).

The discount rate is based on government bonds or high-quality corporate bonds with maturities consistent with the terms of the obligations. The assumptions used are in line with recommendations from the Norwegian Accounting Standards Board.

Sensitivity Analysis

Changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have changed the defined benefit obligation as of December 31 by the amounts shown below.

	Change net liability increase (+)/decrease (-)	
Amounts in NOK million	2017	2016
Discount rate increase by 1 percent	**-154**	-162
Discount rate decrease by 1 percent	**198**	205
Expected rate of salary increase by 1 percent	**1**	35
Expected rate of salary decrease by 1 percent	**-1**	-31
Expected rate of pension increase by 1 percent	**163**	171
Expected rate of pension decrease by 1 percent	**-128**	-137

In Aker Solutions, a one percent increase of discount rate decreases the benefit obligation by only 9 percent. This is because the benefit obligation in Aker Solutions consists mainly of pensioners and employees over 60 years of age.

See note 5 for more information about personnel expenses
See note 30 for more information about pension arrangements for the management

Note 19 Operating Leases

Financial Reporting Principles

Operating lease expense are recognized in the income statement on a straight-line basis over the term of the lease. Rent free periods and other lease incentives received are recognized as an integral part of the total lease expense over the term of the lease. The group does not have any financial leases. Sub-lease income is recognized as operating revenue. The minimum lease payment includes the annual rental as defined in the lease agreement. The effect of onerous lease provisions is not included in the table below.

Lease Expense and Sub-Lease Income

Aker Solutions leases a number of production sites and office buildings worldwide. The leases typically run for a period of 10-15 years, with an option to renew the lease at market rates. Other leasing contracts relate to IT and office equipment with an average life of 3-5 years with no renewal option included in the contracts.

2017

Amounts in NOK million	Buildings, plants and sites	Other	Total
Minimum lease expense	852	12	**864**
Contingent lease expense	2	0	**2**
Minimum lease income	-12	0	**-12**
Sub-lease income	-148	0	**-148**
Total	694	12	**706**

2016

Amounts in NOK million	Buildings, plants and sites	Other	Total
Minimum lease expense	844	10	**854**
Sub-lease income	-125	0	**-125**
Total	719	10	**729**

Lease Commitments

Future minimum lease payments for non-cancellable operating leases are shown in the table below.

Amounts in NOK million	2017	2016
Less than one year	**810**	820
Between one and five years	**2,857**	2,801
More than five years	**3,760**	4,357
Total	**7,428**	**7,978**

Minimum sub-lease payments to be received in the future are shown in the table below and relate mainly to sub-lease of office buildings.

Amounts in NOK million	2017	2016
Less than one year	**-152**	-140
Between one and five years	**-355**	-607
More than five years	**-94**	-514
Total	**-600**	**-1,261**

See note 6 for more information about operating expenses for land and buildings
See note 20 for more information about onerous lease provisions
See note 29 for more information about leasing contracts with related parties

Note 20 Provisions and Contingent Liabilities

Financial Reporting Principles

A provision is a liability with uncertain timing and amount. Provisions are recognized when a cash outflow is considered probable, the amount can be reliably estimated and the obligation is a result of a past event. All provisions are presented as short-term as they are part of the operating cycle.

A contingent liability is a possible obligation that arises from past events that typically depends on a future event outside of the company's control, for example a court decision. A provision is made when it is considered as probable that a cash outflow will take place, and the obligation can be measured reliably.

Judgments and Estimates

The provisions are estimated based on a number of assumptions and are in nature highly judgmental. The various provisions with assumptions and estimation uncertainties are discussed below.

Provisions

Amounts in NOK million	Warranties	Onerous contracts	Restructuring	Other	Total
Balance as of January 1, 2017	573	267	112	135	**1,087**
Provisions made during the year	152	72	92	119	**435**
Provisions used during the year	-106	-107	-93	-120	**-425**
Provisions reversed during the year	-87	-34	-36	-9	**-167**
Unwinding of discounting effect	0	13	0	1	**14**
Reclassification to pension obligations	0	0	0	-2	**-2**
Currency translation differences	-1	0	-1	2	**0**
Balance as of December 31, 2017	**532**	**210**	**75**	**125**	**942**
Expected timing of payment as of December 31, 2017					
Due within twelve months	114	49	69	31	**263**
Due after twelve months	418	161	6	94	**679**
Total	**532**	**210**	**75**	**125**	**942**

Warranties

The provision for warranties relates to expected re-work and improvements for products and services delivered to customers. The warranty period is normally two to five years. The provision is based on the historical average warranty expenses for each type of contract and an assessment of the value of delivered products and services currently in the warranty period. The provision can also be a higher or lower amount following a specific evaluation of the actual circumstances for each contract. The final warranty cost may differ from the estimated warranty provision.

Onerous Contracts

The onerous contracts provision relates to separable parts of leased office buildings that have been vacated or will be vacated in the near future by Aker Solutions. Future lease commitments and future expected sub-lease income have been discounted to present value using a market rate of 4.7 percent. The provision is sensitive to changes in the discount rate and assumptions relating to the sub-lease period and the sub-lease revenue.

Restructuring Provision

The restructuring provision relates to capacity adjustments as a result of the downturn in the oil services sector. Significant decline in oil prices and current market conditions have resulted in lower order intake, pressure on cost and necessary workforce reductions. The restructuring provision relates to expected employee costs for permanent and temporary redundancies for 2018. The provision has been estimated based on assumptions of number of employees affected, salary levels, notice period, idle time assumed during notice period and severance pay. The provision is sensitive for changes in any of these assumptions.

Other

Other provisions relate to other liabilities with uncertain timing or amount. This includes provisions for leasehold dilapidations and US medical reserve.

Note 20 continues on next page

Note 20 Provisions and Contingent Liabilities cont.

Contingent Liabilities

Disputes with customers are normally settled during the final negotiations with the customer upon delivery and provided for in the projects accounts. However, given the scope of the group's worldwide construction and service operations there is a risk that legal claims may arise in the future for deliveries where revenue has been recognized in the past. Legal and tax claims are assessed on a regular basis.

Tax Claim in 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.

See note 5 for more information about restructuring costs
See note 19 for more information about operating leases

Note 21 Trade and Other Payables

Financial Reporting Principles

Trade and other payables are recognized at the original invoiced amount. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used.

Trade and Other Payables

Amounts in NOK million	2017	2016
Trade creditors[1]	**1,807**	964
Trade creditors, related parties	**58**	67
Amount due to customers for construction work	**833**	98
Advances received from customers	**372**	2,411
Accrued operating and financial costs	**2,237**	2,183
Deferred revenue for service contracts	**196**	190
Public duties and taxes	**627**	710
Other current liabilities	**1,174**	1,380
Total	**7,304**	**8,002**

1) Trade creditors includes an amount of NOK 824 million (zero in 2016) subject to reverse factoring. Trade creditors include NOK 2 million (NOK 2 million in 2016) due after one year.

See note 3 for more information about advances and amounts due to customers for construction and service contracts
See note 29 for more information about receivables to related parties

Note 22 Financial Risk Management and Exposures

The objective of financial risk management is to manage and control financial risk exposures to increase the predictability of earnings and minimize potential adverse effects on the group's financial performance. Aker Solutions uses derivatives to hedge currency risk exposures and aims to apply hedge accounting whenever possible in order to reduce the volatility resulting from the periodic market-to-market revaluation of financial instruments in the income statement. The company is also exposed to credit risk, liquidity risk and price risk.

Risk management of financial risks is performed in every project and is the responsibility of the project manager. They cooperate with local finance managers and corporate treasury to identify, evaluate and hedge financial risks under policies approved by the board of directors. The group has well-established procedures for overall risk management, as well as policies for the use of derivatives and financial investments. There have not been any changes in these policies during the year.

Currency Risk

The group operates internationally and is exposed to currency risk on commercial transactions, assets and liabilities and net investments in foreign operations. Commercial transactions and assets and liabilities are subject to currency risk when payments are denominated in a currency other than the respective functional currency of the subsidiary. The group's exposure to currency risk is primarily related to USD, EUR and GBP. The group's primary translation risk is related to USD, EUR, GBP and BRL.

Use of Currency Derivatives

The Aker Solutions' policy requires business units to mitigate currency exposure in all projects. Corporate treasury manages internal exposures by entering into forward contracts or currency options with the financial market place. The Aker Solutions group has a large number of contracts involving foreign currency exposures and the currency risk policy has been well established.

Each business unit designates all foreign currency hedge contracts with corporate treasury as cashflow hedges or as hedges of separated embedded derivatives. Corporate treasury enters into external foreign exchange contracts separately for revenue and cost exposure. More than 80 percent of the value of the hedging instruments either qualify for hedge accounting or are hedges of separated embedded derivatives. Corporate treasury monitors hedges not qualifying for hedge accounting and disqualification effects are reported in the "other" segment. Currency exposure from investments in foreign currencies is only hedged when specifically instructed by management.

Exposure to Currency Risk

Corporate treasury is allowed to hold positions within an approved trading mandate. The net exposure as of December 31 is shown in the following table. Estimated forecasted cashflows in the table are calculated based on the group's hedge transactions through corporate treasury, as these are considered to be the best estimate of the currency exposure. The net exposure is closely monitored by corporate treasury and reported on a daily basis to management.

	2017			2016		
Amounts in NOK million	**USD**	**EUR**	**GBP**	**USD**	**EUR**	**GBP**
Bank deposits	-56	-19	-41	-64	-40	**-51**
Intercompany loans	-45	-107	4	-76	-104	**-1**
Balance sheet exposure	**-101**	**-126**	**-37**	**-140**	**-144**	**-52**
Forecasted receipts from customers	641	76	96	721	29	**74**
Forecasted payments to vendors	-196	-201	-138	-262	-99	**-178**
Cashflow exposure	**445**	**-125**	**-42**	**459**	**-70**	**-104**
Forward exchange contracts	**-342**	**249**	**79**	**-321**	**200**	**156**
Net exposure	**1**	**-1**	**0**	**-2**	**-14**	**0**

The currency exposure was within the trading mandate as of December 31, 2017 and 2016.

Note 22 continues on next page

Note 22 Financial Risk Management and Exposures cont.

Sensitivity Analysis - Fair Value of Financial Instruments

The impact on profit and equity from a 15 percent strengthening of EUR, USD and GBP against other currencies is shown below. A 15 percent weakening would have had the equal, but opposite effect. This sensitivity analysis shows the impact on financial instruments denominated in a foreign currency per December 31 and assumes that all other variables, in particular interest rates, remain constant. The analysis does not include the effect on future transactions (not invoiced as of December 31) or any effect from translation of subsidiaries.

	2017		2016	
Amounts in NOK million	**Profit (loss) before tax**	**Equity increase (decrease)**	**Profit (loss) before tax**	**Equity increase (decrease)**
USD - 15 percent strengthening	**-285**	**-535**	-186	-414
EUR - 15 percent strengthening	**-115**	**23**	47	91
GBP - 15 percent strengthening	**-17**	**65**	59	132

The primary currency risk is the risk of reduced competitiveness abroad in the case of a strengthened NOK. This risk relates to future commercial contracts and is not included in the sensitivity analysis.

Sensitivity Analysis - Currency Translation of Subsidiaries

A change in foreign currency rates will also impact the income and balance sheet when translating the group companies into the presentation currency which is NOK. The effect of change in the various currencies will impact the group accounts in the following manner:

	2017			
Amounts in NOK million	**Revenue increase (decrease)**	**EBIT increase (decrease)**	**Profit (loss) before tax**	**Equity increase (decrease)**
USD - 15 percent strengthening	419	9	-7	250
EUR - 15 percent strengthening	0	1	-1	218
GBP - 15 percent strengthening	366	-34	-28	432
BRL - 15 percent strengthening	310	13	-4	237

Regulatory Restrictions

Different regulatory rules may put restrictions on free flow of cash in some jurisdictions, including Angola and Nigeria. Although the currency in these countries may not be fully convertible with other currencies, mitigating actions have been taken in order to minimize the currency exposure. These include multilateral agreements with banks, customers and vendors on timing of payments to minimize the exposed cash balance. Aker Solutions will always strive to minimize cash balances and maximize cash available for treasury. The cash in these countries amounted to NOK 237 million as of December 31, 2017 compared to NOK 94 million in the prior year.

Interest Rate Risk

Borrowings issued at variable rates expose the group to cashflow interest rate risk. Borrowings issued at fixed rates do not affect profit and loss when held to maturity, as these borrowings are measured at amortized cost.

As the group has no significant interest-bearing operating assets, operating income and operating cashflow are substantially independent of changes in market interest rates. At year-end, 50 percent of NOK 1,000 million in bonds was fixed for the duration of the bonds through interest rate swaps.

An increase of 100 basis points in interest rates during 2017 would have increased (decreased) equity and profit and loss by the amounts shown on the table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Note 22 continues on next page

Note 22 Financial Risk Management and Exposures cont.

Interest Rates Sensitivity

	2017		2016	
Amounts in NOK million	**Profit (loss) before tax**	**Equity increase (decrease)[1]**	**Profit (loss) before tax**	**Equity increase (decrease)[1]**
Interest on cash and cash equivalents	**18**	**0**	30	0
Interest on borrowings	**-35**	**0**	-41	0
Effect of interest rate swap	**14**	**9**	20	21
Cashflow sensitivity (net)	**-2**	**9**	**10**	**21**

1) Not including tax effect on hedge reserve or effects to equity that follow directly from the effects to profit and loss.

A decrease of 100 basis points in interest rates during 2017 would have had the equal but opposite effect on the amounts, on the basis that all other variables remain constant.

Credit Risk

Credit risk is the risk of financial losses if a customer or counterparty to financial receivables and financial instruments fails to meet contractual obligations.

Investment Securities and Derivatives

Investment securities and derivatives are only traded against approved banks and governed by standard agreements (ISDA). All approved banks are participants in the Aker Solutions loan syndicate and have investment grade ratings. Credit risk related to investment securities and derivatives is therefore considered to be insignificant.

Trade and Interest-Bearing Receivables

Assessment of credit risk related to customers and subcontractors is an important requirement in the bid phase and throughout the contract period. Such assessments are based on credit ratings, income statement and balance sheet reviews and using credit assessment tools available (e.g. Dun & Bradstreet). Revenues are mainly related to large and long-term projects closely followed up in terms of payments up front and in accordance with agreed milestones. Normally, lack of payment is due to disagreements related to project deliveries and is solved together with the customer.

The credit risk has generally increased during the year due to the downturn in the market. The majority of the customers are highly rated oil companies where the credit risk is considered to be limited. Risk related to lower rated companies is monitored closely. The maximum exposure to credit risk at the reporting date equals the book value of each category of financial assets. The group does not hold collateral as security.

Liquidity Risk

Liquidity risk is the risk that the group is unable to meet the obligations associated with its financial liabilities. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity reserves to meet its liabilities when due.

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Management monitors rolling weekly and monthly forecasts of the group’s liquidity reserve on the basis of expected cashflow. Due to the dynamic nature of the underlying businesses, corporate treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Note 22 continues on next page

Note 22 Financial Risk Management and Exposures cont.

Financial Liabilities and the Period in Which They Mature

2017

Amounts in NOK million	Book value	Total cashflow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	3,114	**3,376**	173	486	2,444	272	1
Net derivative financial instruments	183	**183**	161	2	18	0	0
Trade and other payables	7,304	**7,304**	7,302	0	2	0	0
Total liabilities	**10,601**	**10,863**	**7,636**	**488**	**2,464**	**272**	**1**
Financial guarantees		11,476	1,523	1,327	1,809	616	6,202

2016

Amounts in NOK million	Book value	Total cashflow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	3,954	**4,506**	1,651	696	552	1,162	445
Net derivative financial instruments	975	**975**	871	39	38	27	0
Trade and other payables	8,002	**8,002**	7,545	313	144	0	0
Total liabilities	**12,930**	**13,483**	**10,067**	**1,048**	**734**	**1,188**	**445**
Financial guarantees		8,824	1,547	280	225	2,474	4,298

1) Nominal currency value including interest.

Cash Pool Arrangements

The group policy for the purpose of optimizing availability and flexibility of cash within the group is to operate centrally managed cash pooling arrangements. Such arrangements are either organized with a bank as a service provider, or as a part of the operation of corporate treasury. An important condition for the participants (business units) in such cash pooling arrangements is that the group as an owner of such pools is financially viable and is able to prove its capability to service its obligations concerning repayment of any net deposits made by business units. The group policy is not applied in countries where local laws prohibit international cash pool arrangements.

Price Risk

The group is exposed to fluctuations in market prices both in the investment portfolio and in the operating businesses related to individual contracts. The units are exposed to changes in market price for raw materials, equipment and development in wages. This is managed in the bid process by locking in committed prices from vendors as basis for offers to customers or through escalation clauses with customers.

Guarantees

The group has provided the following guarantees on behalf of wholly owned subsidiaries as of December 31 (all obligations are per date of issue):

- Non-financial parent company guarantees related to project performance on behalf of group companies
- Financial parent company indemnity guarantees for fulfillment of lease obligations, credits and loans were NOK 6.2 billion (NOK 4.5 billion in 2016)
- Financial guarantees including counter guarantees for bank/surety bonds and guarantees for pension obligations to employees were NOK 5.3 billion (NOK 5.3 billion in 2016)

Guarantee on Behalf of Akastor

Aker Solutions was demerged from Akastor in 2014, and parties in a demerger have joint liability according to Norwegian law. If an obligation that arose prior to the completion of the demerger is not met by either party, the other party will have secondary joint liability for such obligation. This statutory liability is unlimited in time, but is limited in amount. The remaining value of the financial guarantees where Aker Solutions has a secondary joint liability was NOK 4.1 billion per December 31, 2017 compared to NOK 4.4 billion per December 31, 2016.

See note 14 for more information about trade and other receivables
See note 15 for more information about cash and available credit facility
See note 17 for more information about borrowings
See note 21 for more information about trade and other payables
See note 24 for more information about derivatives

Note 23 Capital Management

The objective of Aker Solutions' capital management policy is to optimize the capital structure to ensure sufficient and timely funding over time to finance its activities at the lowest cost, in addition to investing in projects and businesses which will increase the company's return on capital employed over time.

Investment Policy

Aker Solutions’ capital management is based on a rigorous investment selection process which considers not only Aker Solutions’ weighted average cost of capital and strategic orientation but also external factors such as market expectations and extrinsic risk factors. This selection process is coupled with a centralized approval process for all capital expenditures to be incurred by the group.

Funding Policy

Liquidity Planning

Aker Solutions has a strong focus on its liquidity in order to meet its working capital needs short-term and to ensure solvency for its financial obligations long-term. The group’s internal guideline is to have a minimum liquidity reserve of NOK 3 billion, including cash and undrawn committed credit facilities. As per December 31, 2017 this liquidity reserve amounted to NOK 5.7 billion and was composed of an undrawn committed credit facility and bank deposits.

Funding of Operations

Aker Solutions’ group funding policy states that all operating units will be funded through corporate treasury. This ensures optimal availability and transfer of cash within the group, better control of the group's overall debt as well as discounted funding for its operations. The group policy is not applied in countries where local laws prohibit international cash pool arrangements, such as Brazil.

Aker Solutions emphasizes financial flexibility and steers its capital structure accordingly to ensure a balance between liquidity risk and refinancing risk. In this perspective, loans and other external borrowings are to be renegotiated well in advance of their due date.

Aker Solutions aims to have diversified mix of funding sources in order to obtain an optimal cost of capital. These funding sources include:

- the use of banks based on syndicated credit facilities or bilateral agreements
- the issue of debt instruments on the Norwegian capital market
- the issue of debt instruments in foreign capital markets

Debt Covenants

As per end of 2017, the capital structure of Aker Solutions was 68 percent from bank and export credit agency (ECA) debt and 32 percent from bonds issued in the Norwegian market. The group monitors capital on the basis of gearing and interest coverage ratios. The reported ratios are well within the requirements in the loan agreements as shown in the table below.

Aker Solutions has the following debt covenants for the revolving facility:

- The company’s gearing ratio shall not exceed 3.5 and is calculated from the net interest-bearing debt to the adjusted EBITDA
- The company’s interest coverage ratio must not be less than 3.5, calculated from the adjusted EBITDA to net finance cost

Aker Solutions has the following debt covenant for the bonds:

- The company’s gearing ratio shall not exceed 4.0 and is calculated from the gross interest bearing debt to the adjusted EBITDA

These guidelines aim to maintain a strong financial position for Aker Solutions, which enables the company to comply with its covenants on existing debt and to maintain satisfactory external credit rating to ensure reliable access to capital over time.

Note 23 continues on next page

Note 23 Capital Management cont.

Gearing and Interest Coverage Ratios at December 31

Amounts in NOK million	2017	2016
Gearing ratios		
Non-current interest-bearing debt	**2,576**	1,844
Current interest-bearing debt	**539**	2,110
Gross interest-bearing debt	**3,114**	**3,954**
Cash and cash equivalent	**-1,978**	-2,480
Net interest-bearing debt	**1,137**	**1,474**
EBITDA (Operating income before depreciation, amortization and impairment)	**1,519**	1,929
Restructuring and other special items as defined in the loan agreement	**88**	180
Adjusted EBITDA	**1,607**	**2,109**
Gross interest-bearing debt/adjusted EBITDA	**1.9**	**1.9**
Net interest-bearing debt/adjusted EBITDA	**0.7**	**0.7**
Interest coverage		
Adjusted EBITDA	**1,607**	2,109
Net interest expense as defined in the loan agreement	**218**	392
Adjusted EBITDA/Net finance cost	**7.4**	**5.4**

See note 17 for more information about borrowings
See note 22 for more information about financial risk management
See note 24 for more information about interest rate derivatives
See note 25 for more information about financial assets and liabilities

Note 24 Derivative Financial Instruments

The group has future cashflows to be settled in foreign currencies, and forward contracts are the most commonly used derivative to hedge such exposures. The policy states that all foreign exchange exposure is hedged, of which at least 80 percent shall be done back-to-back and qualify for hedge accounting or be hedges of separated embedded derivatives. The group may also use currency options for cashflows that are not firm in addition to certain interest rate swaps.

Financial Reporting Principles

Cashflow Hedges of Foreign Currency

The hedged transactions in foreign currency subject to cashflow hedge accounting are highly probable future transactions expected to occur at various dates during the next one to four years, depending on progress in the projects and firm commitments. The derivatives are recognized initially and subsequently at fair value in the balance sheet, and the effective portion of changes in the fair value is recognized in other comprehensive income as a hedge reserve.

Some hedged transactions do not qualify for hedge accounting under IFRS, primarily because internal hedge transactions are grouped and netted before external hedge transactions are established. Both the derivatives and the foreign exchange effects of the hedged receivable or payable will be reported as financial income and expenses with corresponding and opposite effects. The net foreign exchange gain or loss therefore reflects the difference in timing between these two. Derivatives not qualifying for hedge accounting include derivatives used by corporate treasury to hedge the residual exposure of the group as part of its risk mandate. As of year-end 2017, these hedging instruments only include currency forwards, currency options, interest swaps and foreign exchange swaps.

Hedge accounting is discontinued with immediate recognition in finance income and expenses in the income statement when the hedge no longer qualifies for hedge accounting, for example upon sale, expiration, termination or when a forecasted transaction is no longer probable. The derivative financial instruments are classified as current assets or liabilities as they are part of the operating cycle.

Foreign Currency as Embedded Derivatives

Embedded derivatives may exist in contracts with a currency other than the currency of the contracting partners. The embedded derivative will under certain circumstances be separated and recognized at fair value in the balance sheet and changes recognized in the income statement. These entries will result in corresponding and opposite effects compared to the hedging instrument. Aker Solutions applies the following separation criteria for embedded derivatives: The embedded derivative needs to be separated if the agreed payment is in a currency different from any of the major contract parties' own functional currency, or that the contract currency is not considered to be commonly used for the relevant economic environment defined as the countries involved in the cross-border transaction.

Cashflow Hedges of Interest Rates

Hedge accounting is applied using the cashflow model for interest rate swaps which means that gains and losses from floating to fixed interest rates as of December 31, 2017 are recognized in the hedging reserve in equity and will be continuously released to the income statement until the bank borrowings are repaid. This is achieved based on the periodic market-to-market revaluation of the interest rate swaps whose fair value tends to reach zero upon maturity.

Fair Values and Maturity

The following table presents the fair value of the derivatives and a maturity analysis of the derivatives undiscounted cashflows. Given Aker Solutions hedging policy and the assumption that projects are cash neutral, this table also indicates when the cashflows related to project expenses are expected to impact profit and loss. The majority of project revenues are recognized in accordance with IAS 11 using the stage of completion method. This may result in differences between cashflow and revenue recognition.

Note 24 continues on next page

Note 24 Derivative Financial Instruments cont.

2017

Amounts in NOK million	Instruments at fair value	Total cashflow[1]	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Assets							
Cashflow hedges	182	182	171	5	6	0	0
Fair value adjustments to hedged assets[2]	-17	-17	-20	5	-2	0	0
Embedded derivatives in ordinary commercial contracts	0	0	0	0	0	0	0
Financial instruments not hedge accounted	60	60	52	5	2	0	0
Total financial instrument assets	**226**	**226**	**203**	**15**	**6**	**0**	**0**
Liabilities							
Cashflow hedges	-145	-145	-126	-13	-5	-1	0
Fair value adjustments to hedged liabilities[2]	-20	-20	-24	2	2	0	0
Embedded derivatives in ordinary commercial contracts	-179	-179	-172	-1	-5	0	0
Financial instruments not hedge accounted	-49	-49	-44	-5	0	0	0
Total forward foreign exchange contracts	**-393**	**-393**	**-366**	**-17**	**-9**	**-1**	**0**
Cashflow hedges interest rate instruments	-16	-16	0	0	-16	0	0
Total financial instrument liabilities	**-408**	**-408**	**-366**	**-17**	**-24**	**-1**	**0**
Net financial instruments	**-183**	**-183**	**-163**	**-2**	**-18**	**0**	**0**

1) Cashflows from matured derivatives are translated to NOK using the exchange rates on the balance sheet date.
2) Fair value of settled derivatives not yet booked in the income statement are recognized in balance sheet and will be reclassified to the income statement over the next years as the projects progress.

Note 24 continues on next page

Note 24 Derivative Financial Instruments cont.

2016

Amounts in NOK million	Instruments at fair value	Total cashflow[1]	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Assets							
Cashflow hedges	106	106	74	21	11	0	0
Fair value adjustments to hedged assets[2]	-58	-58	-41	-11	-6	0	0
Embedded derivatives in ordinary commercial contracts	14	14	4	3	6	1	0
Financial instruments not hedge accounted	32	32	32	0	0	0	0
Total financial instrument assets	**94**	**94**	**70**	**13**	**11**	**1**	**0**
Liabilities							
Cashflow hedges	-957	-957	-852	-50	-49	-6	0
Fair value adjustments to hedged liabilities[2]	-63	-63	-61	-2	0	0	0
Embedded derivatives in ordinary commercial contracts	0	0	0	0	0	0	0
Financial instruments not hedge accounted	-16	-16	-16	0	0	0	0
Total forward foreign exchange contracts	**-1,036**	**-1,036**	**-929**	**-52**	**-49**	**-6**	**0**
Cashflow hedges interest rate instruments	-33	-33	-11	0	0	-21	0
Total financial instrument liabilities	**-1,069**	**-1,069**	**-941**	**-52**	**-49**	**-27**	**0**
Net financial instruments	**-975**	**-975**	**-871**	**-39**	**-38**	**-27**	**0**

1) Cashflows from matured derivatives are translated to NOK using the exchange rates on the balance sheet date.
2) Fair value of settled derivatives not yet booked in the income statement are recognized in balance sheet and will be reclassified to the income statement over the next years as the projects progress.

Note 24 continues on next page

Note 24 Derivative Financial Instruments cont.

Unsettled Hedges

The table below shows the unsettled cashflow hedges' impact on profit and loss and equity (not adjusted for tax).

	2017			2016		
Amounts in NOK million	**Fair value of all hedging instruments**	**Recognized in profit and loss**	**Deferred in equity (the hedge reserve)**	**Fair value of all hedging instruments**	**Recognized in profit and loss**	**Deferred in equity (the hedge reserve)**
Forward exchange contracts (cashflow hedges)	**38**	39	-2	**-852**	-615	**-236**
Interest rate swaps	**-16**	0	-16	**-32**	0	**-32**
Total	**22**	**39**	**-17**	**-884**	**-615**	**-268**

The purpose of the hedging instrument is to secure a situation where the hedged item and the hedging instrument together represent a predetermined value independent of fluctuations of exchange rates. Revenue and expenses on the underlying construction contracts are recognized in the income statement in accordance with progress. Consequently, NOK 39 million (negative NOK 615 million in 2016) of the value of the forward contracts have already impacted the income statement indirectly as revenues and expenses are recognized based on updated forecasts and progress. The negative NOK 2 million (negative NOK 236 million in 2016) that are currently recorded directly in the hedging reserve, will be reclassified to the income statement over the next years.

The value of the interest swaps is attributable to changes in the interest swap curve for Norwegian Kroner during the period from inception of the hedge to the balance sheet date, excluding accrued interest rates of the swaps, tax and deferred settlements related to matured instruments.

Interest Rate Swaps

Aker Solutions has one outstanding bond of NOK 1,000 million at floating interest rates out of which NOK 500 million is swapped to fixed interest. Floating interest is mainly tied to Inter-bank offered rates (NIBOR for NOK and LIBOR for other currencies).

See note 17 for more information about borrowings
See note 25 for more information about financial assets and liabilities

Note 25 Financial Assets and Liabilities

Financial Reporting Principles

Financial assets and liabilities in the group consist of investments in other companies, trade and other receivables, interest-bearing receivables, cash and cash equivalents, trade and other payables, interest-bearing borrowings and equity. Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The Fair Value Hierarchy

Financial instruments measured at fair value are classified by the levels in the fair value hierarchy. All other financial instruments are classified by the main group of instruments as defined in IAS 39. Both carrying amount and fair value are shown for all financial instruments.

For financial instruments measured at fair value, the levels in the fair value hierarchy are:

- Level 1: Fair values are based on prices quoted in an active market for identical assets or liabilities
- Level 2: Fair values are based on price input other than quoted prices. Such prices are derived from observable market transactions in an active market for identical assets or liabilities. Level 2 includes currency or interest derivatives and interest bonds, typically when the group uses forward prices on foreign exchange rates or interest rates as inputs to valuation models
- Level 3: Fair values are based on unobservable input, mainly based on internal assumptions used in the absence of quoted prices from an active market or other observable price inputs

Note 25 continues on next page

Note 25 Financial Assets and Liabilities cont.

Financial Instruments as of December 31, 2017

	Carrying value							Fair value			
Amounts in NOK million	**Fair value - hedging instruments**	**Financial assets at FVTPL[1]**	**Loans and receivables**	**Available for sale**	**Financial liabilities at FVTPL[1]**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments[2]	0	0	0	91	0	0	**91**	43	0	48	**91**
Non-current receivables	0	0	106	0	0	0	**106**	0	0	0	**0**
Trade and other receivables[5]	0	0	3,052	0	0	0	**3,052**	0	0	0	**0**
Forward foreign exchange contract	226	0	0	0	0	0	**226**	0	226	0	**226**
Current interest-bearing receivables	0	69	59	0	0	0	**128**	69	0	0	**69**
Cash and cash equivalents	0	0	1,978	0	0	0	**1,978**	0	0	0	**0**
Financial assets	**226**	**69**	**5,194**	**91**	**0**	**0**	**5,579**	**112**	**226**	**48**	**385**
Non-current borrowings[3]	0	0	0	0	0	-2,576	**-2,576**	0	-2,608	0	**-2,608**
Other non-current liabilities	0	0	0	0	0	-9	**-9**	0	0	-9	**-9**
Current borrowings[3]	0	0	0	0	0	-539	**-539**	0	0	-539	**-539**
Deferred consideration[4]	0	0	0	0	-74	0	**-74**	0	0	-74	**-74**
Trade and other payables[6]	0	0	0	0	0	-4,951	**-4,951**	0	0	0	**0**
Forward foreign exchange contracts	-393	0	0	0	0	0	**-393**	0	-393	0	**-393**
Interest rate instruments	-16	0	0	0	0	0	**-16**	0	-16	0	**-16**
Financial liabilities	**-408**	**0**	**0**	**0**	**-74**	**-8,074**	**-8,557**	**0**	**-3,016**	**-621**	**-3,637**

1) FVTPL is short for fair value through profit and loss.
2) All available for sale investments are designated as such upon initial recognition. Investments in level 1 consist of listed shares with quoted market prices, and investments in level 3 are shares where fair value cannot be measured reliably as the financial instrument is not traded in an active market. The best estimate of fair value is initial purchase price.
3) Fair value is quoted prices for the bonds noted on the Oslo Stock Exchange.
4) Fair value is based on net present value of estimated future profits of a subsidiary. There is no limit to the maximum potential payout.
5) Trade and other receivables that are not financial assests at NOK 3,791 million in 2017 (NOK 2,942 million in 2016) are not included.
6) Trade and other payables that are not financial liabilities at negative NOK 2,353 million in 2017 (negative NOK 3,845 million in 2016) are not included.

Note 25 continues on next page

Note 25 Financial Assets and Liabilities cont.

Financial Instruments as of December 31, 2016

	Carrying value							Fair value			
Amounts in NOK million	**Fair value - hedging instruments**	**Financial assets at FVTPL[1]**	**Loans and receivables**	**Available for sale**	**Financial liabilities at FVTPL[1]**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments[2]	0	0	0	75	0	0	**75**	61	0	14	**75**
Non-current receivables	0	0	90	0	0	0	**90**	0	0	0	**0**
Trade and other receivables[5]	0	0	4,456	0	0	0	**4,456**	0	0	0	**0**
Forward foreign exchange contract	93	0	0	0	0	0	**93**	0	93	0	**93**
Current interest-bearing receivables	0	87	351	0	0	0	**437**	87	0	0	**87**
Cash and cash equivalents	0	0	2,480	0	0	0	**2,480**	0	0	0	**0**
Financial assets	**93**	**87**	**7,377**	**75**	**0**	**0**	**7,632**	**148**	**93**	**14**	**256**
Non-current borrowings[3]	0	0	0	0	0	-1,844	**-1,844**	0	-1,856	0	**-1,856**
Other non-current liabilities	0	0	0	0	0	-17	**-17**	0	0	-17	**-17**
Current borrowings[3]	0	0	0	0	0	-2,110	**-2,110**	0	-2,128	0	**-2,128**
Deferred consideration[4]	0	0	0	0	-76	0	**-76**	0	0	-76	**-76**
Trade and other payables[6]	0	0	0	0	0	-4,156	**-4,156**	0	0	0	**0**
Forward foreign exchange contracts	-1,036	0	0	0	0	0	**-1,036**	0	-1,036	0	**-1,036**
Interest rate instruments	-33	0	0	0	0	0	**-33**	0	-33	0	**-33**
Financial liabilities	**-1,069**	**0**	**0**	**0**	**-76**	**-8,127**	**-9,272**	**0**	**-5,053**	**-93**	**-5,146**

1) FVTPL is short for fair value through profit and loss.
2) All available for sale investments are designated as such upon initial recognition. Investments in level 1 consist of listed shares with quoted market prices, and investments in level 3 are shares where fair value cannot be measured reliably as the financial instrument is not traded in an active market. The best estimate of fair value is initial purchase price.
3) Fair value is quoted prices for the bonds noted on the Oslo Stock Exchange.
4) Fair value is based on net present value of estimated future profits of a subsidiary. There is no limit to the maximum potential payout.
5) Trade and other receivables that are not financial assests at NOK 2,942 million in 2016 are not included.
6) Trade and other payables that are not financial liabilities at negative NOK 3,845 million in 2016 are not included.

See note 14 for more information about trade and other receivables
See note 15 for more information about cash and cash equivalents
See note 17 for more information about borrowings
See note 21 for more information about trade and other payables
See note 28 for more information about other investments

Note 26 Business Combinations

Aker Solutions acquired Reinertsen's Norwegian oil and gas services business in April 7, 2017 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 for as many as 10 years awarded in December 2015, were part of the deal.

Reinertsen

The transaction was structured as an asset deal with a purchase price of NOK 213 million. Transaction costs of NOK 3.4 million have been recognized 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.

Values at time of Acquisition for the Business Combination

Amounts in NOK million	**2017**
Property, plant and equipment	**5**
Intangible assets	**45**
Other current liabilities	**-68**
Net assets acquired at fair value	**-18**
Goodwill	**231**
Fair value acquired/net cash outflow	**213**
Operating revenue in acquired business after acquisition	**478**
Profit for the period in acquired business after acquisition (excluding integration cost)	**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.

C.S.E Mecânica e Instrumentacâo Ltda (C.S.E.)

During 2017, certain adjustments were made to the purchase price allocation of C.S.E acquired in 2016.

Amounts in NOK million	**Preliminary**	**Final**	**Change**
Net assets acquired at fair value	172	154	-18
Goodwill	117	125	9
Purchase price	**288**	**279**	**-9**

The overall purchase price was reduced by NOK 11 million, consisting of NOK 8 million from adjusted book values and reduced contingent consideration of NOK 3 million.

See note 27 for more information about subsidiaries

Note 27 Subsidiaries

Financial Reporting Principles

The consolidated statements include all entities controlled by Aker Solutions ASA. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Non-controlling interests (NCIs) are measured on initial recognition at their portion of fair values, and yearly earnings are allocated to the NCI according to their ownership interest.

Subsidiaries

Aker Solutions has 52 subsidiaries in 24 countries at the reporting date. Aker Solutions AS in Norway is the only company that individually accounts for more than 10 percent of the revenue in the group and is considered material. The group holds the majority of the shares in all subsidiaries except two, see description below. Subsidiaries fully owned or controlled by Aker Solutions as of December 31, 2017 are listed below. If not stated otherwise, ownership equals the percentage of voting shares.

Company	Location	Country	Percent
Aker Solutions Enterprises, LDA	Luanda	Angola	49
Aker Solutions Pty Ltd	Perth	Australia	100
Aker Solutions Azerbaijan LLC	Baku	Azerbaijan	100
Aker Solutions do Brasil Ltda	Curitiba	Brazil	100
C.S.E. Mecânica e Instrumentacâo Ltda	Curitiba	Brazil	70
Aker Solutions Sdn Bhd	Kuala Belait	Brunei	100
Aker Solutions Asset Integrity and Management Canada Inc.	Newfoundland	Canada	100
Aker Solutions Canada Inc	Vancouver	Canada	100
Aker Solutions (Shenzhen) Co. Ltd	Shenzhen	China	100
Aker Solutions Congo SA	Point-Noire	Congo	100
Aker Solutions Cyprus Limited	Limassol	Cyprus	100
Aker Solutions SAS	Paris	France	100
Aker Solutions Ghana Ltd	Adabraka	Ghana	90
Aker Powergas Pvt Ltd	Mumbai	India	95.2
Aker Powergas Subsea Pvt Ltd	Mumbai	India	95.2
Aker Engineering International Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Engineering Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	90
Aker Solutions APAC Sdn Bhd	Kuala Lumpur	Malaysia	48
Aker Solutions India Operations Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions India Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions India Services Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions Umbilical Asia Pacific Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions de Mexico	Mexico City	Mexico	100
Aker Solutions Mocambique Ltda	Maputo	Mozambique	100
Aker Solutions BV	Zoetemer	Netherlands	100
Aker Solutions Nigeria Ltd	Ikoyi-Lagos	Nigeria	100
Aker Installation FP AS	Fornebu	Norway	100
Aker Insurance Services AS	Fornebu	Norway	100
Aker Operations AS	Stavanger	Norway	100

Note 27 continues on next page

Note 27 Subsidiaries cont.

Company	Location	Country	Percent
Aker Solutions AS	Fornebu	Norway	100
Aker Solutions Holding AS	Fornebu	Norway	100
Aker Solutions Middle East AS	Fornebu	Norway	100
Aker Solutions Russia AS	Fornebu	Norway	100
Benestad Solutions AS	Lierskogen	Norway	100
KBeDesign AS	Fornebu	Norway	100
Aker Process Gulf Co. Ltd	Al-Khobar	Saudi Arabia	100
Aker Solutions Saudi Arabia Limited	Dhahran	Saudi Arabia	100
Aker Solutions Korea Co. Ltd	Geoje	South Korea	100
K Water AB	Örnsköldsvik	Sweden	100
Aker Solutions Tanzania Ltd	Dar es Salaam	Tanzania	100
Aker Engineering Malaysia Ltd	Leeds	UK	100
Aker Engineering and Technology Ltd	London	UK	100
Aker Offshore Partner Ltd	Aberdeen	UK	100
Aker Solutions Angola Ltd	Maidenhead	UK	100
Aker Solutions DC Trustees Ltd	London	UK	100
Aker Solutions Enterprises International (UK) Limited	London	UK	100
Aker Solutions Ltd	Maidenhead	UK	100
Enovate Systems Limited	Aberdeen	UK	100
International Design Engineering and Services Ltd	Glasgow	UK	100
Aker Solutions Inc.	Houston	USA	100
Aker Solutions USA Corporation	Houston	USA	100

Subsidiaries where Aker Solutions does not have the Majority of Shares

Aker Solutions has 49 percent of the shares in Aker Solutions Enterprises LDA in Angola and 48 percent in Aker Solutions APAC Sdn Bhd in Malaysia. Aker Solutions has control over relevant activities through shareholders agreements. The subsidiaries are fully consolidated and the non-controlling interest share of profit and equity is presented in the income statement and in the balance sheet.

Material Non-Controlling Interests (NCIs)

The subsidiary Aker Solutions Enterprises LDA in Luanda, Angola has a significant non-controlling interest (51 percent). The table below summarizes the financial information for the company, before any intra-group elimination.

Amounts in NOK million	2017	2016
Balance sheet		
Non-current assets	**105**	67
Current assets	**200**	258
Current liabilities	**-244**	-226
Net assets	**61**	**98**
NCI's share of net assets	**31**	**50**
Income statement		
Revenue	**792**	1,766
Profit	**37**	136
NCI's share of profit	**19**	**70**
Dividends paid	**37**	0

Acquisition of NCIs

Aker Solutions increased its ownership in Aker Powergas Pvt Ltd from 88.8 percent to 95.2 percent in 2017. The transaction was accounted for as an equity transaction.

See note 26 for more information about acquisition of subsidiaries

Note 28 Other Investments

Financial Reporting Principles

Other investments are those entities in which the company does not have significant influence; usually entities were the company holds less than twenty percent of the voting power. These investments are categorized as available-for-sale investments measured at fair value with changes (other than impairment losses) recognized in other comprehensive income (OCI) in equity. When the investments are sold, the accumulated gain or loss in equity is reclassified to the income statement.

Available-for-Sale Investments

Amounts in NOK million	**2017**	**2016**
Equity securities in unlisted companies, measured at cost	**15**	14
Equity securities in listed companies, measured at fair value	**76**	61
Available-for-sale investments	**91**	75

Quoted market prices are used to value investments in listed companies. Investments in shares that do not have quoted market prices are measured at cost, as fair value cannot be measured reliably.

See note 25 for more information about financial assets and liabilities

Note 29 Related Parties

Financial Reporting Principles

Related party relationships are defined to be entities outside the Aker Solutions group that are under control (either directly or indirectly), joint control or significant influence by the owners of Aker Solutions. Related parties are in a position to enter into transactions with the company that would potentially not be undertaken between unrelated parties. All transactions in the Aker Solutions group with related parties have been based on arm's length terms.

Related Parties of Aker Solutions

The largest shareholder of Aker Solutions is Aker Kværner Holding AS which is controlled by Aker ASA (70 percent). Aker ASA is controlled by The Resource Group TRG AS, a company controlled by Kjell Inge Røkke. The Resource Group TRG AS is the ultimate parent company of Aker Solutions ASA. In this respect, all entities owned by Aker ASA and entities which Kjell Inge Røkke and his close family controls through The Resource Group TRG AS are considered related parties to Aker Solutions. These entities include companies like Akastor, Kvaerner and Aker BP and are referred to as Aker entities in this note. Non-controlling interests with significant influence are also considered as related parties.

Note 29 continues on next page

Note 29 Related Parties cont.

Transactions and Balances with Related Parties

Amounts in NOK million	2017	2016
Income statement		
Operating revenues	**1,902**	770
Operating costs	**-286**	-2,688
Balance sheet		
Trade receivables	**305**	133
Non-current interest-bearing receivable	**18**	32
Trade payables	**-58**	-67
Current interest-bearing loan	**-1**	-1

The Major Related Parties Transactions

Aker Solutions has several transactions with related parties on a recurring basis as part of normal business and leases property from related parties. Below is a description of the significant related party transactions and balances in 2017.

Lease Agreements with The Resource Group TRG AS

Aker Solutions leases several of its industrial buildings in Norway including Tranby, Egersund and Ågotnes from companies owned by The Resource Group TRG AS, a company fully owned by Kjell Inge Røkke. The rent recognized in 2017 was NOK 154 million (2016: NOK 104 million). Further, Aker Solutions sub-leased offices in Stavanger, Norway to Aker BP in 2017 for NOK 30 million.

Commercial Contracts with Kvaerner and Aker BP

Aker Solutions both buys from and delivers services and products to Kvaerner through subcontractor agreements. Aker Solutions holds agreements for delivery of equipment and services to Aker BP for various oil fields offshore Norway including a new six-year framework agreement for engineering and procurement services signed in 2017. The framework agreement may be extended by four years.

Joint Arrangement with Kvaerner

Aker Solutions has entered into a joint arrangement with Kvaerner ASA for deliveries under a customer contracts. The parties are jointly and severally liable for the project performance. As the joint arrangement is not structured through a separate vehicle, it has been determined that arrangement is a joint operation. Aker Solutions presents its 50 percent share of revenue, cost, assets and liabilities in the financial statements.

Other

Other agreements with related parties include:

- Aker Solutions is a party to various agreements addressing commercial separation issues between Akastor and Aker Solutions as a result of the demerger in 2014, including secondary joint liability for obligations existing in Akastor at the time of the demerger
- Aker Solutions contributed NOK 70 million in 2017 (NOK 70 million in 2016) to Aker Pensjonskasse, which is a fund established by Aker to manage the retirement plan for employees and retirees in Aker Solutions and other Aker companies
- Aker Solutions paid NOK 3 million in leases for property and NOK 2 million in consultancy fees to the non-controlling interest in Aker Solutions Enterprises LDA in Luanda, Angola in 2017. The non-current interest-bearing loan was NOK 18 million in 2017 (NOK 32 million in 2016)
- Aker Solutions supported the group's union representative function with NOK 510,000 in 2017 (NOK 510,000 in 2016)

See note 14 for more information about trade and other receivables
See note 19 for more information about operating leases
See note 21 for more information about trade and other payables
See note 22 for more information about guarantee commitments for Akastor

Note 30 Management Remuneration

Board of Directors

The current board of directors has been elected by the general meeting to serve for an appointment period of two years. The shareholder elected directors are serving for the period 2016-2018, while the employee elected directors are for the period 2017-2019. Fees to the board of directors are approved by the annual general meeting. The board held 10 meetings in 2017 with an average attendance rate of 85 percent. In addition, certain matters were processed by way of circulation of documents.

The audit committee held 6 meetings in 2017. As of December 31, 2017 the audit committee comprised Anne Drinkwater (chairperson) and Atle Teigland.

The fees in the table below represent what is recognized as expenses in the income statement based on expected fees to be approved at the annual general meeting to be held in April 2018. The directors did not receive any other fees except for employee elected directors who have received salary as employees. No agreements exist which entitle the directors to any extraordinary compensation and no board members have loans in the company.

		December 31, 2017	December 31, 2016	2017		2016	
Amounts in NOK		Number of shares owned[1]		Audit Committee fees	Board fees[2]	Audit Committee fees	Board fees[2]
Øyvind Eriksen[3]	Chairman	0	0	0	600,000	0	600,000
Anne Drinkwater	Deputy chairperson	3,500	3,500	205,000	490,000	205,000	502,500
Kjell Inge Røkke[3]		0	0	0	340,000	0	340,000
Koosum Kalyan		0	0	0	390,000	0	402,500
Stuart Ferguson[4]		0	0	57,500	195,000	115,000	390,000
Atle Teigland		8,751	8,751	115,000	170,000	115,000	170,000
Åsmund Knutsen[5]		9,028	9,028	0	85,000	0	170,000
Hilde Karlsen		5,363	5,363	0	170,000	0	170,000
Oddvar Hølland[5]		16,179	na	0	85,000	0	0
Total		**42,821**	**26,642**	**377,500**	**2,525,000**	**435,000**	**2,745,000**

1) The number of shares owned covers direct ownership of Aker Solutions ASA only and does not include Øyvind Eriksen's and Kjell Inge Røkke's indirect ownership.
2) Board fees include an allowance of NOK 12,500 per meeting per physical attendance for board members residing outside the Nordic countries.
3) The fee allocated to Øyvind Eriksen will be paid to Aker ASA and the fee allocated to Kjell Inge Røkke will be paid to The Resource Group TRG AS.
4) Stuart Ferguson resigned from the board of directors during the year. Board fee and audit committee fee correspond to six months.
5) Oddvar Hølland was during the year appointed deputy director for Arild Håvik who at the same time was appointed new employee representative director to the board of directors to replace Åsmund Knutsen. Arild Håvik has been on leave since his appointment, and Oddvar Hølland is currently acting for him as a director. Board fees for Oddvar Hølland and Åsmund Knutsen equal six months each.

Note 30 continues on next page

Note 30 Management Remuneration cont.

Remuneration to the Executive Management Team

The main purpose of the executive remuneration program is to encourage a strong and sustainable performance-based culture, which supports growth in shareholder value. The total remuneration to executives consists of a market based salary, standard employee benefits and variable pay programs. The chief executive officer (CEO) and the executive management team participate in the standard pension and insurance schemes applicable to all employees.

The variable pay program for the CEO is an annual program based on the annual performance of the Aker Solutions ASA share price development above the combined average share price development of the Philadelphia Oil Service Sector Index (PHLX) and the Oslo Stock Exchange Benchmark Index (OSEBX). No payment is due to the CEO unless the Aker Solutions ASA share price development exceeds the development of these indexes. The maximum achievable payment is 66.7 percent of annual base salary.

The variable pay program for the other members of the executive management team consists of two parts and is based on the achievement of company financial results, achievement of the executive's individual performance objectives, behavior according to company values and conditions on continued employment. The variable pay is earned over a period of three years and can potentially be up to 80 percent of base salary.

- The first part of the variable pay is earned during the first (current) year and is based on company's financial results and the executive's individual behavior and achievement of performance objectives. The maximum value of this part is 53.34 percent of base salary. The executive is paid 50 percent of this variable pay after the first year, and 50 percent is deferred until after the third year.
- The second part is conditional on the basis that the executive is still employed after three years, where the executive receives an additional 50 percent of the variable pay as earned in the first year (maximum 26.67 percent of base salary).

Aker Solutions also has a share based program only offered to executives (excluding CEO) that started in their position before January 1, 2016. This program is based on the Aker Solutions share price development over a three-year period starting January 1, 2016. The Aker Solutions share price development is compared with the Philadelphia Oil Service Sector Index ("PHLX") and the Oslo Stock Exchange Benchmark Index ("OSEBX") for the same period. The maximum payment is 20 percent of base salary and is dependent on the executive still being employed at that time. As of December 31, 2017 executives are still not eligible to earn variable pay amount based on this program because the three-year period is not yet completed. The company does not offer share option programs to executives or other employees.

In addition, the executive management is from time to time granted a discretionary variable pay. There were no discretionary payments made in 2017 or 2016. The remuneration to the executive management team in 2017 was according to the guidelines of the company.

Note 30 continues on next page

Note 30 Management Remuneration cont.

The remuneration of the executive management team is shown in the table below. The salary figures below represent expensed remuneration rather than what is paid out in the period.

2017

Amounts in NOK	**Job title**	**Period**	**Base salary**	**Variable pay[1]**	**Other benefits[2]**	**Total remuneration**	**Pension benefit earned/cost to company[3]**
Luis Araujo	Chief Executive Officer	Jan. 1 - Dec. 31	7,086,154	1,884,179	863,169	**9,833,502**	99,086
Svein Stoknes	Chief Financial Officer	Jan. 1 - Dec. 31	2,935,692	2,180,352	24,494	**5,140,538**	154,220
Dean Watson	Chief Operating Officer	Jan. 1 - Dec. 31	3,543,077	2,166,833	2,270,129	**7,980,038**	91,940
Mark Riding	Executive Vice President Strategy	Jan. 1 - Dec. 31	3,211,708	2,130,021	0	**5,341,729**	583,295
Valborg Lundegaard	Executive Vice President Customer Management	Jan. 1 - Dec. 31	2,439,662	1,874,672	36,818	**4,351,152**	243,253
Knut Nyborg	Executive Vice President Front End	May 1 - Dec. 31	1,286,349	796,544	26,215	**2,109,108**	129,379
Svenn Ivar Fure	Executive Vice President Front End	Jan. 1 - Apr. 21	759,733	0	3,093	**762,827**	42,994
Egil Bøyum	Executive Vice President Products	Jan. 1 - Dec. 31	2,638,735	1,852,151	21,781	**4,512,668**	220,300
Knut Sandvik	Executive Vice President Projects	Jan. 1 - Dec. 31	2,499,036	1,631,280	25,678	**4,155,994**	221,289
David Clark	Executive Vice President Services	Jan. 1 - Dec. 31	2,625,419	1,550,198	458,371	**4,633,988**	404,730
Total			**29,025,565**	**16,066,231**	**3,729,748**	**48,821,543**	**2,190,485**

1) Based on estimated variable pay earned during the year.
2) Other benefits include membership in the standard employee benefit scheme and an additional executive group life and disability insurance, housing, relocation costs, children school fees, phone and broadband allowance, sign-on amount and individual tax consultancy fees for some international employments.
3) Pension benefits include the standard employee pension scheme, a pension compensation scheme (for transfer from benefit to contribution scheme), a disability pension scheme and a compensation related to early retirement from a management position.

Note 30 continues on next page

Note 30 Management Remuneration cont.

The remuneration of the executive management team is shown in the table below. The salary figures below represent expensed remuneration rather than what is paid out in the period.

2016

Amounts in NOK	Job title	Period	Base salary	Variable pay[1]	Other benefits[2]	Total remuneration	Pension benefit earned/cost to company[3]
Luis Araujo	Chief Executive Officer	Jan. 1 - Dec. 31	7,086,154	4,821,929	183,702	**12,091,785**	93,463
Svein Stoknes	Chief Financial Officer	Jan. 1 - Dec. 31	2,632,000	996,870	24,957	**3,653,827**	157,569
Dean Watson	Chief Operating Officer	Sep. 1 - Dec. 31	1,306,667	170,738	1,221,971	**2,699,376**	30,005
Mark Riding	Executive Vice President Strategy	Jan. 1 - Dec. 31	3,441,020	1,090,485	6,530	**4,538,035**	793,793
Valborg Lundegaard	Executive Vice President Customer Management	Jan. 1 - Dec. 31	2,900,992	1,290,622	38,034	**4,229,647**	246,824
Svenn Ivar Fure	Executive Vice President Front End	Nov. 1 - Dec. 31	373,427	131,417	1,831	**506,674**	19,370
Egil Bøyum	Executive Vice President Products	Nov. 1 - Dec. 31	455,606	110,087	1,627	**567,320**	40,821
Knut Sandvik	Executive Vice President Projects	Jan. 1 - Dec. 31	2,208,985	282,509	9,965	**2,501,459**	245,066
David Clark	Executive Vice President Services	Jan. 1 - Dec. 31	2,811,522	699,854	1,369,254	**4,880,630**	946,920
Alan Brunnen	Head of Subsea	Jan. 1 - Sep. 30	4,941,975	0	3,203,889	**8,145,864**	378,689
Per Harald Kongelf	Regional Head of Norway	Jan. 1 - Sep. 4	2,429,170	0	31,339	**2,460,509**	146,862
Tore Sjursen	Head of Operational Improvements and Risk Mgt	Jan. 1 - Oct. 31	2,204,462	774,196	24,270	**3,002,928**	197,366
Total			**32,791,979**	**10,368,707**	**6,117,369**	**49,278,055**	**3,296,747**

1) Based on estimated variable pay earned during the year.
2) Other benefits include membership in the standard employee benefit scheme and an additional executive group life and disability insurance, housing, relocation costs, children schooling costs, phone and broadband allowance, sign-on fee and severance payment.
3) Pension benefits include the standard employee pension scheme, a pension compensation scheme (for transfer from benefit to contribution scheme), a disability pension scheme and a compensation related to early retirement from a management position.

Note 30 continues on next page

Note 30 Management Remuneration cont.

Shareholding and Termination Agreements

The company practice standard employment contracts and standard terms and conditions regarding notice period and severance pay for the CEO and the members of the executive management team. The below table sets out information of notice period and severance pay as well as shareholding applicable to the current executive management team. There was no share purchase program for management in 2017.

	Job title	Number of shares owned	Notice period	Severance pay
Luis Araujo	Chief Executive Officer	76,898	3 months	6 months
Svein Stoknes	Chief Financial Officer	26,444	3 months	6 months
Dean Watson	Chief Operating Officer	0	3 months	6 months
Mark Riding	Executive Vice President Strategy	32,006	3 months	3 months
Valborg Lundegaard	Executive Vice President Customer Management	5,185	3 months	6 months
Knut Nyborg	Executive Vice President Front End	1,594	3 months	6 months
Egil Bøyum	Executive Vice President Products	4,198	3 months	6 months
Knut Sandvik	Executive Vice President Projects	3,036	3 months	6 months
David Clark	Executive Vice President Services	1,434	3 months	3 months

No members of the executive management team had loans with the company as of December 31, 2017.

See note 5 for more information about salaries for employees
See note 18 for more information about pension arrangements

Note 31 Audit Fees

KPMG is the auditor of the group. The table below presents the audit fee expense.

	Aker Solutions ASA		Subsidiaries		Total	
Amounts in NOK million	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Audit	**5.6**	4.3	**13.3**	12.1	**18.9**	16.4
Other assurance services	**0.0**	0.4	**0.3**	0.6	**0.3**	1.0
Tax services	**0.0**	0.0	**0.4**	2.0	**0.4**	2.0
Other non-audit services	**0.5**	0.4	**0.5**	0.3	**1.1**	0.7
Total	**6.1**	**5.2**	**14.6**	**15.0**	**20.7**	**20.1**

Note 32 New Financial Reporting Standards

The company will adopt IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers as of January 1, 2018. IFRS 16 Leasing will be implemented one year later, per January 1, 2019. The company will use a modified implementation method, hence the cumulative impact will be recognized in retained earnings as of January 1 and comparative figures will not be restated. This note summarizes the expected impact on the financial reporting for the company from the new standards.

IFRS 9 Financial Instruments

The standard will replace IAS 39 Financial Instruments Recognition and Measurement. The standard includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. The new financial instruments standard is not expected to significantly change how the company recognizes its financial assets and liabilities. The changes expected to impact the reported figures upon transition to IFRS 9 are summarized below.

Classification and Measurement

Based on its assessment, the company does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, interest-bearing receivables and investments in equity securities that are managed on a fair value basis.

At December 31, 2017, the company had equity investments classified as available-for-sale with a value of NOK 91 million held for long-term strategic purposes. Under IFRS 9, the group has designated these investments as measured at fair value through other comprehensive income (FVOCI). Consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal.

Note 32 continues on next page

Note 32 New Financial Reporting Standards cont.

At December 31, 2017, the company had investments in equity securities in unlisted companies amounting to NOK 15 million measured at cost. Under IFRS 9, these investments must be measured at fair value.

There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The de-recognition rules in IFRS 9 are the same as those in IAS 39.

Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The company has chosen to apply the lifetime ECL for trade receivables, contract assets with a significant financing component and operational lease receivables. Based on the assessments undertaken to date, the group expects a small increase in the loss allowance for trade receivables and contract assets of approximately NOK 1 million.

Hedge Accounting

The company uses forward foreign exchange contracts to hedge the variability in cashflows arising from changes in foreign exchange rates relating to foreign currency borrowings, receivables, sales and inventory purchases. Under IAS 39, for all cashflow hedges, the amounts accumulated in the cashflow 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 cashflow hedges associated with forecast transaction that subsequently results 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 company will remove the amount accumulated in the cashflow 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 practices. As a general rule, more hedge relationships might be eligible for hedge accounting as the standard introduces a more principles-based approach. The company has concluded that its current hedge relationships will qualify as hedges upon the adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

The new revenue standard IFRS 15 Revenue from Contracts with Customers will supersede the current revenue recognition guidance in IAS 11 Construction Contracts and IAS 18 Revenue. IFRS 15 introduces a new five-step model that applies to revenue arising from contracts with customers. All major customer contracts in Aker Solutions have been reviewed in order to determine the impact upon transitioning to IFRS 15. The new revenue recognition standard is not expected to significantly change how the company recognizes revenue, as revenue will still be recognized over time for both construction contracts and service revenue. The changes expected to impact the reported figures upon transition to IFRS 15 are summarized below.

Construction Contracts

The construction contracts mainly consist of engineering, procurement and construction (EPC) contracts for modifications of oil and gas installations and manufacturing of subsea systems and equipment. The modification contracts already use a cost progress method, whereas the subsea contracts are using a technical progress method under the current IAS 11 standard. The subsea contracts will change to a cost based progress method under IFRS 15. The progress on some contracts is reduced upon transition, whereas others have an accelerated progress. The net impact is a decrease of equity and an increase of order backlog as the reduction of progress is larger than the acceleration. The impact from changing the progress method is included in the table below.

Service Contracts

The service contracts mainly consist of engineering contracts, subsea lifecycle services and maintenance contracts for oil and gas installations. Service revenue is currently recognized in the period in which the services are rendered or by using a cost progress method. The current method will not change as a result of implementing IFRS 15. Any rental of tools and equipment qualifying as leasing will be presented on a separate revenue line in the income statement.

Note 32 continues on next page

Note 32 New Financial Reporting Standards cont.

Tender Cost

Tender cost in Aker Solutions will be expensed as incurred under IFRS 15. The current IAS 11 requires that tender costs are capitalized if award is considered to be probable. The impact of expensing tender cost is presented in the table below.

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. There has not been any significant impact of excluding waste cost upon transitioning to IFRS 15.

Variable Consideration and Modifications

Variable consideration (such as bonuses and incentives) and contract modifications (change of scope, variation orders and amendments) have a higher threshold for revenue recognition in the new IFRS 15 than under the current IAS 11. There has not been any significant impact from this, as the group is already practicing a high threshold for including this type of revenue.

Contract Assets and Liabilities

Contract assets and liabilities in the balance sheet will change as IFRS 15 requires separate presentation for revenue and cost accruals, and not presented as net WIP as under the current standard. Further, the warranty provision for ongoing projects will be presented separately, and not as part of WIP as under the current standard.

Estimated Impact

The estimated impact on equity and order backlog from implementing IFRS 9 and IFRS 15 per January 1, 2018 is presented below. The actual impact may change if new information and guidance becomes known before the group presents its first financial statements using the new standards.

Amounts in NOK million		
Equity as reported December 31, 2017	**7,047**	
Change of progress method	-102	-1.4%
Removal of capitalized tender cost	-48	-0.7%
Tax effects	55	0.8%
Total IFRS 15 effects on equity	-95	-1.3%
Reclassification of hedge reserve	232	3.3%
Other investments re-measured at fair value	4	0.1%
Increased impairment losses on receivables	-1	0.0%
Tax effects	-54	-0.8%
Total IFRS 9 effects on equity	181	2.6%
Net impact from IFRS 9 and 15	86	0.7%
Adjusted equity per January 1, 2018	**7,133**	
Order backlog as reported December 31, 2017	34,573	
Expected increase of order backlog from IFRS 15	247	0.7%
Adjusted order backlog per January 1, 2018	**34,820**	

Note 32 continues on next page

Note 32 New Financial Reporting Standards cont.

IFRS 16 Leasing

It is expected that the new standard for leasing will significantly change how the group accounts for its leases. Aker Solutions has a significant number of lease contracts for land and buildings that are currently accounted for under IAS 17 as operating leases. IFRS 16 eliminates the current dual accounting model when leasing assets, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lessee is required to apply a single on-balance sheet model that is similar to current financial leases accounting with practical expedients where leases for low value assets such as computers and office equipment and short term leases of 12 months and less may be exempted. The following changes are expected to impact the reported figures upon transition to IFRS 16:

- Assets and liabilities in the group are expected to increase with an amount close to the net present value of future lease payments. Depreciation of lease assets are recognized separately from interest cost on lease liabilities in the income statement.
- As a result, earnings before interest, taxes, depreciation and amortization (EBITDA) will increase as the lease payments will be presented as depreciation and finance cost rather than operating expenses.
- Operating cashflow will increase and investing and financing cashflow will decrease as the lease payments will no longer be considered as operational.

The new standard for leases was issued in January 2016 and will be effective for accounting periods starting January 1, 2019. IFRS 16 was endorsed by the EU in October 2017.

Other new and amended Standards

The group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2017:

- Recognition of deferred tax assets for unrealized losses (amendments to IAS 12), and
- Disclosure initiative (amendments to IAS 7)

The adoption of these amendments did not have any impact on the amounts recognized in periods. Other new or revised accounting standards are not considered to have a material impact on the Aker Solutions consolidated financial statements.

See note 14 for more information about trade and other receivables
See note 19 for more information about lease commitments and lease expenses
See note 25 for more information about financial assets and liabilities

Note 33 Subsequent Events

Aker Solutions successfully completed a NOK 1,500 million unsecured bond issue with maturity in July 2022. The bonds have coupons of 3 month Nibor plus 3.15 percent per annum and are listed on the Oslo stock exchange. Settlement date was January 25, 2018.

Aker Solutions also signed a new revolving credit facility agreement on March 13, 2018 with a syndicate of twelve banks. The new credit facility of NOK 5,000 million which has the same covenants as the previous one, expires in March 2023. The credit facility of NOK 5,000 million expiring in July 2019 has been terminated.

Aker Solutions Malaysia Sdn Bhd has been informed that the tax exempt status will not be continued. Aker Solution is currently assessing whether to appeal or apply for other tax incentive programs.

Parent Company Financial Statements

Aker Solutions ASA

December 31, 2017

Income Statement

For the year ended December 31

Amounts in NOK million	Note	2017	2016
Operating revenues	2	**17**	30
Operating expenses	2	**-90**	-99
Operating loss		**-74**	**-69**
Net financial expenses	3	**-162**	-189
Loss before tax		**-236**	**-258**
Income tax	4	**49**	59
Net loss		**-187**	**-199**
Net loss for the period distributed as follows:			
Other equity		**-187**	-199
Net loss		**-187**	**-199**

Balance Sheet

Statement as of December 31

Amounts in NOK million	Note	2017	2016
Assets			
Deferred tax asset	4	**181**	137
Investments in group companies	5	**11,438**	11,018
Non-current interest-bearing receivables from group companies	8	**301**	309
Other non-current interest-bearing receivables		**2**	2
Total non-current assets		**11,923**	**11,465**
Current interest-bearing receivables from group companies	8	**23**	36
Non-interest bearing receivables from group companies	8	**9**	38
Financial instruments	9	**353**	1,038
Other current receivables		**0**	3
Cash and cash equivalents	8	**635**	1,461
Total current assets		**1,020**	**2,575**
Total assets		**12,943**	**14,041**

Amounts in NOK million	Note	2017	2016
Equity and liabilities			
Issued capital		**294**	294
Other equity		**2,833**	3,007
Total equity	6	**3,127**	**3,301**
Non-current borrowings	7	**2,235**	975
Total non-current liabilities		**2,235**	**975**
Current borrowings	7	**12**	1,517
Current borrowings from group companies	8	**7,145**	7,157
Non interest-bearing liabilities from group companies	8	**30**	61
Financial instruments	9	**363**	1,017
Other current liabilities		**30**	13
Total current liabilities		**7,581**	**9,765**
Total liabilities		**9,816**	**10,740**
Total equity and liabilities		**12,943**	**14,041**

Fornebu, March 21, 2018
Board of Directors of Aker Solutions ASA

Øyvind Eriksen
Chairman

Anne Drinkwater
Deputy Chairman

Kjell Inge Røkke
Director

Koosum Kalyan
Director

Atle Teigland
Director

Hilde Karlsen
Director

Oddvar Hølland
Director

Luis Araujo
Chief Executive Officer

Cashflow

Statement for the year ended December 31

Amounts in NOK million	2017	2016
Loss before tax	-236	-258
(Profit) loss on foreign currency forward contracts	31	44
Changes in other operating assets and liabilities	-209	78
Net cash from operating activities	**-414**	**-136**
Increase in investments in subsidiaries	-420	-342
Net cash used in investing activities	**-420**	**-342**
Payment of dividend	0	0
Changes in borrowings to group companies	20	659
Changes in borrowings from group companies	-12	-1,424
Proceeds from employees share purchase program	0	40
Repurchase of treasury shares	0	-29
Net cash from financing activities	**8**	**-754**
Net increase (decrease) in cash and cash equivalents	**-825**	**-1,232**
Cash and cash equivalents at the beginning of the period	1,461	2,693
Cash and cash equivalents at the end of the period[1]	**635**	**1,461**

1) Unused credit facilities amounted to NOK 3,750 million as of December 31, 2017.

The cashflow statement has been prepared using the indirect method.

Notes to the Parent Company Financial Statements

For the year ended December 31

Note 1 Company Information

Aker Solutions ASA is the parent company and owner of Aker Solutions Holding AS. Aker Solutions ASA is domiciled in Norway and listed on the Oslo Stock Exchange. The financial statements of the parent company are prepared in accordance with Norwegian legislation and Norwegian Generally Accepted Accounting Principles.

Note 2 Operating Revenue and Expenses

Revenue

Operating revenue comprises NOK 17 million in income from Parent Company Guarantees (PCG). The PCGs are invoiced annually over the lifetime of the guarantee.

Expenses

There are no employees in Aker Solutions ASA and hence no personnel expenses. Executive management and corporate staff are employed by other Aker Solutions companies. Costs for their services as well as other parent company costs are recharged proportionally to Aker Solutions ASA and presented as operating expenses. Remuneration to and shareholding of managing director Luis Araujo is described in note 31 Management Remuneration in the consolidated financial statements.

Audit fees to KPMG

Amounts in NOK million	**2017**	**2016**
Audit fee	**5.6**	4.3
Other assurance services	**0**	0.4
Other non-audit services	**0.5**	0.4
Total	**6.1**	5.2

See note 10 for more information about guarantees

Note 3 Financial Income and Expenses

Financial Reporting Principles

Foreign Currency

Transactions in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate on that date.

Foreign Currency Derivatives

Subsidiaries have entered into internal financial derivative contracts with the parent company to hedge their currency exposure. The parent company uses foreign exchange contracts with external banks to mitigate the currency exposure from the internal derivative contracts with the subsidiaries. Aker Solutions ASA does not apply hedge accounting and financial assets and liabilities related to foreign currency contracts which are measured at fair value with changes recognized in the income statement.

Interest Rate Derivatives

Aker Solutions enters into interest rate derivatives (interest rate swaps) to avoid unbalanced exposure to fluctuations in short term interest rates. Parts of the external loans with floating interest rates are swapped to fixed interest rates to maintain the wanted split between fixed and floating interest rates. The swaps are classified as cashflow hedges and market values are accounted for against equity.

Financial Income and Expense

Amounts in NOK million	2017	2016
Interest income from group companies	**27**	41
Interest expense to group companies	**-15**	-9
Net interest income from group companies	**12**	31
External interest income	**17**	30
External interest expenses	**-197**	-259
Net external interest expense	**-180**	-229
Other financial expenses	**-12**	-2
Foreign exchange loss	**-3,342**	-5,578
Foreign exchange gain	**3,359**	5,589
Net other financial items	**5**	9
Net financial expense	**-162**	-189

See note 7 for more information about borrowings
See note 9 for more information about financial risk management and financial instruments

Note 4 Tax

Financial Reporting Principles

Tax expenses in the income statement comprise current tax and changes in deferred tax. Deferred tax is calculated as 23 percent of temporary differences between accounting and tax values as well as any tax losses carried forward at the year-end. Net deferred tax assets are recognized only to the extent that it is probable they will be utilized against future taxable profits.

Deferred Tax Asset and Tax Expenses

Amounts in NOK million	2017	2016
Calculation of taxable income		
Loss before tax	**-236**	-258
Change in timing differences	**0**	87
Taxable income	**-236**	-171
Positive and (negative) temporary differences		
Unrealized gain on forward exchange contracts	**8**	62
Interest rate swaps	**-16**	-32
Tax loss carried forward	**-781**	-598
Basis for deferred tax	**-788**	**-569**
Deferred tax in income statement	**178**	129
Deferred tax in equity	**4**	8
Deferred tax asset	**181**	**137**
Income tax benefit		
Origination and reversal of temporary differences	**49**	59
Total tax income	**49**	59

Effective Tax Rate

Amounts in NOK million	2017	2016
Loss before tax	**-236**	-258
Income tax 24% (25 % in 2016)	**57**	64
Change in tax rate from 24% to 23% (25% to 24% in 2016)	**-8**	-5
Total tax income	**49**	59

Note 5 Investments in Group Companies

Financial Reporting Principles

Investments in subsidiaries are measured at cost. The investments are written down to fair value when the impairment is not considered to be temporary. Impairment losses are reversed if the basis for the impairment is no longer present.

Dividends and other distributions are recognized as income the same year as they are appropriated in the subsidiary. If the distributed dividend in the subsidiary exceeds accumulated profits in the ownership period, the payment is treated as a reduction of the carrying value of the investment.

Investment in Group Companies

Amounts in NOK million	Registered office	Share capital	Number of shares held	Percentage owner- / voting share	Book value
Aker Solutions Holding AS	Fornebu, Norway	3,600	30	100%	**11,438**
Total investments in group companies					**11,438**

Note 6 Shareholders' Equity

Financial Reporting Principles

Repurchase of share capital is recognized at cost as a reduction in equity and is classified as treasury shares. No gain or loss is recognized in the income statement on the purchase or sale of the company's own shares.

Shareholders' Equity

Amounts in NOK million	Share capital	Treasury shares	Hedging reserve	Retained earnings	Total
Equity as of December 31, 2016	294	0	-25	3,032	**3,301**
Shares issued to employees through share purchase program		0		0	**0**
Share buy back		0		0	**0**
Loss for the period				-187	**-187**
Cashflow hedge[1]			13		**13**
Equity as of December 31, 2017	**294**	**0**	**-12**	**2,845**	**3,127**

1) The value of interest swap agreements changing interest from floating to fixed is recognized directly in equity and will be released to income together with the corresponding interest expenses.

The board of directors has proposed that no dividend payment be made for 2017 as it was deemed prudent to exercise caution under the current market uncertainty in the oil and gas industry. This is the same as in the prior year.

See note 3 and 9 for more information about the hedging reserve for interest rate swap agreements

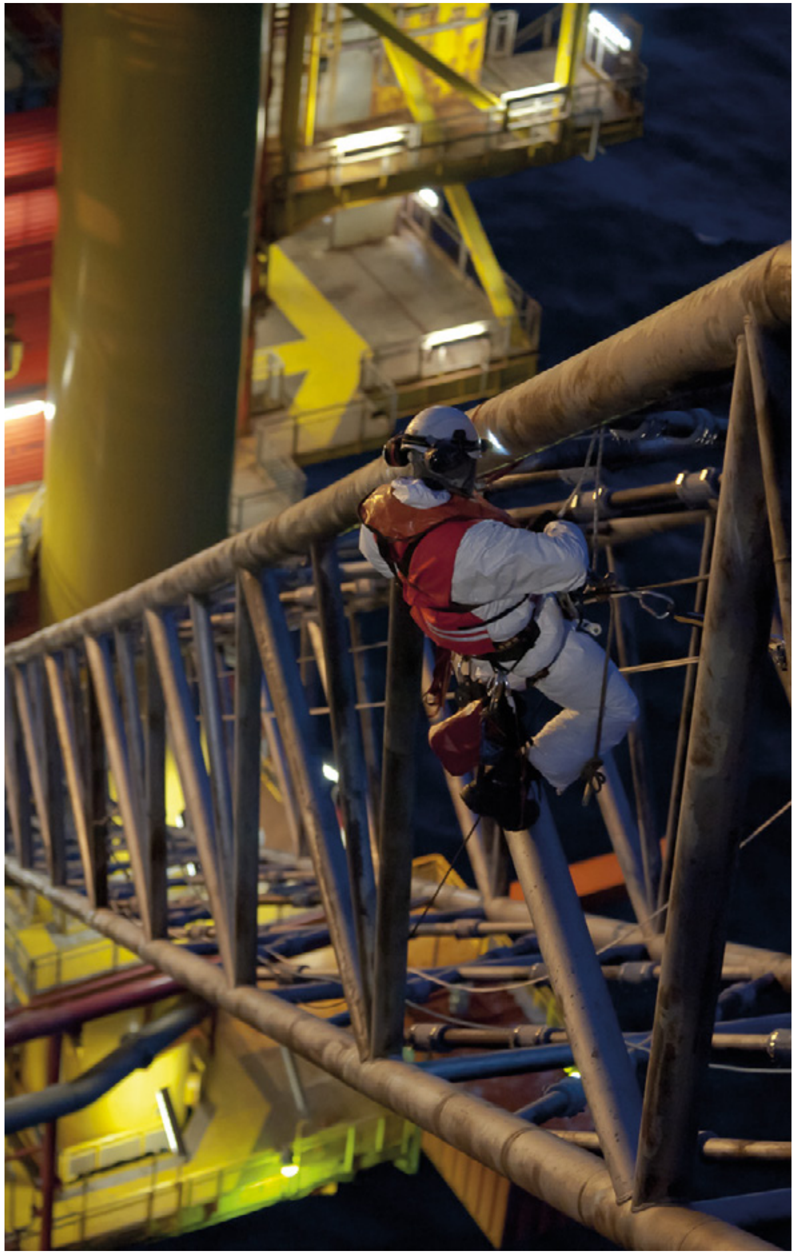
Note 7 Borrowings

Financial Reporting Principles

Interest-bearing borrowings are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

Norwegian Bonds

The group has a NOK 1,000 million bond loan listed on the Oslo Stock Exchange denominated in Norwegian Kroner. The interest rate is three months floating interbank rates (NIBOR) plus a predefined margin. Trustee services are provided by Nordic Trustee and the loan documentation is based on Nordic Trustee's standard loan agreement for bond issues. The bond loan is unsecured on a negative pledge basis and includes no dividend restrictions. Aker Solutions' strategy is to have between 30-50 percent of borrowings at fixed interest rates. Parts of the external loans with floating interest rates are swapped to fixed interest rates by means of interest rate derivatives to maintain the desired split between fixed and floating interest rates.



Note 7 continues on next page

Note 7 Borrowings cont.

Bonds and Borrowings

2017

Amounts in NOK million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Fixed interest margin	Interest coupon	Maturity date (mm/dd/yy)	Interest terms
ISIN NO 0010661051	NOK	1,000	**1,008**	0.79%	4.20%	4.99%	10/09/19	Floating, 3M+fix margin
Total bonds[1]			**1,008**					
Revolving credit facility (NOK 5,000 million)[2]	NOK	1,250	**1,239**	0.89%	1.10%	1.99%	07/03/19	NIBOR + Margin[3]
Total credit facility			**1,239**					
Total borrowings			**2,247**					
Current borrowings			**12**					
Non-current borrowings			**2,235**					
Total			**2,247**					

1) The carrying amount is calculated by reducing the nominal value of NOK 1,000 million (NOK 2,500 million in 2016) by total issue costs related to the new financing of NOK 3.5 million (NOK 7 million in 2016). Amount includes NOK 11.6 million of accrued interest related to the bonds (NOK 18 million in 2016).
2) The carrying amount includes fees for establishing the credit facility which is deferred according to the amortized cost method.
3) The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 35 percent of the margin.

Note 7 continues on next page

Note 7 Borrowings cont.

Bonds and Borrowings

2016

Amounts in NOK million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Fixed interest margin	Interest coupon	Maturity date (mm/dd/yy)	Interest terms
ISIN NO 0010647431	NOK	1,500	**1,505**	1.14%	4.25%	5.39%	06/06/17	Floating, 3M+fix margin
ISIN NO 0010661051	NOK	1,000	**1,007**	1.13%	4.20%	5.33%	10/09/19	Floating, 3M+fix margin
Total bonds[1]			**2,512**					
Revolving credit facility (NOK 5,000 million)[2]	NOK	0	**-20**	1.05%	0.85%	1.90%	07/03/19	NIBOR + Margin[3]
Total credit facility			**-20**					
Total borrowings			**2,492**					
Current borrowings			**1,517**					
Non-current borrowings			**975**					
Total			**2,492**					

1) The carrying amount is calculated by reducing the nominal value of NOK 2,500 million by total issue costs related to the new financing of NOK 7 million. Amount includes NOK 18 million of accrued interest related to the bonds.
2) The carrying amount includes fees for establishing the credit facility which is deferred according to the amortized cost method.
3) The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 35 percent of the margin.

Note 7 continues on next page

Note 7 Borrowings cont.

Maturity of Bonds and Borrowings

2017

Amounts in NOK million	Carrying amount	Total cashflow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
ISIN NO 0010661051	1,008	**1,101**	**25**	25	1,051	0	0
Total	**1,008**	**1,101**	**25**	**25**	**1,051**	**0**	**0**
Revolving credit facility (NOK 5,000 million)[2]	1,239	**1,286**	**12**	12	1,262	0	0
Total borrowings	**2,247**	**2,387**	**37**	**37**	**2,313**	**0**	**0**

2016

Amounts in NOK million	Carrying amount	Total cashflow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
ISIN NO 0010647431	1,505	**1,539**	**1,539**	0	0	0	0
ISIN NO 0010661051	1,007	**1,155**	**26**	27	53	1,049	0
Total	**2,512**	**2,694**	**1,565**	**27**	**53**	**1,049**	**0**
Revolving credit facility (NOK 5,000 million)	-20	**0**	**0**	0	0	0	0
Total borrowings	**2,492**	**2,694**	**1,565**	**27**	**53**	**1,049**	**0**

1) The interest costs are calculated using either the last fixing rate known by year-end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).
2) The cashflow is based on the assumption that the nominal currency value will remain on NOK 1,250 million until the maturity of the revolving credit facility.

See note 3 for more information about financial income and expenses
See note 9 for more information about the company's exposure to interest rates and liquidity risk

Note 8 Receivables and Borrowings from Group Companies

Financial Reporting Principles

Assets and liabilities are presented as current when they are due within one year or they are part of the operating cycle. Other assets and liabilities are classified as non-current. Current assets are valued at the lowest of cost and fair value. Current liabilities are valued at nominal value at the time of recognition.

Non-current receivables are measured at cost less impairment losses that are not considered to be temporary. Non-current liabilities are initially valued at transaction value less attributable transaction cost. Subsequent to initial recognition, interest-bearing non-current borrowings are measured at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowing on an effective interest basis.

Trade and other receivables are recognized at the original invoiced amount less allowances for expected losses. Provision for expected losses is considered on an individual basis.

Receivables and Borrowings with Group Companies

Amounts in NOK million	2017	2016
Group companies interest-bearing deposits in the cash pool system	**4,792**	4,556
Aker Solutions ASAs net borrowings in the cash pool system	**-4,157**	-3,094
Cash in cash pool system	**635**	1,461
Current interest-bearing receivables from group companies	**23**	36
Non-current interest-bearing receivables from group companies	**301**	309
Current interest-bearing borrowings from group companies	**-7,145**	-7,157
Net interest-bearing borrowings from group companies	**-6,821**	-6,812
Current non interest-bearing receivables from group companies	**9**	38
Current non interest-bearing borrowings from group companies	**0**	-1
Net non interest-bearing receivables from group companies	**9**	37
Total net borrowings from group companies	**-6,176**	-5,314

All current receivables and borrowings are due within one year.

Aker Solutions ASA has two centralised cash pool arrangements with DNB and Nordea. In addition centralised cash management arragemnents are set up locally in Malaysia, Brazil and India. The cash pools and cash management arrangements cover a majority of the group's geographical footprint and ensure good control and access to the group's cash. Participation in the cash pool is vested in the group policy and decided by each company's board of directors and confirmed by a statement of participation. Certain entities do not participate in the cash pool arrangements due to local restrictions. The participants in the cash pool system are joint and severally liable and it is therefore important that Aker Solutions as a group is financially viable. Any debit balance on a sub-account can be offset against any credit balance in the cash pool. Hence a debit balance on a sub-account represents a liability for Aker Solutions ASA and a credit balance on a sub-account a receivable for Aker Solutions ASA.

The cash pool systems were showing a net balance of NOK 1,461 million per December 31, 2017. This amount is reported in Aker Solutions ASAs accounts as short-term borrowings from group companies and as cash in the cash pool system.

Aker Solutions ASA is the group's central treasury function and enters into borrowings and deposit agreements with group companies. Deposits and borrowings are agreed at market terms and are dependent on the group companies' credit rating and the duration of the borrowings.

Note 9 Financial Risk Management and Financial Instruments

Currency Risk

As of December 31, 2017 Aker Solutions ASA has outstanding foreign exchange contracts with other entities in the group with a gross total value of approximately NOK 12.5 billion. Large contracts are hedged back-to-back with external banks, while minor contracts are hedged based on internal matching principles. Contracts hedged back to back with external banks represent about 80 percent of the total group exposure, but are limited to a small number of transactions. Aker Solutions ASA does not apply hedge accounting to any of the currency derivatives. All financial assets and liabilities related to foreign exchange contracts are revalued at fair value in respect to exchange rate movements each period.

The treasury function within Aker Solutions ASA also has a mandate to hold limited positions in the currency and interest markets. The mandate has limits that are strictly defined and is operated under a strict stop-loss regime. Open positions are continuously monitored on a mark to market basis.

The fair value of foreign exchange forward contracts and options is presented in the table below.

	2017		2016	
Amounts in NOK million	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Forward exchange contracts with group companies	**150**	**-220**	924	-175
Forward exchange contracts with external counterparts	**203**	**-126**	113	-806
Forward exchange options with external counterparts	**0**	**0**	1	-36
Total	**353**	**-346**	**1,038**	**-1,017**

All instruments are booked at fair value as per December 31.

Note 9 continues on next page

Note 9 Financial Risk Management and Financial Instruments cont.

Interest Rate Risk

Interest rate swaps are applied to achieve the internal policy that 30-50 percent of the company's gross external borrowing shall be at fixed interest rates, with duration matching the remaining duration of the borrowing. Interest terms on the borrowing are described in note 7 Borrowings. At year-end, approximately 50 percent of NOK 1,000 million in bonds was fixed for the duration of the bonds through interest rate swaps. In addition there is a draw on the revolver on NOK 1,250 million with floating interest.

At year-end 22 percent of the total external loan of NOK 2,250 million is at fixed interest rates.

Hedge accounting is applied using the cashflow hedge accounting model. That means gains and losses on interest rate swaps from floating to fixed interest rates are recognized in the hedging reserve in equity. As of December 31, 2017 a net loss of NOK 12 million (NOK 16 million before tax) is recognized in equity and will be continuously released to the income statement until the repayment of the borrowings via the mark to market revaluation process.

The fair value of interest rate swaps is presented in the table below.

	2017		2016	
Amounts in NOK million	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps - cashflow hedge (against equity)	**0**	**-16**	0	-32
Total	**0**	**-16**	**0**	**-32**

Credit Risk

Credit risk relates to loans to subsidiaries, overdraft in the group cash pool, hedging contracts, guarantees to subsidiaries and deposits with external banks. Loans to subsidiaries are assessed by the internal credit committee. Loss provisions are made in situations of negative equity and where the company is not expected to be able to fulfil its loan obligations from future earnings. External deposits and forward contracts are placed according to a list of approved banks and primarily with banks where the company also has a borrowing relation. The existence of netting agreements between Aker Solutions ASA and the related banks reduces the credit risk.

Liquidity Risk

Liquidity risk relates to the risk that the company will not be able to meet its debt and guarantee obligations and is managed through maintaining sufficient cash and available credit facilities. The development in the group's and thereby Aker Solutions ASA's available liquidity is continuously monitored through weekly and monthly cash forecasts, annual budgets and long-term planning.

See note 3 for more information about financial income and expenses
See note 7 for more information about borrowings

Note 10 Guarantees

Amounts in NOK million	2017	2016
Parent company guarantees to group companies[1]	**57,034**	49,579
Counter guarantees for bank/surety bonds[2]	**5,281**	5,309
Total guarantee liabilities	**62,315**	54,887

1) Parent company guarantees to support subsidiaries in contractual obligations towards customers.
2) Bank guarantees and surety bonds are issued on behalf of Aker Solutions subsidiaries, and counter indemnified by Aker Solutions ASA.

See note 2 for more information about revenue from guarantees

Note 11 Related Parties

Transactions with subsidiaries and related parties are described on a line by line basis in the following notes:

Other services	Note 2
Financial items	Note 3
Investments	Note 5
Cash pool	Note 8
Receivables and borrowings	Note 8
Foreign exchange contracts	Note 9
Guarantees	Note 10

All transactions with related parties are entered into at market rates and in accordance with the arm's length principle.

Note 12 Shareholders

Shareholders with more than 1 percent shareholding per December 31 are listed below

2017

Company	Nominee	Number of shares held	Ownership
Aker Kværner Holding AS		110,333,615	40.56%
Folketrygdfondet		17,455,559	6.42%
Aker ASA		17,331,762	6.37%
Verdipapirfondet DNB		5,831,553	2.14%
Ferd AS		5,500,000	2.02%
JPMorgan Chase Bank, JPMCB RE HB SWED FUN	NOM	3,235,281	1.19%
JPMorgan Chase Bank, S/A ESCROW ACCOUNT	NOM	3,060,628	1.13%
VERDIPAPIRFONDET PAR		3,005,000	1.10%
JPMorgan Chase Bank, S/A NON-TREATY LENDI	NOM	2,989,991	1.10%

2016

Company	Nominee	Number of shares held	Ownership
Aker Kværner Holding AS		110,333,615	40.56%
Aker ASA		17,331,762	6.37%
Folketrygdfondet		12,331,732	4.53%
State Street Bank & Trust Company	NOM	9,784,222	3.60%
Ferd AS		5,205,203	1.91%
Morgan Stanley & Co.LLC	NOM	4,467,768	1.64%
JPMorgan Chase bank,NA London Nordea RE:NON-Traty	NOM	4,363,716	1.60%
State Street Bank & Trust Company	NOM	3,483,280	1.28%
Verdipapirfondet Alfred Berg Gamba		3,397,184	1.25%
J.P.Morgan Chase Bank N.A.London US RESIDENT NON	NOM	3,224,752	1.19%

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Independent auditor's report

To the Annual Shareholders' Meeting of Aker Solutions ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aker Solutions ASA. The financial statements comprise:

- The financial statements of the parent company Aker Solutions ASA (the "Company"), which comprise the balance sheet as at 31 December 2017, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Aker Solutions ASA and its subsidiaries (the "Group"), which comprise the balance sheet at 31 December 2017, the income statement and the statement of other 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 of its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway ("NGAAP").
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

Basis for opinion

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and of the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Assessment of the carrying value of property, plant and equipment and intangible assets

Refer to note 10 Property, Plant and Equipment, note 11 Intangible Assets and note 12 Impairment of Assets

The key audit matter

The Group's operations are sensitive to certain factors including oil prices which in turn impact the timing and nature of future capital expenditure on existing and new oil fields and installations.

The economic environment, current long-term assumptions and the Group's business plans indicate that impairment is a risk related to specific assets, cash generating units and can also impact the assessment of impairment of goodwill.

As of 31 December 2017, the Group has property, plant and equipment of NOK 3 316 million, goodwill of NOK 4 281 million and other intangible assets of NOK 1 533 million. The Group has recognized an impairment charge in 2017 associated with their property, plant and equipment and other intangible assets of NOK 84 million and NOK 72 million respectively.

How the matter was addressed in our audit

Our audit procedures in this area included:

- Assessing management's process and results for identification, consistent treatment and classification of CGU's to ensure they were appropriate and in accordance with IAS 36;
- Evaluating management's assessment of impairment indicators;
- Where impairment indicators were identified or where impairment testing was required, assessing, with assistance from our valuation specialists, if the models used to calculate value in use are appropriate and mathematically accurate;
- Assessing the discount rates applied for each cash flow forecast with reference to available market data;
- Challenging management on the timing of the cash flows;
- Evaluating the historical accuracy of management’s budgets and forecasts and challenging management on the current year cash flow forecasts;
- Evaluating and challenging management on the growth assumptions in the cash flow forecasts, forecast margins and order intake;
- Assessing the calculations and rationale supporting the impairment of tangible and intangible assets including testing sensitivities in the models; and
- Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to the carrying value of intangible assets and property, plant and equipment and the assumptions applied to the impairment testing.

KPMG

Revenue and cost estimates related to construction contracts & service revenue

Refer to note 3 Revenue and note 4 Operating Segments

The key audit matter

Accounting for long term projects and service contracts 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 portfolio.

The key judgements and estimates applied by management include their assessment of the stage of project completion as well as assessing the estimated future contract revenue and cost outcomes. Revenue and cost outcomes factored in management's forecasts include:

- incentive payments;
- key performance indicators;
- liquidated damages; and
- expected total cost to complete.

Additionally management exercises judgement in their assessment of the recoverability of revenue accruals related to service contracts.

For the year ended 31 December 2017, the Group has recognized construction revenue of NOK 12 147 million and service revenue of NOK 9 977 million.

How the matter was addressed in our audit

Our audit procedures in this area included:

- Corroborating the revenue forecasts with reference to signed contracts and variation orders;
- Reviewing the terms and conditions of significant contracts and comparing these to management's assessment of the contract forecasts;
- Evaluating management's process for assessing the stage of completion and the method applied;
- Challenging management on estimated recovery of incentive payments, incentives linked to key performance indicators and recognition of liquidated damages by reference to contractual terms and conditions and other correspondence with customers;
- Reviewing and discussing project reports and other assessments with management and comparing current forecasts to historical outcomes where relevant;
- Assessing the ability to recover amounts accrued under service contracts compared to historical recovery rates and the assessments made by management over the current balance;
- Challenging management on the estimate of cost to complete and the risk assessment related to forecast cost;
- Evaluating the calculation of project revenue and cost and amounts due to and from customers in relation to the stage of completion and forecasts; and
- Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to revenue from construction contracts and service contracts.

KPMG

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 Chief Executive Officer for the Financial Statements

The Board of Directors and the Chief Executive Officer ("management") are responsible for the preparation in accordance with laws and regulations including fair presentation of the financial statements of the Company in accordance with NGAAP, and for the preparation and fair presentation of the financial statements of the Group in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent 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 scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

KPMG

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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, including the statements on corporate governance and corporate social responsibility, concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 21 March 2018
KPMG AS

Julie Berg

Julie Berg
State Authorised Public Accountant

Alternative Performance Measures

Aker Solutions discloses alternative performance measures in addition to those normally required by IFRS as such performance measures are frequently used by securities analysts, investors and other interested parties.

Alternative performance measures are meant to provide an enhanced insight into the operations, financing and future prospects of the company.

Profit Measures

EBITDA and EBIT terms are presented as they are used by financial analysts and investors. Special items are excluded from EBITDA and EBIT as alternative measures to provide enhanced insight into the financial development of the business operations and to improve comparability between different periods.

EBITDA is short for earnings before interest, taxes, depreciation and amortization. EBITDA corresponds to the “operating income before depreciation, amortization and impairment” in the consolidated income statement in the annual report.

EBIT is short for earnings before interest and taxes. EBIT corresponds to “operating income” in the consolidated income statement in the annual report.

Margins such as EBITDA margin and EBIT margin is used to compare relative profit between periods. EBITDA margin and EBIT margin are calculated as EBITDA or EBIT divided by revenue.

Special items may not be indicative of the ongoing operating result of cashflows of the company. Profit measure excluding special items is presented as an alternative measures to improve comparability of the underlying business performance between the periods.

	Projects		Services		Other/ eliminations		Aker Solutions	
Amounts in NOK million	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Revenue	17,660	20,627	4,560	5,001	240	-71	22,461	25,557
Non-qualifying hedges	0	0	0	0	-24	26	-24	26
Gain/loss sale of PPE	0	-36	0	0	0	0	0	-36
Other	0	13	0	0	0	0	0	13
Sum of special items excluded from revenue	0	-23	0	0	-24	26	-24	3
Revenue ex. special items	**17,660**	**20,604**	**4,560**	**5,001**	**216**	**-45**	**22,436**	**25,560**
EBITDA	1,217	1,547	605	601	-303	-219	1,519	1,929
Onerous lease cost	-3	2	0	0	42	80	40	82
Restructuring cost	78	76	3	17	6	70	86	163
Non-qualifying hedges	0	0	0	0	10	-44	10	-44
Gain/loss sale of PPE	0	-36	0	0	0	0	0	-36
Transaction costs and other	0	13	0	0	10	14	10	27
Sum of special items excluded from EBITDA	75	55	3	17	68	120	146	193
EBITDA ex. special items	**1,292**	**1,602**	**607**	**618**	**-234**	**-98**	**1,665**	**2,121**
EBITDA margin	*6.9%*	*7.5%*	*13.3%*	*12.0%*			*6.8%*	*7.5%*
EBITDA margin ex. special items	*7.3%*	*7.8%*	*13.3%*	*12.4%*			*7.4%*	*8.3%*
EBIT	608	478	429	454	-466	-245	571	687
Sum of special items excluded from EBITDA	75	55	3	17	68	120	146	193
Impairments	90	464	0	0	66	0	156	464
Sum of special items excluded from EBIT	165	519	3	17	135	120	302	657
EBIT ex. special items	**773**	**997**	**432**	**471**	**-331**	**-124**	**874**	**1,343**
EBIT margin	*3.4%*	*2.3%*	*9.4%*	*9.1%*			*2.5%*	*2.7%*
EBIT margin ex. special items	*4.4%*	*4.8%*	*9.5%*	*9.4%*			*3.9%*	*5.3%*

Order Intake Measures

Order intake, order backlog and book-to-bill ratios are presented as alternative performance measures, as they are indicators of the company's revenues and operations in the future.

Order intake includes new signed contracts in the period in addition to expansion of existing contracts. For construction contracts, the order intake is based on the signed contract value excluding potential options and change orders. For service contracts, the order intake is based on the estimated value of firm periods in the contracts.

Order backlog represents the estimated value of remaining work on signed contracts.

Financing Measures

Alternative financing and equity measures are presented as they are indicators of the company's ability to obtain financing and service its debts.

Gross Debt and Net interest-bearing debt are measures that shows the overall debt situtation. Net debt is calculated by netting the value of a company's liabilities and debts with its cash and other similar short-term financial assets.

Amounts in NOK million	2017	2016
Current borrowings	539	2,110
Non-current borrowings	2,576	1,844
Gross debt	**3,114**	**3,954**
Current interest-bearing receivables	-128	-437
Non-current interest-bearing receivables[1]	-39	-34
Cash and cash equivalents	-1,978	-2,480
Net debt	**970**	**1,002**

1) Non-current interest-bearing receivables are included in Other non-current assets in consolidated balance sheet.

Net current operating assets (NCOA) or working capital is a measure of the current capital necessary to maintain operations. Working capital includes trade receivables, trade payables, accruals, provisions and current tax assets and liabilities.

Amounts in NOK million	2017	2016
Inventory	428	575
Trade and other receivables	6,843	7,398
Current tax assets	174	242
Trade and other payables	-7,304	-8,002
Provisions	-942	-1,087
Current tax liabilities	-43	-30
Net current operating assets (NCOA)	**-844**	**-904**

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