Annual accounts

Aker Group

Income statement and total comprehensive income

INCOME STATEMENT

	Note	2018	2017 Restated*
Continued operations			
Operating revenue	9,10	**42 163**	40 868
Cost of goods and changes in inventory		**(17 867)**	(16 782)
Wages and other personnel expenses	11	**(13 963)**	(13 828)
Other operating expenses	11	**(5 936)**	(4 698)
Operating profit before depreciation and amortisation	9	**4 397**	5 559
Depreciation and amortisation	15,16	**(2 097)**	(2 209)
Impairment charges	12,15,16	**(213)**	(281)
Operating profit	9	**2 087**	3 069
Financial income	13	**704**	958
Financial expenses	13	**(1 997)**	(2 007)
Share of profit of equity accounted companies	17	**626**	623
Profit before tax	9	**1 420**	2 643
Income tax expense	14	**(490)**	(850)
Profit for the year continued operations	9	**930**	1 793
Discontinued operations			
Profit for the period from discontinued operations net of tax	8	**438**	906
Result for the year		**1 368**	2 699
Attributable to:			
Equity holders of the parent		**906**	1 517
Minority interests	23	**462**	1 182
Result for the year		**1 368**	2 699
Weighted average number of outstanding shares	22	**74 282 137**	74 292 690
Earnings per share 1)	22		
Earnings per share continued operations		**7.08**	15.94
Earnings per share discontinued operations		**5.11**	4.49
Earnings per share		**12.19**	20.43

1) Profit attributable to equity holders of the parent/weighted average number of outstanding shares
**) See Note 8*

TOTAL COMPREHENSIVE INCOME

	Note	**2018**	2017
Result for the year		**1 368**	2 699
Other comprehensive income, net of income tax			
Items that will not be reclassified to income statement:			
Defined benefit plan actuarial gains (losses)	*26*	**(82)**	(60)
Equity investments at FVOCI - net change in fair value		**66**	-
Items that will not be reclassified to income statement		**(16)**	(60)
Items that subsequently may be reclassified to income statement:			
Debt investments at FVOCI - net change in fair value		**6**	-
Changes in fair value of available for sale financial assets		**-**	1
Changes in fair value of cash flow hedges		**(95)**	340
Reclassified to profit or loss: debt investments at FVOCI, translation, cash flow hedges and in 2017 available-for-sale financial assets		**(478)**	(50)
Currency translation differences		**515**	(240)
Changes in other comprehensive income associates and joint ventures	*17*	**1 133**	(974)
Items that subsequently may be reclassified to income statement		**1 081**	(923)
Change in other comprehensive income, net of tax	*13,14,24*	**1 065**	(983)
Total comprehensive income for the year		**2 433**	1 716
Attributable to:			
Equity holders of the parent		**2 219**	534
Minority interests		**214**	1 182
Total comprehensive income for the year		**2 433**	1 716

Balance sheet at 31 December

	Note	2018	2017
ASSETS			
Property, plant and equipment	15	**18 262**	22 178
Intangible assets	16	**10 976**	9 482
Deferred tax assets	14	**1 059**	1 359
Investments in equity accounted companies	17	**23 348**	21 624
Interest-bearing non-current receivables	6,18	**11 304**	5 363
Other shares and non-current assets	19	**2 121**	1 672
Total non-current assets		**67 070**	61 679
Inventories	20	**1 752**	2 460
Trade receivables and other interest-free receivables	21	**13 146**	11 366
Calculated tax receivable	14	**146**	252
Derivatives	30	**406**	359
Interest-bearing current receivables	6,18	**451**	324
Cash and cash equivalents	6,9	**9 786**	8 148
Total current assets		**25 688**	22 909
Assets classified as held for sale	8	**-**	-
Total assets	9	**92 758**	84 588
EQUITY AND LIABILITIES			
Paid-in capital	22	**2 331**	2 331
Translation and other reserves	24	**3 618**	2 545
Retained earnings		**16 061**	16 279
Total equity attributable to equity holders of the parent		**22 009**	21 155
Minority interests	23	**19 908**	18 905
Total equity		**41 918**	40 059
Interest-bearing non-current liabilities	6,25	**24 745**	23 508
Deferred tax liabilities	14	**515**	377
Pension liabilities	26	**1 181**	1 189
Other interest-free non-current liabilities	27	**837**	627
Non-current provisions	28	**221**	503
Total non-current liabilities		**27 499**	26 205
Interest-bearing current liabilities	6,25	**5 682**	4 616
Trade and other payables	29	**14 529**	11 636
Income tax payable	14	**168**	134
Derivatives	30	**585**	507
Current provisions	28	**2 343**	1 393
Total current liabilities		**23 306**	18 286
Total liabilities		**50 806**	44 491
Liabilities classified as held for sale	8	**34**	37
Total equity and liabilities	9	**92 758**	84 588

Fornebu, 29 March 2019
Aker ASA

Kjell Inge Røkke (sign)
Chairman

Finn Berg Jacobsen (sign)
Deputy Chairman

Anne Marie Cannon (sign)
Director

Kristin Krohn Devold (sign)
Director

Karen Simon (sign)
Director

Atle Tranøy (sign)
Director

Tommy Angeltveit (sign)
Director

Amram Hadida (sign)
Director

Arnfinn Stensø (sign)
Director

Øyvind Eriksen (sign)
President and CEO

Consolidated statement of changes in equity

	Note	Total paid-in capital	Trans-lation reserve	Fair value reserves	Hedging reserves	Total translation and other reserves	Retained earnings	**Total equity of equity holders of the parent**	Minority interests	**Total equity**
Balance at 31 December 2016		2 330	3 541	103	(125)	3 518	15 994	**21 842**	18 177	**40 019**
Profit for the year 2017		-				-	1 517	**1 517**	1 182	**2 699**
Other comprehensive income	*24*	-	(1 171)	10	188	(973)	(10)	**(983)**		**(983)**
Total comprehensive income		-	(1 171)	10	188	(973)	1 508	**534**	1 182	**1 716**
Dividends		-				-	(1 188)	**(1 188)**	(387)	**(1 575)**
Share-based payment transactions		-				-	2	**3**	-	**3**
Total contributions and distributions		-	-	-	-	-	(1 186)	**(1 185)**	(387)	**(1 573)**
Acquisition and sale of minority	*7,23*	-				-	(22)	**(22)**	(74)	**(96)**
Issuance of shares in subsidiaries	*23*	-				-	-	**-**	7	**7**
Total changes in ownership without change of control		-	-	-	-	-	(22)	**(22)**	(67)	**(89)**
Transaction cost share issue in associated company		-				-	(15)	**(15)**	-	**(15)**
Balance at 31 December 2017	*22-24*	2 331	2 370	113	62	2 545	16 279	**21 155**	18 905	**40 059**
Impact of changes in accounting policies	*3*	-	4	(313)	42	(267)	290	**23**	22	**45**
Balance at 1 January 2018		2 331	2 374	(200)	105	2 278	16 569	**21 178**	18 927	**40 105**
Profit for the period year 2018		-				-	906	**906**	462	**1 368**
Other comprehensive income	*24*	-	1 348	86	(94)	1 340	(27)	**1 313**	(248)	**1 065**
Total comprehensive income		-	1 348	86	(94)	1 340	879	**2 219**	214	**2 433**
Dividends		-				-	(1 338)	**(1 338)**	(499)	**(1 836)**
Own shares and share-based payment transactions		-				-	(26)	**(26)**	-	**(26)**
Total contributions and distributions		-	-	-	-	-	(1 364)	**(1 364)**	(499)	**(1 862)**
Acquisition and sale of minority	*7,23*	-				-	(17)	**(17)**	37	**20**
Issuance of shares in subsidiaries	*23*	-				-	(9)	**(9)**	1 229	**1 220**
Total changes in ownership without change of control		-	-	-		-	(26)	**(26)**	1 266	**1 240**
Transaction with minority interests in joint ventures		-				-	2	**2**	-	**2**
Balance at 31 December 2018	*22-24*	2 331	3 722	(114)	10	3 618	16 061	**22 009**	19 908	**41 918**

Cash flow statement

	Note	2018	2017 Restated*
Profit before tax		**1 420**	2 643
Net interest expenses	*13*	**1 274**	1 152
Sales losses/gains (-) and write-downs		**240**	276
Unrealised foreign exchange gain/loss and other non-cash items		**135**	78
Depreciation and amortisation	*15,16*	**2 097**	2 209
Share of earnings in associates and joint ventures	*17*	**(1 019)**	(1 225)
Dividend received from associates and joint ventures	*17*	**1 787**	1 175
Changes due to discontinued operations and other net operating assets and liabilities		**809**	(2 081)
Cash flow from operating activities before interest and tax		**6 743**	4 227
Interest paid		**(1 566)**	(1 489)
Interest received		**270**	274
Taxes paid		**(185)**	(597)
Net cash flow from operating activities		**5 262**	2 414
Proceeds from sales of property, plant, equipment and intangible assets	*15,16*	**204**	32
Proceeds from sales of shares and other equity investments		**520**	438
Disposals of subsidiaries, net of cash disposed	*8*	**1 786**	868
Acquisitions of subsidiaries, net of cash acquired	*7*	**(205)**	(511)
Acquisitions of property, plant, equipment and intangible assets	*15,16*	**(2 215)**	(3 456)
Acquisitions of shares and equity investments in other companies		**(1 018)**	(2 473)
Acquisition of vessels accounted for as finance lease	*18*	**(3 343)**	(398)
Net cash flow from other investments	*18*	**(396)**	2 029
Net cash flow from investing activities		**(4 667)**	(3 472)
Proceeds from issue of interest-bearing debt	*25*	**9 129**	6 854
Repayment of interest-bearing debt	*25*	**(7 315)**	(8 701)
Net repayment and issue of interest-bearing debt		**1 814**	(1 847)
New equity	*23*	**917**	7
Own shares		**(37)**	(10)
Dividends paid	*22,23*	**(1 737)**	(1 575)
Net cash flow from transactions with owners		**(857)**	(1 578)
Net cash flow from financing activities		**957**	(3 425)
Net change in cash and cash equivalents		**1 552**	(4 482)
Effects of changes in exchange rates on cash		**86**	(88)
Cash and cash equivalents at 1 January		**8 148**	12 718
Cash and cash equivalents at 31 December	*9*	**9 786**	8 148

*See note 8

Notes to the financial statements

Note 1 | Corporate information

Aker ASA is a company domiciled in Norway, with headquarters at Fornebu outside Oslo, and listed on the Oslo Stock Exchange with the ticker "AKER". Aker's 2018 consolidated financial statements include the financial statements of the parent company, Aker ASA, its subsidiaries, and interests in associated companies and jointly controlled entities.

Note 2 | Basis for preparation and estimates and assumptions

2.1. STATEMENT OF COMPLIANCE

Aker has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) and associated interpretations as determined by the EU as at 31 December 2018 and Norwegian disclosure requirements pursuant to the Norwegian accounting act as at 31 December 2018. The consolidated financial statements have been prepared on a historical cost basis, with a few exceptions described in section 2.5.

The consolidated financial statements for the 2018 accounting year were approved by the Board of directors on 29 March 2019. The annual accounts will be submitted to Aker's annual general meeting on 26 April 2019 for final approval.

2.2. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

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

2.3. USE OF ESTIMATES AND ASSUMPTIONS

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

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

(a) Consolidation

IFRS 10 contains a definition of control, which must be applied when an investor is to assess whether an investment must be consolidated in the consolidated financial statements. The assessment of control involves high degree of judgements. See Note 9

(b) Revenue recognition

Revenue from construction contracts and other contracts with customers where the performance obligations are satisfied over time, are recognised according to progress. This method requires estimates of the final revenue and costs of the contract, as well as costs incurred to date.

For contract revenue, there are uncertainties related to recoverable amounts from variation orders and incentive payments. These are recognised when it is deemed to be highly probable that a significant revenue reversal will not occur. Contract revenue is adjusted by management's evaluation of liquidated damages to be imposed by customers typically relating to contractual delivery terms.

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

The estimation uncertainty during the early stages of a contract is often large. No profit is recognized unless the outcome of a performance obligation can be measured reliably, usually at approximately 20 percent progress. However, management can on a project-by-project basis give approval of earlier recognition if the uncertainties of cost estimates are low. This is typically in situations of repeat projects, proven technology or proven execution model. See Note 9 and 10.

(c) Warranty provisions

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

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

In accordance with applicable accounting principles, the group performs annual impairment tests to determine whether goodwill and intangible assets recorded in the balance sheet have suffered any impairment. The estimated recoverable amount for cash-generating units are determined based on the present value of budgeted cash flows or estimated sales value less cost to sell if higher. See Note 12.

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

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

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

h) Acquisition costs – exploration
The accounting policy of Aker's subsidiary Aker Energy is to temporarily recognize expenses relating to the drilling of exploration wells in the balance sheet as capitalized exploration expenditures, pending an evaluation of potential oil and gas discoveries. If resources are not discovered, or if recovery of the resources is considered technically or commercially unviable, the costs of exploration wells are expensed. Decisions as to whether this expenditure should remain capitalized or be expensed during the period, may materially affect the operating result for the period.

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

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

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

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

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

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

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

Note 3 | Changes in accounting policies

With effect from 1 January 2018, Aker has implemented IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. Other new interpretations and changes to standards are also effective from 1 January 2018, but they do not have a material effect on the group's financial statements.

3.1 IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS
IFRS 15 Revenue from Contracts with Customers was adopted on 1 January 2018 and replaced IAS 11 Construction Contracts and IAS 18 Revenue. The new standard has been implemented retrospectively with the cumulative effect recognised in equity at the date of initial application. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated. The accounting principles that is the basis for the comparative 2017 figures are described in the 2017 annual report available on www.akerasa.com.

3.1.1 Accounting policy under IFRS 15
IFRS 15 establishes a five-step method that applies to all customer contracts. Under the new standard, only approved customer contracts with a firm commitment are basis for revenue recognition. Variation orders are included when they have been approved, either verbally, in writing, or implied by customary business practice. The deliveries in the contracts are reviewed to identify distinct performance obligations, and revenue is recognised in line with how the entity satisfies these performance obligations – either over time or at a point in time. This assessment may involve significant judgement. For contracts with customers for which the performance obligations are satisfied over time, revenue is recognised over time using a cost progress method. For contracts with customers for which the performance obligations are satisfied at a point in time, revenue is recognised at the point in time

when the customer obtains control of the product or the service. Details of the accounting policies and the nature of performance obligations for each of the major types of customer contracts are set out below

Construction contracts
Under construction contracts, specialised products are built according to a customer's specifications and the assets have no alternative use to the group. If a construction contract is terminated by the customer, the group has an enforceable right to payment for the work completed to date. The contracts usually establish a milestone payment schedule

The group has assessed that performance obligations are satisfied over time and revenue from construction performance obligations is recognised according to progress. The progress is measured using an input method that best depicts the group's performance. The input method used to measure progress is determined by reference to the costs incurred to date relative to the total estimated contract costs. Project costs include costs directly related to the specific contract and indirect costs attributable to the contract.

Variable considerations, such as incentive payments, are included in construction revenue when it is highly probable that a significant revenue reversal will not occur. Disputed amounts are only recognised when negotiations have reached an advanced stage, customer acceptance is highly likely, and the amounts can be measured reliably. Contract modifications, usually in form of variation orders, are only accounted for when they are approved by the customers. Contract costs are mainly expensed as incurred. Expected liquidated damages (LD) are recognised as a reduction of the transaction price unless it is highly probable that LDs will not be incurred. The transaction price of performance obligations is adjusted for significant financing components to reflect the time value of money. Financing components may exist when the expected time period between the transfer of the promised goods and services and the payment is more than twelve months.

When the final outcome of a performance obligation cannot be reliably estimated, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. The full loss is recognised immediately when identified on loss-making contracts.

Services revenue
Service revenue is recognised over time as the services are provided. The revenue is recognised according to progress or using the invoiced amounts for the period when these directly correspond with the value of the services that are transferred to the customers in the period. Progress is normally measured using an input method, by reference of costs incurred to date relative to the total estimated costs

Sale of standard products
This revenue type involves sale of products or equipment that are of a standard nature, not made according to the customer's specifications. Customers usually obtain control of these products when the goods are delivered to the customers in accordance with the contract terms. The group has assessed that the performance obligations for such products are satisfied at a point in time.

Revenue from these performance obligations is recognised when the customers obtain control of the goods, which is essentially similar to the timing when the goods are delivered to the customers

3.1.2. Impact of transition to IFRS 15
The following table summarises the impact of transition to IFRS 15 on the group's financial statements as of 1 January 2018:

	1 January 2018
Change in progress method	(140)
Removal of capitalized tender cost	(48)
Tax effects	94
Total impact on equity:	**(93)**

Changes in progress measurement from IAS 11 to a cost progress method were identified for some construction contracts due to the implementation of IFRS 15. The net impact resulted in a decrease of equity of NOK 140 million before tax as at 1 January 2018. Tender costs previously capitalized when award was probable are fully expensed under IFRS 15. The effect of removing capitalized tender cost in the balance sheet upon transition as at 1 January 2018 was a reduction of equity of NOK 48 million before tax.

Revenue and cost accruals are presented separately as contract assets or liabilities under IFRS 15. Under previous revenue recognition guidance, the amount was netted as cost accruals and presented as work in progress (WIP). Warranty provisions related to on-going projects and onerous customer contracts provision are now presented within the balance sheet line Provisions. See Note 28

The following tables summarise the impact of adopting IFRS 15 in the group's financial statements for 2018:

	As reported	Adjust-ments	Amounts without adoption of IFRS 15
Operating revenue	42 163	(273)	41 890
Operating expenses	(37 766)	380	(37 386)
Operating profit before depreciation and amortisation	**4 397**	**106**	**4 503**
Operating profit	2 087	106	2 193
Profit before tax	1 420	106	1 526
Income tax expense	(490)	(32)	(522)
Net profit/loss from continuing operations	**930**	**74**	**1 004**
Result for the year	**1 368**	**74**	**1 442**
Total comprehensive income for the year	**2 433**	**62**	**2 495**

	As reported	Adjust-ments	Amounts without adoption of IFRS 15
Deferred tax assets	1 059	(8)	1 051
Current assets	25 688	(3 083)	22 605
Total assets	92 758	(3 091)	89 667
Total equity	41 918	156	42 074
Current liabilities	23 306	(3 248)	20 058
Total equity and liabilities	**92 758**	**(3 091)**	**89 667**

3.2 IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments was adopted on 1 January 2018 and replaced IAS 39 Financial Instruments Recognition and Measurement. The new standard has been implemented retrospectively with the cumulative effect recognised in equity at the date of initial application. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The accounting principles that is the basis for the comparative 2017 figures are described in the 2017 annual report available on www.akerasa.com.

3.2.1 Accounting policy under IFRS 9

Classification of financial assets

The group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets.

Recognition and derecognition of financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement of financial assets

At initial recognition, the group measures a financial asset (unless it is a trade receivable without a significant financing component) at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Trade receivables without a significant financing component are initially measured at the transaction price.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, impairments, and any gain or loss arising on derecognition are recognised in profit and loss.
- FVOCI: Assets that are held both for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Net gains and losses, including any interest, are recognised in profit or loss. However, see section below regarding derivatives designated as hedging instruments.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group has irrevocably elected (an election that is made on an investment-by-investment basis) to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the group's right to receive payments is established.

Impairment of financial assets

The group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

There are mainly financial receivables (including trade receivables), contract assets and financial lease receivables that are subject to the expected credit loss model (ECL) in IFRS 9. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities – initial recognition, classification, subsequent measurement, gains and losses and derecognition.

A financial liability is initially measured at fair value and, for a financial liability not at FVPL, net of transaction costs that are directly attributable to its issue. Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. See section below regarding derivatives designated as hedging instruments.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting of financial assets and liabilities
Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting
The group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially recognised at fair value, and attributable transaction costs are recognised in profit or loss as incurred.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the following criteria are met: i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and iii) the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss.

Derivatives not being part of hedge accounting are measured at fair value and all changes in value are recognised in profit and loss. The group may designate certain derivatives as hedging instruments to hedge the fair value of recognised assets or liabilities (fair value hedges), the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates (cash flow hedges), and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation (net investment hedges). At inception of designated hedging relationships, the group documents the risk management objective and strategy for undertaking the hedge. The group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve within equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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

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

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

3.2.2 Impact of transition to IFRS 9
The following table summarises the impact of transition to IFRS 9 on the group's financial statements as of 1 January 2018:

[illegible]	1 January 2018
Reclassification of hedge reserve	174
Other effects	4
Tax effects	(40)
Total impact on equity:	**138**

The group has elected to adopt the new general hedge accounting model in IFRS 9. The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. The group has concluded that all hedge relationships designated under IAS 39 as of 31 December 2017 met the criteria for hedge accounting under IFRS 9 as of 1 January 2018 and therefore regarded as continuing hedging relationships.

The group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings, receivables, sales and inventory purchases. For all cash flow hedges under IAS 39, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged transaction occurs and affects profit or loss. Under IFRS 9, for cash flow hedges associated with forecast transactions that subsequently result in recognition of a non-financial asset or a non-financial liability, the amounts accumulated in the cash flow hedge reserve and the cost of hedging reserve are instead included directly in the initial cost of the non-financial asset or non-financial liability when recognised. This change has resulted in an increase of NOK 174 million excluding tax of the carrying amount of the hedge reserve

No significant changes in loss allowances have been necessary in order to satisfy the impairment requirement under IFRS 9. There is no significant impact on the consolidated financial statements from adopting the new impairment model.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for held to maturity investments, loans and receivables and available for sale financial assets.

Under IFRS 9, a financial asset is classified on initial recognition as measured at amortised cost, fair value to other comprehensive income (FVOCI) debt investments, FVOCI equity investment or fair value through profit or loss (FVPL).

On the date of initial application of IFRS 9, Aker's financial instrument assets were classified into measurement categories as follows. The table shows the assets by category according to previous requirements and according to IFRS 9.

Financial assets at 1 January 2018

	Measurement category		Carrying amount	
[illegible]	**Previous standard (IAS 39)**	**New standard (IFRS 9)**	**Previous standard (IAS 39)**	**New standard (IFRS 9)**
Other investments	Available for sale	Equity instrument at FVOCI	412	416
	Available for sale	Debt investment at FVOCI	392	392
	Available for sale	Fair value through profit or loss	617	617
Financial interest-bearing non-current assets	Available for sale	Equity investment at FVOCI	402	402
	Amortised cost	Amortised cost	4 961	4 961
Other non-current assets including long-term derivatives	Held for trading	Fair value through profit or loss	50	50
	Fair value through profit or loss	Fair value through profit or loss	99	99
	Amortised cost	Amortised cost	104	104
Trade receivables, other interest-free short-term receivables	Available for sale	Fair value through profit or loss	19	19
	Amortised cost	Amortised cost	6 078	6 075
Current derivatives	Held for trading	Fair value - hedging instrument	161	103
	Fair value - hedging instrument	Fair value - hedging instrument	198	430
Interest-bearing short-term receivables	Fair value through profit or loss	Fair value through profit or loss	69	69
	Available for sale	Amortised cost	10	10
	Amortised cost	Amortised cost	245	245
Cash and cash equivalents	Amortised cost	Amortised cost	8 148	8 148
Total financial assets			**21 963**	**22 140**

There are no changes related to the classification of Aker's financial liabilities following the implementation of IFRS 9.

Note 4 | New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. The group has however not early adopted the new or amended standards in preparing these consolidated financial statements.

Of those standards that are not yet effective, IFRS 16 Leases is expected to have material impact on the group's financial statements in the period of initial application.

IFRS 16 LEASES

The group is required to adopt IFRS 16 Leases from 1 January 2019. The standard replaces IAS 17 Leases and related interpretations. The group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may differ from the estimate.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees, with optional exemptions for short-term leases and leases of low value items. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to current standard – i.e. lessors continue to classify leases as finance or operating leases.

Leases in which the group is a lessee

The group will recognise new assets and liabilities for its operating leases of warehouses, rental of offices and factory facilities and machines and vehicles. The nature of expenses related to those leases will now change because the group will recognise a depreciation charge for right-of-use assets and interest expenses on lease liabilities.

Previously, the group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the group will include the payments due under the lease in its lease liability. No significant impact is expected for the group's finance leases.

Based on the information current available, the group estimates that it will recognise additional lease liabilities of approximately NOK 6.5 billion as of 1 January 2019.

Leases in which the group is a lessor

The group has reassessed the classification of sub-leases in which the group is a lessor. Based on the information currently available, the group expects that it will reclassify some of its sub-leases as a finance lease, resulting in recognition of a finance lease receivable of approximately NOK 0.7 billion as of 1 January 2019.

No significant impact is expected for other leases in which the group is a lessor.

Transition

The group plans to apply IFRS 16 initially from 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of equity at 1 January 2019, with no restatement of comparative information. Based on the information current available, the group estimates that the impact of transition to IFRS 16 on the group's equity as of 1 January 2019 is a reduction of approximately NOK 0.4 billion.

The group plans to apply the following practical expedients on transition to IFRS 16:

- Non-lease components for housing contracts, machines and vehicles will not be separated.
- Rely on assessment of whether leases are onerous applying IAS 37 on 31 December 2018 as an alternative to performing an impairment review of right-of-use assets for all leases on 1 January 2019. The group expects to reduce the right-of-use assets at 1 January 2019 by approximately NOK 0.2 billion of the onerous lease provision recognised as of 31 December 2018.
- Apply the short-term lease practical expedient to leases ending within 2019 and assets of low value on a lease-by-lease basis
- Exclude initial direct costs from measurement of right-of-use assets at the date of initial application.

Based on the information current available, the group estimates that it will recognise right-of-use assets of approximately NOK 5.0 billion as of 1 January 2019 after reclassification of finance lease and onerous lease provisions as mentioned above

Other standards

The following amended standards and interpretations are not expected to have a significant impact on the group's consolidated financial statements:

- IFRIC 23 Uncertainty over Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvements to IFRS Standards 2015-2017 Cycle – various standards
- Amendments to References to Conceptual Framework in IFRS Standards
- IFRS 17 Insurance Contracts

Note 5 | Accounting principles

The accounting principles presented below have been applied consistently for all periods and companies that are presented in the consolidated financial statements. Comparative figures have been restated in accordance with this year's presentation, see however information provided in Note 3 regarding IFRS 15 Revenue from Contracts with customers and IFRS 9 Financial Instruments.

5.1. GROUP ACCOUNTING AND CONSOLIDATION PRINCIPLES

5.1.1. Subsidiaries

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

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

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

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

Minority interests have been disclosed separately from the parent company owners' equity and liabilities in the balance sheet, and are recorded as a separate item in the consolidated profit and loss account.

5.1.2. Investments in associates

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

Investments include goodwill upon acquisition less any accumulated impairment losses. The consolidated financial statements reflect the group's share of the associate's profits or losses and equity changes, after restatement to comply with the group's accounting principles, from the time significant influence is established until such influence ceases. If the group's share of accumulated losses exceeds its interest in the entity, the group does not recognise further losses unless it has incurred or guaranteed obligations with respect to the associate. If control is achieved in stages, goodwill is measured on the date control is obtained, and any changes in the value of previously held equity interests are recognised as profits or losses.

5.1.3. Interests in joint arrangements

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

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

The subsidiary Aker Energy has a 50 per cent ownership interest in a license offshore Ghana, which is classified as joint operations under IFRS 11. The group recognises the investment by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the financial statements.

5.1.4. Elimination of transactions upon consolidation

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

5.1.5. Foreign currency translations and transactions

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

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

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

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

5.2. DISCONTINUED OPERATIONS

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

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

5.3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

5.3.1. Revenue from contracts with customers

The group has initially applied IFRS 15 Revenue from Contracts with Customers from 1 January 2018. Information about the effect of initially applying IFRS 15 and the group's accounting policies relating to contracts with customers are provided in Note 3.

5.3.2. Revenue from charter agreements

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

5.3.3. Other income

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

5.4. PENSION BENEFITS AND SHARE-BASED PAYMENTS

5.4.1. Pension benefits

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

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

5.4.2. Share-based payments

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

5.5. EXPENSES

5.5.1. Lease agreements (as lessee)

Leases under which a significant proportion of the risks and rewards of ownership is retained by the lessor are classified as operating leases.

Lease payments under operating leases are recognised in the profit and loss account on a straight-line basis over the lease period. Any lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

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

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

5.5.2. Finance expenses

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

5.5.3. Income tax

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

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

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

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

Deferred tax assets and liabilities are offset if:

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

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

5.6. INVENTORY

Inventory is stated at the lower of cost or net realisable value. Cost is determined by the first-in first-out (FIFO) method, or the weighted average cost formula depending on the nature of the inventory. The cost of finished goods and work in progress comprises raw materials, direct labour and other direct costs, and related production overhead (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses

5.7. PROPERTY, PLANT, AND EQUIPMENT

5.7.1. Recognition and measurement

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

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

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

5.7.2. Subsequent costs

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

5.7.3. Depreciation

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

5.8. INTANGIBLE ASSETS

5.8.1. Goodwill

All business combinations in the group are recognised using the acquisition method. Goodwill represents values arising from the acquisitions of subsidiaries, associates, and joint ventures. Goodwill is allocated to cash-generating units and is tested annually for impairment. For associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the associates. Negative goodwill arising on an acquisition is recognised directly in the profit and loss account. Minority interests are measured at the net value of identifiable assets and liabilities in the acquired company or at fair-value including a goodwill element. The method of measurement is decided individually for each acquisition.

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

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

5.8.2. Research and development

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

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

5.8.3. Other intangible assets

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

5.9. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

5.10. ASSETS HELD FOR SALE OR DISTRIBUTION

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

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

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

5.11. FINANCIAL ASSETS AND LIABILITIES

The group has initially applied IFRS 9 Financial instruments from 1 January 2018. Information about the effect of initially applying IFRS 9 and the group's accounting policies relating to financial assets and liabilities are provided in Note 3

5.12. SHARE CAPITAL, TREASURY SHARES AND EQUITY RESERVES

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

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

The fair value reserve comprises the cumulative net change in the fair value of financial assets at FVOCI.

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

5.13. PROVISIONS

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

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

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

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

5.14. EARNINGS PER SHARE

The calculation of ordinary earnings per share is based on the profit attributable to ordinary shares using the weighted average number of shares outstanding during the reporting period, after deduction of the average number of treasury shares held over the period. The calculation of diluted earnings per share is consistent with the calculation of ordinary earnings per share, and gives effect to all ordinary shares with dilutive potential that were outstanding during the period.

5.15. SEGMENT REPORTING

Aker defines operating segments based on the group's internal management and reporting structure. The group's chief operating decision maker, responsible for the allocation of resources and assessment of the performance in the different operating segments, is defined as the board of directors, the group president and CEO and the CFO. Aker's investment portfolio comprises two segments: Industrial holdings and Financial investments. The recognition and measurement applied in segment reporting is consistent with the accounting principles applied when preparing the financial statements. Transactions between segments are conducted on market terms and conditions. Comparative segment information is usually re-presented for changes in reporting segments. See Note 9 Operating segments and significant subsidiaries.

Note 6 | Financial risk and exposure

FINANCIAL RISK

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

CAPITAL MANAGEMENT

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

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

The governing principle of Aker's dividend policy is that the company at all times should have a solid balance sheet and liquidity reserves sufficient to deal with future liabilities. The policy of the company is to pay annual dividends corresponding to 2-4 per cent of net asset value (value-adjusted). The market prices of listed companies are used in calculating net asset value, while book values are used for other assets.

CREDIT RISK

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

Trade receivables presented in the balance sheet are net of provisions for bad debts, which are estimated based on prior experience as well as specific assessments for some of the receivables.

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

The company within the group with the largest exposure to credit risk, is Ocean Yield. Ocean Yield faces credit risk through counterparties that may not be able to meet its obligations under a long-term charter contract. In order to mitigate this, the company charters out the vessels to internationally well-recognised companies within the shipping and offshore industry. However, as shipping and oil service markets are volatile, there is no complete protection against potential counterparty default. In December 2018, Solstad Offshore entered into a 6-month standstill period with respect to payment of interest, instalments and charter hire with the secured lenders and other creditors. Following the standstill agreement there is a risk related to Solstad Offshore's obligations under the charter contract with Ocean Yield for the two AHTS vessels Far Senator and Far Statesman. This resulted in an impairment of the two vessels at the end of 2018, see Note 12.

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

[illegible]	Note	2018 Carrying amount - exposure to credit risk (IFRS 9 categories) Fair value through profit and loss	Fair value through other comprehensive income (FVOCI)	Receivables at amortised cost	Derivatives qualified for hedge accounting at FVOCI	Total
Financial interest-bearing non-current assets	18	-	-	11 304	-	**11 304**
Other non-current assets including long-term derivatives	19	61	512	71	-	**644**
Trade receivables, other interest-free short-term receivables	21	12	-	5 875	-	**5 888**
Current derivatives	30	64	-	-	342	**406**
Interest bearing short term receivables	18	25	-	426	-	**451**
Cash and cash equivalents	9	-	-	9 786	-	**9 786**
Total		163	512	27 462	342	**28 479**

Interest-bearing receivables were impaired with NOK 29 million in 2018. In addition, a shareholder loan of NOK 35 million from Akastor to the joint venture DOF Deepwater AS is recognised against the share of losses from the joint venture (See Note 32).

[illegible]	Note	2017 Carrying amount - exposure to credit risk (IAS 39 categories) Classified as held for trading	Designated at fair value through profit and loss	Available for sale financial assets	Receivables at amortised cost	Derivatives qualified for hedge accounting at FVOCI	Total
Financial interest-bearing non-current assets	18	-	-	402	4 961	-	**5 363**
Other non-current assets including long-term derivatives	19	50	99	-	104	-	**252**
Trade receivables, other interest-free short-term receivables	21	-	-	19	6 078	-	**6 097**
Current derivatives	30	161	-	-	-	198	**359**
Interest-bearing short-term receivables	18	-	69	10	245	-	**324**
Cash and cash equivalents	9	-	-	-	8 148	-	**8 148**
Total		210	168	431	19 535	198	**20 543**

Aging trade receivables and contract assets:

[illegible]	Gross trade receivables and contract assets 2018	Gross trade receivables 2017
Not past due	8 459	3 297
Past due 0-30 days	673	642
Past due 31-120 days	332	211
Past due 121-365 days	261	392
Past due more than one year	648	698
Total	10 372	5 240

Movements in allocation to loss on trade receivable and contract assets:

[illegible]	
Balance at 31 December 2017	(324)
Adjustment on initial application of IFRS 9	(3)
Balance at 1 January 2018	**(327)**
Impairment loss (write-off) included in operating profit	(155)
Reversal of impairments included in operating profit	10
Impairment included in net financial items	(24)
Provisions utilised during the year	197
Other changes	43
Effects of changes in foreign exchange rates	(12)
Allocation to loss on trade receivable and contract assets at 31 December 2018	**(268)**

LIQUIDITY RISK

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

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

		2018 Contractual cash flows including estimated interest payments					
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Secured loans	18 115	(21 968)	(1 760)	(1 661)	(5 099)	(10 274)	(3 174)
Unsecured bank loans	988	(1 155)	(68)	(77)	(195)	(815)	-
Unsecured bond issues	11 021	(12 412)	(288)	(2 694)	(2 940)	(6 490)	-
Other liabilities	171	(174)	(94)	-	(68)	-	(12)
Credit facilities	132	(132)	(132)	-	-	-	-
Total contractual cash flows for interest-bearing liabilities	30 427	(35 841)	(2 342)	(4 432)	(8 302)	(17 579)	(3 186)
Short-term derivative financial liabilities	585	(586)	(373)	(152)	(54)	(7)	-
Long term derivative financial liabilities	232	(338)	-	-	(189)	(149)	-
Total contractual cash flows for interest-bearing liabilities and derivatives	31 244	(36 765)	(2 715)	(4 584)	(8 545)	(17 735)	(3 186)
Trade and other payables	16 816						
Long-term interest-free liabilities	2 746						
Total liabilities	50 806						

Overview of contractual maturities:

		2018 Contractual cash flows including estimated interest payments					
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Industrial holdings	21 090	(25 653)	(1 611)	(2 809)	(3 775)	(14 472)	(3 186)
Financial investments	975	(1 005)	(264)	(93)	(647)	(1)	-
Aker ASA and holding companies	9 179	(9 907)	(840)	(1 682)	(4 123)	(3 262)	-
Total contractual cash flows for interest-bearing liabilities and derivatives	31 244	(36 765)	(2 715)	(4 584)	(8 545)	(17 735)	(3 186)

Long-term interest-free liabilities include NOK 515 million in deferred tax liabilities and NOK 381 million in deferred revenue and prepaid charter hire.

The Group's liquidity requirements are expected to be met through the balances of liquid assets and cash flow from operating activities. As at 31 December 2018, the group had cash and cash equivalents of NOK 9 786 million. In addition, the group has interest-bearing assets of NOK 1 755 million (see Note 18), and other investments of NOK 1 989 million (see Note 19).

OIL PRICE RISK

The equity accounted investment in Aker BP represents a substantial part of the group's assets. Since Aker BP's revenues are derived from the sale of petroleum products, the value of the investment and the group's share of profit or loss are therefore exposed to oil and gas price fluctuations. With the current unstable macro environment, Aker BP is continuously evaluating and assessing opportunities for hedging as part of a prudent financial risk management process. At year-end 2018, the company had entered into commodity hedges for 2019 consisting of put options with average strike price of 55 USD/bbl for approximately 12 per cent of estimated 2019 oil production. This corresponds to approximately 40 per cent of the after-tax value of estimated oil production.

Although Aker's subsidiary Aker Energy does not currently have any production of hydrocarbons, the company is exposed to the oil markets in several aspects. Market conditions will influence banks and investors' appetite to lend to, or invest in, Aker Energy. Furthermore, Aker Energy is exposed to the cost levels in the supplier industry that is a function of the capacity and activity levels in the sector.

CURRENCY RISK

Aker's operation in the international market results in various types of currency exposure for the group. Currency risks arise through ordinary, future business transactions, capitalised assets and liabilities, and when such transactions involve payment in a currency other than the functional currency of the respective company. In addition, currency risk arises from investments in foreign subsidiaries. The group's main exposures are against USD, GBP, EUR and BRL, but it is also exposed to several other currencies.

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

Country	Currency	Average rate 2018	Rate at 31 Dec. 2018	Average rate 2017	Rate at 31 Dec. 2017
USA	USD 1	8.13	8.69	8.27	8.21
Great Britain	GBP 1	10.85	11.12	10.65	11.09
The European Union	EUR 1	9.60	9.95	9.33	9.84
Brazil	BRL 1	2.25	2.24	2.59	2.48

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

The table below illustrates the Group's sensitivity to foreign currency rate fluctuations. If the Norwegian krone had been 10% stronger against USD in 2018, the effects on the consolidated financial statements would have been as shown below. The sensitivity analysis does not take into account other effects of a stronger currency, such as competitiveness, change in the value of derivatives etc.

[illegible]	Operating revenue	Profit before tax	Equity
USD	8 976	2 364	22 805
Other currencies	10 785	402	9 771
NOK	22 402	(1 347)	9 342
Total	42 163	1 420	41 918
Change if NOK 10% stronger against USD	(1 976)	(277)	(3 258)
When NOK 10% stronger against USD	40 187	1 143	38 660

Aker ASA and the operational companies in the group have prepared guidelines on the management of currency risks, including hedging of expected future cash flows and value of assets and liabilities in foreign currencies. The group uses currency forward contracts and currency option contracts to reduce currency exposure. The net value of the group's currency contracts was NOK -392 million as at 31 December 2018.

INTEREST RATE RISK

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

As at 31 December 2018, the interest rate profile of the group's interest-bearing financial instruments was as follows:

[illegible]	2018	2017
Fixed rate instruments:		
Financial assets	**1 708**	471
Financial liabilities	**(5 100)**	(3 824)
Net fixed rate instruments	**(3 392)**	(3 353)
Variable rate instruments:		
Financial assets	**19 833**	13 363
Financial liabilities	**(25 327)**	(24 301)
Net variable rate instruments	**(5 494)**	(10 937)
Net interest-bearing debt (-) / assets (+)	**(8 886)**	(14 290)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not recognise any fixed rate financial assets and liabilities at fair value through profit or loss. At 31 December 2018, the fair value of interest rate swaps designated as hedges for parts of debt was NOK -9 million. A change in interest rates as at the reporting date would not affect profit or loss, but would appear as a change in the fair value of the cash flow hedge in the Group's comprehensive income. Other interest rate derivatives are not designated as hedges, and hence a change in the interest rate would affect profit or loss with respect to these instruments. In 2018, the Aker Group has an income of NOK 57 million related to interest rate derivatives

Note 7 | Acquisition of subsidiaries and transactions with minority interests

ACQUISITION OF SUBSIDIARIES IN 2018

Aker Energy

Aker Energy AS ("Aker Energy") was founded in February 2018 and is owned 49 per cent by Aker ASA and 49 per cent by The Resource Group TRG AS. Based on an assessment under IFRS 10, Aker Energy is fully consolidated in the Aker Group. On 1 June 2018 Aker Energy Ghana AS, a subsidiary of Aker Energy, completed the acquisition of Hess Ghana, the operator of the Deepwater Tano Cape Three Points block ("DWT/CTP") with a 50 percent participating interest in the license. The acquisition is regarded as an acquisition of an asset. The transaction has a total cash consideration of USD 102 million, where USD 27 million was paid upon closing of the transaction and a further USD 75 million will be payable upon approval of the PoD for the DWT/CTP block.

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

Intangible assets - value of licenses	880
Other current operating assets	2
Cash and cash equivalents	12
Total assets	**894**
Trade creditors	1
Other non-current liabilities	64
Total liabilities	**65**
Total identifiable net assets at fair value	829
Contingent consideration	(611)
Total consideration paid on acquisition	**218**
Less cash and cash equivalents acquired	(12)
Acquisition, net of cash acquired	**205**

Aker BioMarine

On 17 January 2018, Aker BioMarine Antarctic AS (AKBMA) entered into an Asset Purchase Agreement pursuant to which AKBMA acquired from Enzymotec Ltd assets and certain liabilities related to the global krill operations of Enzymotec. Total payable was equivalent to NOK 214 million. The purchase price reflects, among other things, payment of transferred inventory and consideration for customer relationships and trademark.

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

Intangible assets	168
Inventory	37
Goodwill arising on acquisition	10
Total consideration paid on acquisition	**214**

In addition, on 3 July 2018 Aker BioMarine Antarctic AS (AKBMA) entered into a Settlement and Termination Agreement with Orochem Technologies, Inc (Orochem), whereupon the existing Equipment and License Agreement were terminated and Orochem assigned to AKBMA its entire right, title, and interest in the patents, inventions for removal of arsenic from krill oil and ownership to purification technology. Total settlement was equivalent to NOK 23 million, hereof NOK 3 million related to royalty payable until the settlement date and NOK 20 million related to the intangible asset acquired.

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

TRANSACTIONS WITH MINORITY INTERESTS IN 2018

In 2018, acquisition and sale of minority interests and subsidiaries' purchase and sale of own shares lead to an increase in minority interests of NOK 37 million and a decrease in majority interests of NOK 17 million, recognised directly in equity and attributed to the equity holders in the parent company. See also Note 23.

ACQUISITION OF SUBSIDIARIES IN 2017

Aker Solutions

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

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

Property, plant, and equipment	5
Intangible assets	45
Total assets	**50**
Current operating liabilities	68
Total liabilities	**68**
Total identifiable net assets at fair value	(18)
Goodwill arising on acquisition	231
Total consideration paid on acquisition	**213**

Aker BioMarine

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

Intangible assets	250
Inventory	40
Total consideration paid on acquisition	**289**

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

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

TRANSACTIONS WITH MINORITY INTERESTS IN 2017

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

Note 8 | Sale of subsidiaries and discontinued operations

SALE OF SUBSIDIARIES

In April 2018, Aker sold real estate land areas at Fornebu. The sale resulted in a gain in Aker Group accounts of NOK 232 million. The disposal did not represent a separate major line of business and is not presented as discontinued operations. There have been no major sales of subsidiaries in 2018 except for the sales described below for discontinued operations

DISCONTINUED OPERATIONS IN 2018

On September 26, 2018, Akastor completed the transaction to divest 50 percent of its shares in AKOFS Offshore to MITSUI & CO., Ltd. ("Mitsui") and Mitsui O.S.K. Lines, Ltd. ("MOL") for a total consideration of USD 142.5 million with interest of 4 per cent from the locked box date on December 31, 2017. In addition, there are certain preferential rights in respect of the operations of AKOFS Seafarer, including guaranteed return to Mitsui and MOL and earn-out payments to Akastor in the first six years of operations. The transaction does not include the existing joint venture, Avium Subsea AS, between Akastor, Mitsui and MOL. Following the transaction, AKOFS Offshore was restructured to consolidate 100 per cent ownership interest in Avium Subsea AS. Akastor, Mitsui and MOL holds 50 per cent, 25 per cent and 25 per cent of the shares in AKOFS Offshore, respectively. AKOFS Offshore is classified as a joint venture to the group and consolidated using the equity method. The AKOFS Offshore operations, exclusive Avium Subsea AS, are classified as discontinued operations and the comparative statement of profit and loss has been restated to show the discontinued operations separately from continuing operations.

DISCONTINUED OPERATIONS IN 2017

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

RESULTS FROM DISCONTINUED OPERATIONS

Amounts in NOK million	2018	2017
Operating revenues	821	742
Operating expenses	(850)	(940)
Financial items	(176)	(103)
Profit before tax	(204)	(301)
Tax expense	(33)	128
Profit for the period	(237)	(174)
Gain after tax from discontinued operations	675	-
Net profit from discontinued operations classified in 2018	438	(174)
Classified as discontinued operations previous years:		
Operations within Akastor	-	1 049
Operations within Kvaerner	-	31
Total profit from discontinued operations	438	906

CASH FLOW FROM DISCONTINUED OPERATIONS

	2018	2017
Net cash flow from operating activities	8	(322)
Net cash flow from investing activities	1 043	(42)
Net cash flow discontinued operations	1 051	(364)
Classified as discontinued operations previous years:		
Operations within Akastor	-	876
Operations within Kvaerner	(3)	(3)
Total from discontinued operations	1 048	509

ASSETS AND LIABILITIES HELD FOR SALE

Liabilities of NOK 34 million classified as held for sale at 31 December 2018 are remaining legacies related to Kvaerner's sale of its the onshore construction business in North America in 2013.

Note 9 | Operating segments and significant subsidiaries

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

Aker's investment portfolio comprises two segments: Industrial holdings and Financial investments. The primary focus for businesses within Industrial holdings is long-term value creation. Businesses within Financial investments are managed as a portfolio with focus on financial and strategic opportunities.

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

AN OVERVIEW OF OPERATING SEGMENTS

Industrial holdings	
Aker Solutions	Leading global supplier of products, systems and services for the oil and gas industry. The Aker Group's ownership interest is 46.93%. Aker ASA indirectly owns 34.76%. Aker Kværner Holding AS owns 40.56% of Aker Solutions ASA. Aker ASA owns 70% of Aker Kværner Holding AS. In addition, Aker ASA owns directly 6.37% of Aker Solutions ASA.
Akastor	Akastor is an oil-services investment company with a portfolio of industrial holdings and other investments. The Aker Group's ownership interest is 48.78%. Aker ASA indirectly owns 36.71%. Aker Kværner Holding AS owns 40.27% of Akastor ASA. Aker ASA owns 70% of Aker Kværner Holding AS. In addition, Aker ASA owns directly 8.52% of Akastor ASA.
Aker BP	Exploration and production (E&P) company on the Norwegian Continental Shelf. Ownership interest 40.00%. The company is defined as an associated company in the Aker Group, and is accounted for using the equity method.
Kværner	Leading global provider of engineering and construction services to the energy and process industry. The Aker Group's ownership interest is 41.02%. Aker ASA indirectly owns 28.71%. Aker Kværner Holding AS owns 41.02% of Kværner ASA. Aker ASA owns 70% of Aker Kværner Holding AS.
Ocean Yield	Owns, operates and charters vessels. Ownership interest 61.65% as at 31 December 2018.
Aker BioMarine	Biotechnology company. Harvesting of krill, production and sale. Ownership interest 100%.
Financial investments	
Philly Shipyard	Design and construction of vessels. Ownership interest 57.56%.
Solstad Offshore	Owns and operates platform supply-vessels, anchor handling vessels and construction service-vessels. Ownership interest 23.10%. The company is defined as an associated company in the Aker Group, and is accounted for using the equity method.
Aker Energy	E&P company. Owns a 50% ownership interest in the Deepwater Tano Cape Three Points block that is under development in Ghana. The group's ownership in the company is 49.03%. With effect from 2019, Aker Energy will be part of industrial holdings.
Cognite	Software and digitalisation company. Ownership interest 65.24%. With effect from 2019, Cognite will be part of industrial holdings.
Other and eliminations	
Aker ASA and holding companies	Cash, other financial investments and other assets. Companies included are listed in Note 1 in the annual accounts of Aker ASA and holding companies.
Other	Other companies and eliminations. See next section for overview of group entities.

SUBSIDIARIES

Aker Solutions, Akastor and Kvaerner

The board and management of Aker have considered whether the company's indirect and direct ownership interests in Aker Solutions and Akastor, as well as the indirect ownership in Kvaerner, are sufficient to give it control under IFRS 10. The primary consideration has been whether Aker is able to control the outcome of voting at the companies' general meetings. After careful consideration of this question based on both the absolute and relative ownership interests and attendance at previous general meetings of the companies and comparable companies, Aker has concluded that such control exists. Consideration has also been given to all other relevant factors mentioned in IFRS 10 that may help to illuminate the question of control further. Factors indicating that Aker has control include Aker's representation on the nomination committees, the fact that leading employees have previously worked for Aker, the fact that the companies themselves consider Aker an active owner, etc. On the other hand, in isolation, the shareholder's agreement with the Norwegian State relating to the holding company Aker Kværner Holding AS is a factor in favour of Aker not having control. Based on an overall assessment, the conclusion is that Aker does have control over Aker Solutions, Akastor and Kvaerner.

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

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

For further information regarding significant subsidiaries in the listed companies Aker Solutions ASA, Akastor ASA, Kværner ASA, Philly Shipyard ASA and Ocean Yield ASA, please refer to the companies' own annual reports.

		Business address	
	Group's ownership in % [*]	City location	Country
Aker BioMarine AS	100.00	Fornebu	Norway
Aker BioMarine Antarctic AS	100.00	Fornebu	Norway
Aker Capital AS	100.00	Fornebu	Norway
Ocean Yield ASA (OCY)	61.65	Fornebu	Norway
Aker Energy AS	49.03	Fornebu	Norway
Philly Shipyard ASA (PHLY)	57.56	Oslo	Norway
Cognite AS	65.24	Fornebu	Norway
FP Eiendom AS [1]	100.00	Fornebu	Norway
Aker Kværner Holding AS	70.00	Fornebu	Norway
Aker Solutions ASA (AKSO)	40.56 [2]	Fornebu	Norway
Akastor ASA (AKA)	40.27 [3]	Fornebu	Norway
Kværner ASA (KVAER)	41.02	Fornebu	Norway

1) In accordance with UK Companies Act 2006, FP Eiendom AS' indirectly owned subsidiaries Abstract (Aberdeen 2) Limited (reg. no. [illegible]), Abstract (Aberdeen 3) Limited (reg. no. [illegible]), Abstract (Aberdeen 4) Limited (reg. no. [illegible]), Abstract (Aberdeen 5) Limited (reg. no. [illegible]), Abstract (Aberdeen 6) Limited (reg. no. [illegible]), Abstract (Aberdeen 7) Limited (reg. no. [illegible]), Abstract (Aberdeen 8) Limited (reg. no. [illegible]), Abstract (Aberdeen 9) Limited (reg. no. [illegible]), Abstract (Aberdeen 10) Limited (reg. no. [illegible]), Aberdeen Residential Land Holdings Limited (reg. no. [illegible]), and Aberdeen International Business Park Limited (reg. no. [illegible]) are exempt from audit of accounts under section 479A.

2) In addition, Aker ASA owns [illegible] % directly.

3) In addition, Aker ASA owns [illegible] % directly.

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

2018 - OPERATING SEGMENTS

Amounts in NOK million	Aker Solutions	Akastor	Aker BP	Kværner	Ocean Yield	Aker Bio Marine	Elimina-tions and other	**Total industrial holdings**	**Financial investments and eliminations**	**Total**
External operating revenues	24 422	3 709	-	7 144	2 614	1 263	173	**39 326**	**2 838**	**42 163**
Inter-segment revenues	810	90	-	76	179	-	(1 117)	**38**	**(38)**	**-**
Operating revenues	25 232	3 800	-	7 220	2 793	1 263	(945)	**39 363**	**2 800**	**42 163**
EBITDA	1 810	290	-	437	2 299	269	(238)	**4 868**	**(471)**	**4 397**
Depreciation and amortisation	(739)	(181)	-	(110)	(803)	(179)	-	**(2 011)**	**(86)**	**(2 097)**
Impairments	(22)	-	-	-	(262)	(7)	-	**(291)**	**78**	**(213)**
Operating profit	1 049	109	-	327	1 235	83	(238)	**2 565**	**(479)**	**2 087**
Share of earnings in associates and joint ventures	-	(157)	1 547	-	-	-	-	**1 390**	**(763)**	**626**
Interest income	39	67	-	27	26	1	-	**160**	**92**	**252**
Interest expense	(236)	(90)	-	(20)	(676)	(100)	-	**(1 122)**	**(404)**	**(1 526)**
Other financial items	(60)	(20)	-	4	(84)	5	27	**(128)**	**109**	**(19)**
Profit before tax	792	(91)	1 547	338	501	(10)	(211)	**2 865**	**(1 445)**	**1 420**
Tax expense	(238)	(103)	-	(60)	(26)	2	(6)	**(430)**	**(60)**	**(490)**
Profit for the year from continuing operations	554	(194)	1 547	278	475	(8)	(217)	**2 434**	**(1 504)**	**930**
Result from discontinued operations (net of tax)	-	(128)	-	-	-	-	364	**236**	**202**	**438**
Profit for the year	554	(322)	1 547	278	475	(8)	147	**2 670**	**(1 302)**	**1 368**
Profit for the year to equity holders of the parent	488	(278)	1 547	278	475	(8)	147	**2 648**	**(1 742)**	**906**
Property, plant, and equipment	3 044	825	-	967	10 388	2 019	-	**17 243**	**1 018**	**18 262**
Intangibles assets	5 686	1 260	-	710	-	992	-	**8 647**	**2 329**	**10 976**
Investment in equity accounted companies	1	1 088	19 878	69	1 668	-	-	**22 704**	**644**	**23 348**
External interest-bearing fixed assets	93	257	-	-	10 324	-	-	**10 674**	**1 081**	**11 755**
Cash and cash equivalent [1]	2 473	198	-	3 165	956	22	96	**6 910**	**2 876**	**9 786**
Internal interest-bearing liabilities	-	-	-	-	-	(324)	-	**(324)**	**324**	**-**
External interest-bearing liabilities	(2 913)	(602)	-	-	(15 317)	(1 460)	-	**(20 292)**	**(10 135)**	**(30 427)**
Net tax liabilities(-)/assets(+)	439	361	-	(265)	(7)	-	29	**556**	**(34)**	**523**
Other assets and liabilities	(1 214)	930	-	(1 206)	(663)	305	(182)	**(2 030)**	**(274)**	**(2 304)**
Equity	7 608	4 317	19 878	3 439	7 348	1 554	(57)	**44 087**	**(2 170)**	**41 918**
Minority interest	(106)	-	-	-	-	-	55	**(52)**	**(19 856)**	**(19 908)**
Total equity attributable to equity holders of the parent	7 502	4 317	19 878	3 439	7 348	1 554	(3)	**44 035**	**(22 026)**	**22 009**
Value 100 per cent [2]	10 769	3 542	31 403	3 231	9 433	2 411	-	**60 789**		**34 312**
Investments [3]	505	131	-	334	21	545	-	**1 537**	**1 569**	**3 106**
Aker ASA and holding companies key figures:										
Dividends received	-	-	1 465	-	613	-	-	**2 078**	**96**	**2 174**
Gross asset value (GAV) [4]	3 750	1 313	31 403	931	5 816	2 411	-	**45 625**	**5 588**	**51 213**

1) There are restrictions on the cash transfers between Aker ASA and holding companies and subsidiaries. Restricted cash at end of 2018 was NOK 45 million.
2) Listed companies at 100 per cent of market value, with exception of Aker BP which is 40 per cent of market value. Other companies at book value in Aker ASA and holding companies. Total is market value of Aker ASA.
3) Investment include acquisitions of property, plant and equipment and intangibles (including investments due to business combination.)
4) Listed companies at market value and other companies at book value.

2017 - OPERATING SEGMENTS

	Aker Solutions	Akastor	Aker BP	Kværner	Ocean Yield	Aker BioMarine	Elimi-nations	**Total industrial holdings**	**Financial investments and eliminations**	**Total**
External operating revenues	21 891	3 519	-	6 501	2 371	1 038	(28)	**35 492**	**5 376**	**40 868**
Inter-segment revenues	570	87	-	35	233	-	(921)	**3**	**(3)**	**-**
Operating revenues	22 461	3 606	-	6 536	2 804	1 038	(950)	**35 495**	**5 373**	**40 868**
EBITDA	1 519	116	-	799	2 535	142	(195)	**4 916**	**644**	**5 559**
Depreciation and amortisation	(792)	(278)	-	(90)	(849)	(142)	-	**(2 151)**	**(58)**	**(2 209)**
Impairments	(156)	(118)	-	(15)	-	(15)	-	**(304)**	**23**	**(281)**
Operating profit	571	(280)	-	693	1 686	(14)	(195)	**2 461**	**608**	**3 069**
Share of earnings in associates and joint ventures	-	(212)	909	-	-	-	-	**697**	**(73)**	**623**
Interest income	55	63	-	22	64	7	-	**211**	**113**	**325**
Interest expense	(293)	(144)	-	(20)	(573)	(95)	-	**(1 126)**	**(351)**	**(1 477)**
Other financial items	66	(113)	-	2	61	(36)	-	**(20)**	**123**	**103**
Profit before tax	399	(686)	909	697	1 238	(139)	(195)	**2 223**	**420**	**2 643**
Tax expense	(160)	(20)	-	(186)	(166)	(8)	(16)	**(556)**	**(293)**	**(850)**
Profit for the year from continuing operations	239	(706)	909	511	1 072	(147)	(212)	**1 667**	**127**	**1 793**
Result from discontinued operations (net of tax)	-	648	-	31	-	-	227	**906**	**-**	**906**
Profit for the year	239	(58)	909	542	1 072	(147)	15	**2 572**	**127**	**2 699**
Profit for the year to equity holders of the parent	77	(35)	909	157	702	(147)	(18)	**1 646**	**(128)**	**1 517**
Property, plant, and equipment	3 317	4 419	-	800	10 755	1 697	(180)	**20 807**	**1 371**	**22 178**
Intangibles assets	5 814	1 435	-	649	80	783	-	**8 762**	**721**	**9 482**
Investment in equity accounted companies	1	10	18 815	17	1 548	-	-	**20 391**	**1 233**	**21 624**
External interest-bearing fixed assets	167	1	-	-	4 732	-	-	**4 900**	**787**	**5 687**
Internal interest-bearing fixed assets	-	-	-	-	1 592	-	(1 592)	**-**	**-**	**-**
Cash and cash equivalent [1]	1 978	168	-	2 812	810	22	-	**5 790**	**2 357**	**8 148**
Internal interest-bearing liabilities	-	(1 494)	-	-	-	(823)	1 494	**(823)**	**823**	**-**
External interest-bearing liabilities	(3 114)	(1 038)	-	-	(12 394)	(1 434)	-	**(17 980)**	**(10 144)**	**(28 124)**
Net tax liabilities(-)/assets(+)	526	649	-	(219)	6	(1)	109	**1 070**	**30**	**1 100**
Other assets and liabilities	(1 640)	1 127	-	(884)	(306)	243	(95)	**(1 556)**	**1 520**	**(35)**
Equity	7 047	5 277	18 815	3 176	6 823	487	(264)	**41 361**	**(1 301)**	**40 059**
Minority interest	(67)	-	-	-	(85)	-	50	**(102)**	**(18 803)**	**(18 905)**
Total equity attributable to equity holders of the parent	6 981	5 277	18 815	3 176	6 737	487	(214)	**41 259**	**(20 104)**	**21 155**
Value 100 per cent [2]	12 542	4 448	29 083	4 216	10 308	1 411	-	**62 009**		**29 941**
Investments [3]	650	97	-	91	1 346	925	-	**3 107**	**652**	**3 759**
Aker ASA and holding companies key figures:										
Dividends received	-	-	820	-	603	-	-	**1 424**	**165**	**1 588**
Gross asset value (GAV) [4]	4 368	1 649	29 083	1 220	6 828	1 411	-	**44 560**	**5 829**	**50 389**

1) There are restrictions on the cash transfers between Aker ASA and holding companies and subsidiaries. Restricted cash at end of 2017 was NOK 45 million.
2) Listed companies at 100 per cent of market value, with exception of Aker BP, which is 40 per cent of market value, other companies at book value in Aker ASA and holding companies. Total is market value of Aker ASA.
3) Investment include acquisitions of property, plant and equipment and intangibles (including increases due to business combinations).
4) Listed companies at market value and other companies at book value.

GEOGRAPHICAL SEGMENTS BASED ON COMPANY LOCATION

	Operating revenue		Total properties, plants, equipment and intangibles	
	2018	2017	**2018**	2017
Norway	**27 973**	24 331	**14 760**	24 802
EU	**4 994**	3 024	**9 828**	2 576
North America	**2 924**	7 619	**1 629**	811
South America	**1 863**	2 396	**1 446**	2 494
Asia	**2 615**	2 290	**776**	861
Other areas	**1 794**	1 950	**799**	116
Discontinued operations	**-**	(742)	**-**	-
Total	**42 163**	40 868	**29 237**	31 660

Note 10 | Operating revenue

ANALYSIS OF OPERATING REVENUES BY CATEGORY

	2018	2017
Revenue from contracts with customers recognised over time	**35 110**	34 553
Revenue from contracts with customers recognised at a point in time	**3 470**	1 845
Leasing income	**2 402**	2 792
Other income	**1 182**	2 420
Discontinued operations	**-**	(742)
Total	**42 163**	40 868

Revenue from contracts with customers consist of construction contracts, service revenue and sale of standard products recognised over time or at a point in time in accordance with IFRS 15. Different types of customer contracts are described below. Warranty provisions related to on-going projects and onerous customer contracts provision are described in Note 28.

REVENUE FROM CONTRACTS WITH CUSTOMERS RECOGNISED OVER TIME

Revenue from contracts with customers in **Aker Solutions** totalled NOK 24.4 billion in 2018 and include contracts with customers to deliver services, technologies, products and solutions within Subsea and Field Design. Each contract within Subsea is usually assessed as one performance obligation as the deliveries are combined in one output. Each engineering, hook-up, modification and maintenance job within Field Design is usually assessed as a separate performance obligation and revenue is recognised over time using a cost progress method or according to delivered time and materials. Each service job under a frame agreement is usually assessed as a separate performance obligation and revenue is recognised according to delivered time and materials within Services. Payment terms are normally 30-90 days according to predefined milestones within Subsea and 30 days after time and materials are delivered within Field Design and Services.

Revenue from contracts with customers in **Kvaerner** totalled NOK 6.9 billion in 2018 and include contracts with customers to provide engineering, procurement and construction services (EPC-contracts) for offshore installations or onshore plants and decommissioning that have no alternative use for the group. These contracts will usually be one performance obligation and revenue is recognised over time using a cost progress method. Service revenue is recognised over time using a cost progress method or is recognised according to delivered time and materials. Payment terms are normally 30 days for construction contracts and on average around 45 days after time and materials are delivered for service revenue.

Revenue from contracts with customers in **Akastor** totalled NOK 2.5 billion in 2018 and include construction contracts with customers to provide drilling systems, products and services. Each of the construction contracts normally includes a single combined output for the customer, such as an integrated drilling equipment package. One single performance obligation is usually identified in each contract and revenue is recognised over time using a cost progress method. Service revenue is recognised over time using a cost progress method.

Revenue from contracts with customers in **Philly Shipyard** totalled NOK 1.1 billion in 2018 and include contracts with customers regarding construction of merchant vessels for the Jones Act market. Revenue from shipbuilding is recognised over time using a cost progress method.

REVENUE FROM CONTRACTS WITH CUSTOMERS AT POINT IN TIME

Revenue from contracts with customers in **Aker BioMarine** totalled NOK 1.2 billion in 2018 and include sale of krill products recognised at a point in time, when the customers obtains control over the goods, which is based on the contractual terms of the agreements. Upon sale of product, each sale would normally constitute two performance obligations.

Revenue from contracts with customers in **Akastor** totalled NOK 1.0 billion in 2018 and include revenue from sale of standard oilfield products recognised at a point in time, usually when the goods are delivered to the customers.

Revenue from contracts with customers in **FP Eiendom** totalled NOK 1.2 billion in 2018 and include revenue from sales of apartments recognised at a point in time at delivery to the customers.

IMPORTANT CUSTOMERS

Aker has one customer that has been invoiced for more than 10 per cent of the group's revenues in 2018.

ORDER INTAKE AND ORDER BACKLOG AT YEAR-END 2018

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

The order backlog represents an obligation to deliver goods and services not yet produced, as well as Aker's contractual entitlement to make future deliveries. The performance obligations in customer contracts vary from a few months to as long as five years. The order backlog as at 31 December 2018 was NOK 48.6 billion. The table below shows the expected timing of future revenue for ongoing and not yet started performance obligations at year-end.

[illegible]	Order intake 2018	Order backlog 2018	Timing of order backlog 2019	2020	2021	2022 and later
Aker Solutions	25 421	35 148	20 671	7 396	3 684	3 397
Kværner	9 828	10 625	6 663	2 827	979	157
Philly Shipyard	-	151	151	-	-	-
Akastor	4 481	2 692	1 271	1 421	-	-
Total	**39 730**	**48 616**	**28 756**	**11 644**	**4 663**	**3 554**

CONTRACT BALANCES

The following table provides information about contract assets and contract liabilities from contracts with customers.

[illegible]	31 December 2018	1 January 2018
Trade receivables	5 408	4 916
Contract assets	4 696	4 899
Contract liabilities	1 764	1 607

Contract assets relate to consideration for work completed, but not yet invoiced at the reporting date. The contract assets are transferred to receivables when the rights to payment become unconditional, which usually occurs when invoices are issued to the customers. Movements in allocation to loss on trade receivables and contract assets are described in Note 6. Contract liabilities relate to advances from customer for work not yet performed at the reporting date. Revenue recognised in 2018 that was included in contract liabilities in the beginning of the year is NOK 1 223 million. The change in contract assets and liabilities relates to the natural progression of the project portfolio, as well as the current project mix.

LEASING INCOME

Leasing income of NOK 2 402 million in 2018 consists mainly of NOK 1 707 million in financial lease income and NOK 513 million in operational lease income from bareboat hire in Ocean Yield.

FUTURE LEASE INCOME

Operating lease

[illegible]	Less than one year	Between one and five years	More than five years	Total
Ocean Yield	739	2 924	2 548	**6 211**
Akastor	116	47	15	**178**
Total operating lease	855	2 971	2 563	**6 389**

Finance lease

[illegible]	Less than one year	Between one and five years	More than five years	Total
Ocean Yield	1 218	4 489	8 410	**14 118**
Total finance lease	1 218	4 489	8 410	**14 118**

The table show gross future revenues from finance lease contracts. Present value of the future financial lease contracts is NOK 9 383 million.

OTHER INCOME

Other income of NOK 1 182 million in 2018 consist among others of gain from sale of subsidiaries and other assets and in addition NOK 393 million in share of earnings in joint ventures and associates.

Note 11 | Wages, personnel expenses and other operating expenses

[illegible]	2018	2017
Wages	**11 263**	11 223
Social security contributions	**1 611**	1 479
Pension costs	**749**	721
Other expenses	**698**	780
Personnel expenses included in other items [1]	**(358)**	(279)
Discontinued operations	**-**	(96)
Total wages and other personnel expenses	**13 963**	13 828

1) Related to capitalised construction expenses at Philly Shipyard

GEOGRAPHICAL SPLIT OF NUMBER OF EMPLOYEES:	2018	2017
Norway	**9 757**	9 423
EU	**2 426**	2 440
North America	**884**	1 262
South America	**4 001**	3 565
Asia	**2 549**	2 387
Other regions	**362**	367
Total number of employees at year-end	**19 979**	19 444
Average number of employees	**19 712**	20 099

OTHER OPERATING EXPENSES CONSIST OF THE FOLLOWING:

[illegible]	2018	2017
Rent and leasing expenses	**1 163**	1 206
Office equipment, sales- and administration expenses	**1 060**	834
External consultants and hired-ins, exclusive audit expenses (see below)	**1 005**	737
Travel expenses	**517**	481
Insurance	**169**	171
Loss on customer receivables	**155**	5
Miscellaneous operating expenses [2]	**1 866**	1 330
Discontinued operations	**-**	(66)
Total	**5 936**	4 698

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

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

[illegible]	Ordinary auditing	Consulting services	Total 2018	2017
Aker ASA	2	-	**2**	2
Subsidiaries	34	6	**40**	47
Total	36	6	**42**	50

Ordinary audit fees totalled NOK 36 million in 2018 (NOK 38 million in 2017).

Consulting services of NOK 6 million consist of NOK 3.5 million in other assurance services, NOK 1 million in tax advisory services and NOK 1.5 million in other non-audit services.

OPERATING LEASES

Lease and sublease payments recognised in the income statement:

	Minimum lease payments	Sublease income	2018	2017
Buildings and vessels	999	-	**999**	1 158
Machinery and equipment	163	-	**163**	36
Other agreements	1	-	**1**	12
Leasing agreements as part of other operating expenses	1 163	-	**1 163**	1 206
Part of operating revenue	-	(244)	**(244)**	(160)
Part of cost of goods and changes in inventory	263	-	**263**	302
Total leasing agreements	1 426	(244)	**1 182**	1 348

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

	2018	2017
Less than one year	**1 122**	1 394
Between one and five years	**3 474**	3 872
More than five years	**3 631**	4 211
Total	**8 228**	9 477

Aker's operational lease costs and future commitments relate mainly to rent of production sites, office facilities, IT services and ships, the majority of these relates to agreements in Aker Solutions with NOK 6 675 million excluding internal contracts, Akastor with NOK 937 million, Kvaerner with NOK 424 million and Aker BioMarine with NOK 56 million. The contracts relate to leasing of buildings and locations around the world, typical lease periods are 10-15 years with options for renewal at market value. The lease contracts regarding IT services, vehicles and equipment have an average lease term of 3-5 years.

Note 12 | Impairments

	2018	2017
Impairment losses on intangible assets (Note 16)	**(97)**	(167)
Impairment losses on property, plant and equipment (Note 15)	**(117)**	(132)
Reversal of impairment losses on property, plant and equipment (Note 15)	**-**	17
Total	**(213)**	(281)

Impairment losses on intangible assets in 2018 of NOK 97 million are mainly attributable to Ocean Yield with NOK 80 million, and Aker Solutions with NOK 15 million. Ocean Yield has made an impairment of goodwill related to the FPSO Dhirubhai-1. The reason for the impairment charges in Aker Solutions relates to capitalised development costs.

Impairment losses on property, plant and equipment of NOK 117 million in 2018 are mainly attributable to Ocean Yield with NOK 109 million and Aker Solutions with NOK 7 million. Ocean Yield has made an impairment charge related to the AHTS vessels Far Senator and Far Statesman.

Impairment losses on intangible assets in 2017 of NOK 167 million are mainly attributable to impairment charges in Aker Solutions and Kvaerner of capitalised development costs. The impairment in Akastor relates to intangible assets in MHWirth.

Impairment loss on property, plant and equipment of NOK 132 million in 2017 are mainly attributable to Aker Solutions related to assets in Norway and UK and to Akastor related to MHWirth.

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

IMPAIRMENT ASSESSMENTS

Determination of the recoverable amount

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

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

For the years 2018 and 2017, the recoverable amounts of the cash generating units are found by calculating the value in use. The calculations are based on future cash flows as assumed in current budgets and strategic plans. Cash flow after tax is used in the calculations and correspondingly discount rate after tax.

Discount rates:

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

	Discount rate, post tax		Discount rate, pre tax		Growth rate terminal value	
Selskap	**2018**	2017	**2018**	2017	**2018**	2017
Aker Solutions	**9.3-9.5**	8.4-8.7	**12.2-14.3**	11.0-11.6	**1.5**	1.5
Akastor	**10.0**	9.3-10.1	**12.2**	10.1-11.2	**≤ 2.0**	≤ 2.0
Kvaerner	**8.6**	8.7	**10.9-10.4**	11.3-11.6	**1.0**	1.0
Ocean Yield	**6.1-8.2**	6.1-8.3	**7.2-8.2**	6.8-8.8	**NA**	NA
Aker BioMarine	**11.0**	10.0	**12.7**	11.5	**2.0**	2.0

Cash flow assumptions:

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

For **Aker Solutions**, expectations about long-term oil prices are important when assessing the future market development for the products and services of the company. After several years with a challenging oil services market, the market recovery has continued in 2018. The long-term oil price per barrel has been assumed to gradually increase to USD 70 in the terminal year. This assumption is particularly sensitive in the current market conditions. Four years cash flows in the period 2019 to 2022 projected from the forecast and strategy process, approved by management and the Board of Directors in 2018, have been used as basis for the estimates of future cash flows. The forecasts are based on firm orders in the backlog and identified prospects in addition to expected service revenue. Changes in the assumptions related to the expected prospects can have a significant impact on the forecasted cash flows. The forecasted cash flows used in the impairment tests reflect organic growth only. Other parameters in the assessment are the mix of products and services, level of operating expenses and capital expenditure for maintenance of the asset portfolio.

For **Akastor**, the value-in-use calculations represent the operating earnings before depreciation and amortisation and are estimated based on the expected future performance of the existing businesses in their main markets. Assumptions are made regarding revenue growth, gross margins and other cost components based on historical experience as well as assessment of future market development and conditions. These assumptions require a high degree of judgement, given the significant degree of uncertainty regarding oilfield service activities in the forecast period. Akastor uses a constant growth rate not exceeding 2 per cent (including inflation) for periods beyond the management's forecast period of five years.

For **Kvaerner**, assumed project awards is an essential element in the impairment testing. The group's business development organisation reviews and considers market prospects and selects target projects. Target projects are included based on a probability that Kvaerner will be selected as supplier and estimated revenues and margins based on the scope of work and Kvaerner's experience and judgment from other projects. Cash flow projections for on-going projects are based on budget and forecast. Explicit period for estimated cash flows is 2019-2022. Terminal values reflecting long-term, steady state revenue and margin levels are estimated based on a combination of historic levels and judgment. An annual growth rate of one per cent is used in calculating the terminal value for Process Solutions and Structural Solutions.

For **Ocean Yield** the value in use has been estimated for the FPSO Dhirubhai-1. The 10-year contract for the vessel in India expired on 19 September 2018, and alternative lease alternatives have been explored. The most likely utilisation of the FPSO is a bareboat charter to Aker Energy for a period of 15 years for use offshore Ghana. In February 2019, Ocean Yield entered into an option agreement with Aker Energy providing Aker Energy with a right until May 2019 to enter into such a contract on negotiated terms. The net present value of the future cash flows under the negotiated terms, discounted with Ocean Yield's WACC for the project of 7.7 per cent, is higher than the book value of the vessel as at 31 December 2018. See below for sensitivities for the Dhirubhai-1 assessment.

The anchor handling tug supply vessels Far Senator and Far Statesman are on long-term bareboat charter contracts to a subsidiary of Solstad Offshore ASA ("Solstad"). In December 2018, Solstad entered into a 6-month standstill period with respect to payment of interest, instalments and charter hire with the secured lenders and other creditors. Following the standstill agreement there is a risk related to Solstad's obligations under the charter contracts. As a consequence, the vessel values have been assessed without the charter contracts at year-end. The value in use has been estimated for the vessels and has been calculated based on the present value of estimated future cash flows.

For **Aker BioMarine**, projected cash flows are based on management's best estimates of budget and the business plan for the krill business for the subsequent five-year period. The budget is based on detailed budgets prepared by the various departments in the krill business. For subsequent periods, the model is based on estimated terminal growth of 2.0 per cent, which is in line with long-term forecasts for growth in GDP. In the forecast and budget for the period 2019-2023, revenue projections are based on agreements entered into, actual historical prices along with management's evaluation of potential new agreements. The budgeted operating margin is in accordance with management's forecast which is based on the scalability in the business model. A large proportion of the company's operating expenses are independent of production volumes, which means that increased sales levels will contribute to higher operating margins. Capital expenditure is based on long-term technical and operations program and firm commitments.

Sensitivity analysis and recoverable amount

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

Aker Solutions

The impairment testing is affected by changes in the long-term oil price, as it will impact the expected order intake. The testing is also affected by changes in the discount rate, growth rates, and the ability to secure projects as estimated in the cash flow, product mix and cost levels. Multiple sensitivity tests have been run to address the current uncertainty in the oil services market. Sensitivity testing of goodwill includes changing various assumptions to consider other potential alternative market conditions. This includes changing the discount rate and growth rate in addition to reducing the expected cash flows in the future. The headroom was comfortable in all scenarios in the goodwill impairment testing.

Akastor

For the portfolio companies containing goodwill, the recoverable amounts are higher than the carrying amounts based on the value in use analysis and consequently no impairment loss of goodwill was recognised in 2018. The group has performed sensitivity calculations to identify any reasonably possible change in key assumptions that could cause the carrying amount to exceed the recoverable amount. Akastor believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amount of the portfolio company to exceed its recoverable amount.

Kvaerner

For the Process Solutions and Structural Solutions operational areas, recoverable amount for recognised goodwill exceeds the related carrying values, and consequently the analysis indicates that no impairment is required. The following adverse changes could occur simultaneously before any impairment is required; for Process Solutions revenue reduction of 25 per cent, EBITDA margin reduction of 1.5 percentage points and increase in pre-tax discount rate of 2.5 percentage points. For Structural Solutions, revenue reduction of 8 per cent, EBITDA margin reduction of 0.5 percentage point and increase in pre-tax discount rate of 2.2 percentage points.

Ocean Yield

Should the option agreement with Aker Energy to bareboat charter the FPSO Dhirubhai-1 not be exercised, and Ocean Yield not be able to secure alternative employment, there is a risk of impairment related to the book value of the FPSO. The book value as of 31 December 2018 is USD 238.8 million. Ocean Yield has made an impairment of goodwill related to the FPSO of USD 9.1 million and the book value of goodwill is zero as of 31 December 2018.

The estimated value in use is lower than the book value for the AHTS vessels Far Senator and Far Statesman, and impairment losses of USD 13.4 million have been recognised. The projected cash flows used in the calculation of value in use represent management's best estimate for future charter hire for the vessels. The cash flows cover a period of five year, with an estimated residual value at the end. The calculation of value in use is highly sensitive to the estimated future charter hire.

Aker BioMarine

Sensitivity analysis of goodwill have been performed by using simulations of various combinations of discount rates and changes in vessel production volumes, krill production and krill sales in addition to fuel costs. No reasonably combination of these factors results in a value in use being lower than the value recognised in the balance sheet as of 31 December 2018.

Note 13 | Financial income and financial expenses

[illegible]	**2018**	2017
Interest income	-	325
Interest income on cash and cash equivalents and investments at amortised cost	**176**	-
Interest income on debt instruments at FVOCI	**76**	-
Dividends on financial assets	**170**	94
Net change in fair value of financial equity investments at fair value through profit and loss	**64**	-
Net foreign exchange gain	**59**	-
Foreign exchange gain from hedge instruments	-	366
Net gain from interest rate swaps	**57**	37
Other financial income	**101**	114
Discontinued operations included above (see Note 8)	-	22
Total financial income	**704**	958
Interest expense on financial liabilities measured at amortised cost	**(1 497)**	(1 422)
Interest expense on financial liabilities measured at fair value	**(30)**	(55)
Net foreign exchange loss	-	(383)
Foreign exchange loss from hedge instruments	**(297)**	-
Net loss and impairment on available for sale financial assets	-	(53)
Net change in fair value of financial assets at fair value through profit and loss	-	(19)
Net other financial expenses	**(174)**	(157)
Discontinued operations included above (see Note 8)	-	81
Total financial expenses	**(1 997)**	(2 007)
Net financial items	**(1 293)**	(1 049)

Note 14 | Tax

TAX EXPENSE(-)/TAX INCOME(+)

Amounts in NOK million	2018	2017 Restated*
Recognised in income statement:		
This year's net tax receivable (+) and payable (-)	**(261)**	(553)
Adjustment prior years	**-**	22
Total current tax expense	**(261)**	(531)
Deferred tax expense:		
Origination and reversal of temporary differences	**(253)**	(391)
Utilisation of previously unrecognised tax losses	**24**	73
Total deferred tax expense	**(229)**	(319)
Income tax - continued operations	**(490)**	(850)

RECONCILIATION OF EFFECTIVE TAX RATE

Amounts in NOK million	2018	2017 Restated*
Profit before tax	**1 420**	2 643
Nominal tax rate in Norway 23% (2017: 24%)	**(327)**	(634)
Tax rate differences in Norway and abroad	**44**	(63)
Permanent differences	**81**	(72)
Utilisation of previously unrecognised tax losses	**24**	73
Tax losses for which no deferred income tax asset was recognised	**(422)**	(281)
Tax effect of associated companies	**234**	294
Other differences	**(124)**	(166)
Total income tax expenses in income statement	**(490)**	(850)

*) See note 6

TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME:

Amounts in NOK million	2018	2017
Remeasurement of defined benefit liabilities	**15**	6
Changes in fair value of financial assets	**(2)**	2
Changes in fair value of cash flow hedges	**20**	(169)
Currency translation differences	**7**	(13)
Total tax expenses other comprehensive income	**40**	(175)

DEFERRED TAX ASSETS ARE ALLOCATED AS FOLLOWS:

Amounts in NOK million	2018	2017
Aker Solutions	**663**	633
Akastor	**374**	661
Ocean Yield	**-**	23
Other companies	**22**	42
Total	**1 059**	1 359

Deferred tax assets refer to NOK 1 602 million in losses carried forward and NOK -543 million in temporary differences. The deferred tax asset related to the tax losses carried forward was reduced by NOK 308 million in 2018.

The total unrecognized tax loss carry-forward at year-end 2018 are NOK 12.0 billion. This mainly relates to Aker ASA with NOK 3.6 billion, Aker Capital AS with NOK 1.4 billion, Aker BioMarine with NOK 2.5 billion, Akastor with NOK 2.4 billion, Ocean Yield with NOK 0.7 billion and Aker Solutions with NOK 0.5 billion.

CHANGES IN NET DEFERRED TAX ARE AS FOLLOWS:

	Property, plant and equipment	Intangible assets	Projects under construction	Tax losses carry forward	Other	Total
At 31 December 2017	(221)	(260)	(2 245)	1 910	1 799	**982**
Impact of changes in accounting policies	-	-	94	-	(40)	**54**
At 1 January 2018	(221)	(260)	(2 151)	1 910	1 759	**1 036**
Acquisitions and sales of subsidiaries	101	5	4	(313)	(19)	**(222)**
Deferred tax income statement - continued operations	-	18	(259)	47	(36)	**(229)**
Deferred tax income statement - discontinued operations	(77)	-	-	(33)	-	**(109)**
Deferred tax total comprehensive income - other comprehensive income	-	-	-	-	40	**40**
Prepaid withholding tax	-	-	-	-	46	**46**
Exchange rate differences and other changes	(1)	-	5	(10)	(11)	**(18)**
At 31 December 2018	**(198)**	**(238)**	**(2 401)**	**1 602**	**1 779**	**544**
Allocated between deferred tax assets and liabilities as follows:						
Deferred tax assets	(153)	(228)	(1 493)	1 634	1 299	**1 059**
Deferred tax liabilities	(44)	(10)	(908)	(32)	479	**(515)**

CHANGES IN NET DEFERRED TAX ARE AS FOLLOWS:

	Property, plant and equipment	Intan-gible assets	Projects under construction	Tax losses carry forward	Other	Total
At 1 January 2017	(227)	(292)	(3 444)	3 426	1 871	**1 334**
Acquisitions and sales of subsidiaries	9	-	(16)	(14)	14	**(8)**
Deferred tax income statement - continued operations	(20)	35	1 222	(1 446)	(111)	**(319)**
Deferred tax income statement - discontinued operations	-	-	-	-	110	**110**
Deferred tax total comprehensive income - other comprehensive income	-	-	-	-	(175)	**(175)**
Prepaid withholding tax	-	-	-	-	94	**94**
Exchange rate differences and other changes	16	(4)	(7)	(56)	(3)	**(54)**
At 31 December 2017	**(221)**	**(260)**	**(2 245)**	**1 910**	**1 799**	**982**
Allocated between deferred assets and liabilities as follows:						
Deferred tax assets	(151)	(242)	(1 643)	2 187	1 209	**1 359**
Deferred tax liabilities	(70)	(18)	(602)	(278)	591	**(377)**

TAX PAYABLE AND INCOME TAX RECEIVABLE

Tax payable amounts to NOK 168 million and tax receivable amount to NOK 146 million. Tax receivable mainly relates Aker Solutions with NOK 109 million, Akastor with NOK 4 million and Philly Shipyard with NOK 28 million. The 2018 figures are based on preliminary estimates of non-taxable income, non tax-deductible items and temporary differences between the financial accounts and the tax accounts. The final result will be calculated based on the tax return, and may differ from the estimates above.

Note 15 | Property, Plant and Equipment

	Vessels	Machinery and vehicles	Land and buildings	Assets under construction	Total
Cost at 1 January 2018	25 628	10 034	5 393	951	**42 005**
Other acquisitions [1]	243	169	41	868	**1 320**
Sales of operations	(7 063)	(106)	(507)	(73)	**(7 749)**
Other disposals and scrapping	(39)	(587)	(260)	(5)	**(892)**
Transferred from assets under construction and other reclassifications	(294)	277	(32)	(312)	**(360)**
Effects of changes in foreign exchange rates	901	160	(88)	55	**1 028**
Cost at 31 December 2018	19 375	9 945	4 547	1 484	**35 351**
Accumulated depreciation and impairment at 1 January 2018	(11 187)	(6 728)	(1 859)	(54)	**(19 828)**
Depreciation charge for the year	(1 007)	(699)	(151)		**(1 858)**
Impairments (see Note 12)	(164)	(3)	(5)	-	**(172)**
Sales / disposals of operations	4 164	81	4	-	**4 249**
Reclassifications	244	4	(15)	5	**238**
Other disposals and scrapping	35	567	204	-	**806**
Effects of changes in foreign exchange rates	(397)	(122)	(6)	(2)	**(527)**
Accumulated depreciation and impairment at 31 December 2018	(8 312)	(6 900)	(1 828)	(51)	**(17 091)**
Carrying amount at 31 December 2018	11 063	3 045	2 719	1 433	**18 262**
Book value of leasing agreements recorded in the balance sheet	-	4	123	-	**127**

1) Capitalised interest in 2018 amounted to NOK 11 million.

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

1) Capitalised interest in 2017 amounted to NOK 5 million.

Carrying amount at the end of 2018 amounts to NOK 18 261 million, a decrease of NOK 3 917 million during the year. The decrease mainly relates to the divestment of 50 per cent in the shares in AKOFS Offshore in Akastor, divestments of a real estate company, in addition to reclassification of real estate projects from property, plant and equipment to work in progress within inventory. See also comments below.

This year's depreciation of NOK 1 858 million (NOK 2 159 million in 2017) is divided between NOK 1 715 million (NOK 1 799 million in 2017) in continuing operations and NOK 144 million (NOK 360 million in 2017) in discontinued operations. The impairment of the year is NOK 172 million (NOK 132 million in 2017) divided between NOK 117 million (NOK 132 million in 2017) in continuing operations and NOK 55 million in discontinuing operations in 2018.

See Note 12 Impairments for more information regarding impairment assessments and Note 25 regarding collateral.

Vessels

Vessels totalled NOK 11 063 million at the end of 2018, with a decrease of NOK 3 378 million during the year. The decrease is mainly attributed to the divestment of 50 per cent of the shares in AKOFS Offshore of NOK 2.9 billion, in addition to depreciation and impairments of NOK 1.2 billion. The decrease is offset by investments and foreign exchange fluctuations of NOK 0.7 billion.

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

Machinery and vehicles

Machinery and vehicles totalled NOK 3 045 million, a reduction from previous year of NOK 260 million. The reduction is due to depreciation of NOK 699 million, divestments of operations mainly in Akastor and other disposals and scrapping totalling NOK 45 million. The reduction is partly offset by investments of NOK 168 million in addition to transfer from assets under constructions and foreign exchange fluctuations of NOK 319 million.

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

Buildings and land

Buildings and land totalled NOK 2 719 million, with a decrease of NOK 815 million in 2018. The decrease is mainly related to divestments in a real estate company and transfer of real estate projects to work in progress within inventory and to machinery and vehicles of totally NOK 550 million. In addition, the decrease is due to other disposals and scrapping, depreciation, impairment and foreign exchange fluctuations of NOK 306 million. The reduction is partly offset by investments with NOK 41 million.

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

Assets under construction

Assets under construction are increased by NOK 536 million during 2018 to NOK 1 433 million. The increase is partly due to investments made by Aker BioMarine of NOK 253 million in the Antarctic Endurance vessel, as well as investments by Aker Solutions, Akastor, Kvaerner and FP Eiendom totalling NOK 591 million. The increase is partly offset by transfer and reclassifications totalling NOK 307 million.

Contractual commitments

Aker BioMarine has at the end of 2018 entered into contracts on investments in property, plant and equipment for NOK 1.2 billion. Contractual commitments in Aker Solutions is NOK 233 million and in Kvaerner NOK 166 million.

Ocean Yield has entered contractual obligations for the purchase of vessels, currently under construction, of NOK 1.8 billion in total during 2019.

Effect of exchange rate changes on property, plant and equipment

Effects from exchange rate fluctuations represent NOK 501 million and are mainly attributable to changes in the USD/NOK in Ocean Yield, Akastor, Aker Solutions, Aker BioMarine and Philly Shipyard. Based on book values as at 31 December 2018, a decrease of the USD rate of 10 per cent will reduce assets by about NOK 1.4 billion.

Note 16 | Intangible assets

[illegible]	Oil- and gas licenses	Capitalised oil and gas exploration expenses	Goodwill	Other	**Total**
Cost at 1 January 2018	-	-	9 098	4 279	**13 377**
Acquisitions through business combinations	880	-	-	-	**880**
Other acquisitions	-	390	10	506	**906**
Sales / disposals of subsidiaries and operations	-	-	-	(206)	**(206)**
Effects of changes in foreign exchange rates	58	27	90	55	**230**
Cost at 31 December 2018	937	416	9 199	4 635	**15 188**
Accumulated amortisation and impairment at 1 January 2018	-	-	(1 627)	(2 269)	**(3 895)**
Amortisation for the year	-	-	-	(391)	**(391)**
Impairment losses (see Note 12)	-	-	(80)	(18)	**(97)**
Sales / disposals of subsidiaries and operations	-	-	-	187	**187**
Effects of changes in foreign exchange rates	-	-	15	(30)	**(15)**
Accumulated amortisation and impairment at 31 December 2018	-	-	(1 692)	(2 520)	**(4 212)**
Carrying amount at 31 December 2018	937	416	7 506	2 116	**10 976**

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

Oil- and gas licenses

Oil- and gas licenses of NOK 937 million at the end of 2018 is attributable to Aker Energy and is related to NOK 880 million from acquisition of Hess Ghana and NOK 58 million in foreign exchange fluctuations. License rights are recognised as intangible assets at the time of acquisition, see Note 7 for further information.

Oil- and gas licenses are assessed for impairment yearly.

Capitalised oil- and gas exploration expenses

Capitalised oil- and gas exploration expenses of NOK 416 million at the end of 2018 is attributable to Aker Energy and is related to NOK 390 million in capitalised exploration expenses and NOK 27 million in foreign exchange fluctuations.

Goodwill

Goodwill totalled NOK 7 506 million at the end of 2018. The change in 2018 of NOK 35 million is attributable to positive foreign exchange fluctuations and increase due to the acquisition of Enzymotec's krill business of NOK 10 million, partly offset by impairment of goodwill related to the FPSO Dhirubhai-1 in Ocean Yield of NOK 80 million.

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

Other intangible assets

The carrying amount of other intangible assets of NOK 2 116 million at the end of 2018 mainly consists of NOK 1 538 million in capitalised development expenses and customer relationships and trademark in Aker BioMarine of NOK 396 million. The increase of NOK 168 million in customer relationships and trademark in 2018 is due to the acquisition of Enzymotec's krill-oil business.

Capitalised development expenses consisted of NOK 1 323 million representing capitalised expenses for internal R&D projects in Aker Solutions, capitalised development projects in Akastor totalling NOK 112 million and in Kvaerner totalling NOK 102 million. The net change of NOK -7 million in 2018 is largely attributable to depreciation and impairment of NOK 302 million. The decrease is offset by capitalised expenses of NOK 209 million in Aker Solutions and Akastor, and NOK 74 million in Kvaerner related to a strategic digitalisation project and IT systems.

Other intangible assets are amortised over a period between 5 to 12 years.

Amortisation and impairments

This year's amortisation of NOK 391 million (NOK 414 million in 2017) is divided between NOK 382 million (NOK 409 million in 2017) in continued operations and NOK 9 million (NOK 5 million in 2017) in discontinued operations. Impairment of intangible assets of NOK 97 million (NOK 167 million in 2017) is mainly attributable to impairment of goodwill in Ocean Yield and is allocated to continued operations in 2018.

See Note 12 Impairments for more information regarding impairment assessments.

	Goodwill		Other intangible assets	
	2018	2017	**2018**	2017
Aker Solutions	**4 642**	4 665	**1 428**	1 533
Akastor	**1 359**	1 263	**134**	183
Kværner	**929**	929	**102**	42
Aker BioMarine	**576**	535	**416**	248
Other	**-**	80	**36**	4
Total	**7 506**	7 471	**2 116**	2 011

Note 17 | Investments in associates and joint ventures

The Aker Group has interests in several associates and joint ventures ("JV"), of which the most important ones are: Aker BP ASA (40 per cent, associate), BOX Holding Inc. (49.9 per cent, associate), Solstad Offshore ASA (23.1 per cent, associate) FP Bolig Holding AS (37.6 per cent, associate), DOF Deepwater AS (50 per cent, JV), Kiewit-Kvaerner Contractors (50 per cent, JV), K2JV ANS (51 per cent, JV), Philly Tankers AS (53.7 per cent, JV), Align AS (38.8 per cent, associate), Trygg IDT Holdings I Corp (50 per cent, JV), and AKOFS Offshore AS (50 per cent, JV).

Aker BP ASA is an E&P company operating on the Norwegian Continental Shelf.

BOX Holding Inc. owns six container vessels chartered out on long-term bareboat contracts.

Solstad Offshore ASA owns and operates platform supply vessels, anchor handling vessels and construction service vessels

AKOFS Offshore AS is a provider of vessel-based subsea well construction and intervention services to the oil and gas industry.

K2JV ANS is a partnership between Kellogg Brown & Root (Norway) AS and Kvaerner. The partnership is constructing the Johan Sverdrup utility and living quarter (ULQ) topside for Equinor.

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

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

Philly Tankers AS was established in 2014 with newbuild-contracts for eco-design product tankers. The vessels have been built by Philly Shipyard

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

Trygg IDT Holdings I Corp is a pharmaceutical development company with FDA approved products for abuse-deterrent opioids that has been licensed to others and launched in the U.S. market.

FP Bolig Holding AS develops residential real estate projects at Fornebu outside Oslo.

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

Amounts in NOK million		Book value at 1 January 2018	Effects of acquisitions or disposals of subsidiaries in stages	Acquisitions and disposals	Share of profits / losses	Changes due to exchange differences and hedges	Dividends received	Other changes in equity	**Book value at 31 December 2018**
Aker BP ASA	1)	18 815		-	1 547	1 030	(1 465)	(48)	**19 878**
BOX Holdings Inc.	1)	1 548	13	-	197	93	(184)	-	**1 668**
Solstad Offshore ASA	1)	630		-	(662)	32	-	-	**-**
AKOFS Offshore AS	2)	-	1 097	-	(20)	(44)	-	53	**1 086**
K2 JV ANS	2)	-	-	-	130	-	(107)	-	**24**
DOF Deepwater AS	2)	-	-	-	(102)	-	-	102	**-**
Kiewit-Kværner Contractors	2)	-	-	-	47	-	(30)	-	**17**
Philly Tankers AS	2)	398	-	(17)	(14)	21	-	-	**388**
Align AS	1)	61		-	(6)	-	-	-	**56**
Trygg IDT Holdings I Corp	2)	78		-	(58)	1	-	-	**20**
FP Bolig Holding AS	1)	-	180	-	(1)	-	-	(81)	**98**
Other entities		93	-	323	(40)	-	(1)	(263)	**113**
Total		21 624	1 290	306	1 019	1 133	(1 787)	(238)	**23 348**
1) Associates		21 082	193	16	1 071	1 152	(1 650)	64	**21 927**
2) Joint ventures		542	1 097	290	(51)	(18)	(137)	(301)	**1 421**
Total		**21 624**	**1 290**	**306**	**1 019**	**1 133**	**(1 787)**	**(238)**	**23 348**

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

Share of profits/losses for 2018 is allocated with NOK 393 million as other income and NOK 626 million as share of profit/loss from associates and joint ventures as part of financial items.

The NOK 1 290 million effect of acquisitions or disposals of subsidiaries in stages is mainly attributed to Akastor's loss of control in AKOFS Offshore AS upon establishment of the company as a joint venture in 2018 (see Note 8).

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

	Aker BP ASA		BOX Holdings Inc.		Solstad Offshore ASA		AKOFS Offshore AS [1]	K2JV ANS	
	2018	2017	2018	2017	2018	2017	2018	2018	2017
Country	Norway		Marshall Islands		Norway		Norway	Norway	
Ownership and voting rights	40.0%	40.0%	49.9%	49.5%	23.1%	23.1%	50.0%	51.0%	51.0%
Operating revenues	30 499	21 199	668	656	4 830	3 784	448	1 527	2 705
Operating expenses	(14 433)	(12 868)	(8)	(8)	(8 627)	(3 059)	(269)	(1 271)	(2 520)
Financial items	(1 387)	(1 622)	(188)	(295)	(1 892)	(1 055)	(145)	-	-
Net profit (100%)	3 875	2 273	473	352	(5 732)	(344)	(62)	256	185
Share of net profit result	**1 550**	**909**	**234**	**174**	**(1 324)**	**(77)**	**(31)**	**130**	**94**
Elimination of unrealised sales gain and other adjustments	(3)	-	(37)	25	-	(80)	11	-	-
Impairment/reversal of impairment	-	-	-	-	662	115	-	-	-
Share of earnings	**1 547**	**909**	**197**	**199**	**(662)**	**(41)**	**(20)**	**130**	**94**
Non-current assets	87 647	77 837	7 094	6 934	28 608	32 333	4 741	-	-
Current assets	5 990	20 776	463	475	3 041	3 806	447	332	825
Total assets	**93 637**	**98 612**	**7 557**	**7 409**	**31 649**	**36 138**	**5 188**	**332**	**825**
Non-current liabilities	(55 606)	(50 391)	(4 721)	(4 793)	(10 013)	(29 173)	(2 098)	-	-
Current liabilities	(12 053)	(23 700)	(333)	(363)	(22 267)	(2 002)	(861)	(106)	(824)
Minority interests	-	-	-	-	(28)	(32)	-	-	-
Net assets (100%)	25 978	24 521	2 503	2 252	(658)	4 931	2 229	226	1
Share of net assets	**10 391**	**9 809**	**1 249**	**1 115**	**(152)**	**1 139**	**1 115**	**115**	**-**
Elimination of unrealised gains and losses, deferred payment and adjustments	(80)	(28)	419	433	276	276	(154)	(91)	-
Excess value	9 567	9 035	-	-	(124)	(785)	125	-	-
Balance end of period	**19 878**	**18 815**	**1 668**	**1 548**	**-**	**630**	**1 086**	**24**	**-**
Dividends received	**1 465**	**820**	**184**	**170**	**-**	**-**	**-**	**107**	**111**

[1] From 27 September 2018 to 31 December 2018, see note 6.

Aker BP ASA

The excess value of NOK 9.6 billion is allocated to the Johan Sverdrup field with NOK 7.1 billion and NOAKA-field (North of Alvheim, Krafla/Askja) with NOK 2.4 billion. The reduction of NOK 0.5 billion in 2018 is attributable to the effects from exchange rate fluctuations. Together with the company, Aker is performing impairment assessments. Sensitivity analysis of excess value have been performed by using simulations of various combinations of discount rates, oil price and value growth. No reasonably possible combination of these factors results in a value in use being lower than the value recognised in the balance sheet as of 31 December 2018.

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

	Number of shares in millions	Quoted price in NOK	Book value in NOK million	Market value in NOK million
Aker BP ASA	144.0	218.00	19 878	31 403
Solstad Offshore ASA	67.3	1.72	-	116

Note 18 | Interest-bearing assets

[illegible]	2018	2017
Restricted deposits	**528**	120
Loans to employees	**22**	4
Loans to related parties	**450**	141
Non-current bonds	**37**	425
Finance lease receivables	**10 181**	4 315
Other interest-bearing receivables	**536**	682
Total	**11 755**	5 687
Recorded as follows:		
Interest-bearing non-current receivables	**11 304**	5 363
Interest-bearing current receivables	**451**	324
Total	**11 755**	5 687

Restricted deposits in 2018 mainly relates to a deposit related to loan agreements with Philly Shipyard of NOK 388 million and with Ocean Yield of NOK 140 million.

Loans to related parties consists of loans to the associates and joint ventures AKOFS Offshore AS of NOK 257 million, Haut Nordic AS of NOK 60 million, FP Bolig Holding AS of NOK 42 million and G&A Air AS of NOK 76 million.

The finance lease receivable of NOK 10.2 billion represents Ocean Yield's ownership in 32 vessels and four vessels under construction. This includes NOK 1.6 billion against the joint venture AKOFS Offshore AS, for the lease of Aker Wayfarer. See details for the financial lease receivables in the table below.

[illegible]	Aker Wayfarer	Container vessels	Tankers	Other shipping	Total
Number of vessels	1	4	24	7	**36**
Gross finance lease receivables					
Less than one year	346	105	658	109	**1 218**
Between one and five years	1 089	420	2 564	417	**4 489**
More than five years	947	684	4 078	808	**6 517**
Unguaranteed residual values	501	193	1 200	-	**1 894**
Gross finance lease receivables	2 882	1 402	8 500	1 334	**14 118**
Less: unearned finance income	(1 312)	(394)	(2 614)	(415)	**(4 735)**
Total finance lease receivables	1 571	1 007	5 886	919	**9 383**
Present value of minimum lease payments					
Less than one year	321	102	637	105	**1 165**
Between one and five years	735	358	2 139	343	**3 574**
More than five years	366	442	2 481	471	**3 760**
Unguaranteed residual values	149	105	630	-	**883**
Total finance lease receivables	1 571	1 007	5 886	919	**9 383**
Pre-delivery instalments	-	-	798	-	**798**
Total finance lease receivables and related assets	1 571	1 007	6 685	919	**10 181**

Note 19 | Other shares and non-current assets

	2018	2017
Norron funds	26	471
American Shipping Company ASA	385	276
NES Global Talent Ltd.	530	405
Awilco Drilling Plc	76	-
Odfjell Drilling Ltd	705	-
Shares in other companies	267	267
Total other shares and investments	**1 989**	1 420
Pension assets (Note 26)	1	-
Derivatives (Note 6 and Note 30)	-	50
Other interest-free non-current receivables	132	203
Total other non-current assets	**132**	253
Total other shares and other non-current assets	**2 121**	1 672

Note 20 | Inventories

	2018	2017
Raw materials	103	534
Work in progress	870	1 334
Finished goods	779	593
Total	**1 752**	2 460
Impairment of inventory recognised as expense during the period	(101)	(516)
Reversal of impairment recognised as an expense reduction during the period	69	87

Carrying amount of inventory pledged as security for liabilities was NOK 554 million as at 31 December 2018.

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

	2018	2017
Trade receivables	5 408	4 916
Contract assets	4 696	-
Construction work	-	1 170
Other short-term interest-free receivables	3 042	5 280
Total	**13 146**	11 366

Other short-term receivables in 2018 includes prepaid expenses with NOK 1 890 million.

See also Note 6 Financial risk and exposure.

Note 22 | Basis for earnings per share, dividend per share, and paid-in equity

EARNINGS PER SHARE

Amounts in NOK million	2018	2017
Continued operations:		
Net profit (loss) from continued operations	**930**	1 793
Minority interests	**404**	609
Profit from continued operations attributable to equity holders of the parent	**526**	1 184
Discontinued operations:		
Net profit (loss) from discontinued operations	**438**	906
Minority interests	**58**	572
Profit from discontinued operations attributable to equity holders of the parent	**379**	333
Total profit attributable to equity holders of the parent	**906**	1 517
Shares outstanding at 1 January	**74 295 513**	74 281 961
Changes in own shares held	**(26 721)**	13 552
Total shares outstanding at 31 December	**74 268 792**	74 295 513
Allocation:		
Issued shares at 31 December	**74 321 862**	74 321 862
Own shares held	**(53 070)**	(26 349)
Total shares outstanding at 31 December	**74 268 792**	74 295 513
Weighted average number of shares at 31 December	**74 282 137**	74 292 690

DILUTED EARNINGS PER SHARE

No instruments with a potential dilution effect were outstanding at 31 December 2018 or 31 December 2017.

DIVIDEND

Dividends paid in 2018 was NOK 18.00 per share, NOK 1 337 million in total. Dividends paid in 2017 was NOK 16.00 per share, NOK 1 188 million in total.

A dividend of NOK 22.50 per share, totally NOK 1 671 million, will be proposed at the Annual General Meeting on 26 April 2019.

PAID-IN CAPITAL

See Note 9 to the Aker ASA separate financial statement for a specification of share capital as at 31 December 2018.

Note 23 | Minority interests

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

Amounts in NOK million	Per cent minority interests as at 31 December 2018	Balance at 31 December 2017	Impact of changes in accounting policies	Balance at 1 January 2018	Profit for the year	Other comprehensive income	Dividend	New minority, release of minority	Share issue by subsidiary	Balance at 31 December 2018
Aker Solutions	65.24	10 142	66	10 207	378	(69)	-	6	-	10 523
Akastor	63.30	2 388	(44)	2 344	(41)	(358)	-	-	-	1 944
Aker Energy	50.97	-	-	-	(144)	21	-	19	471	367
Kværner	71.29	3 271	-	3 271	198	(11)	-	1	-	3 459
Ocean Yield	38.34	2 425	-	2 425	189	150	(477)	10	755	3 051
Philly Shipyard	42.44	649	-	649	(147)	20	-	-	-	522
Other companies	-	31	-	31	29	(1)	(22)	1	2	41
Total		18 905	22	18 927	462	(248)	(499)	37	1 229	19 908

Minority interest in Aker Kværner Holding

The minority interest in Aker Kværner Holding of NOK 5 960 million at 31 December 2018 is broken down in the table above on the companies where Aker Kværner Holding has ownership interests, with NOK 3 615 million for Aker Solutions, NOK 1 224 million for Akastor and NOK 1 122 million for Kvaerner.

Share issue by subsidiary

Ocean Yield received NOK 759 million through a share issue in February 2018. The increase in minority interests after the deduction of the minority share of transactions costs was NOK 755 million. Share increase in Aker Energy AS in March and December from The Resource Group TRG AS increased minority interests by NOK 471 million.

Note 24 | Other comprehensive income

	Translation reserve	Fair value reserves	Hedging reserves	Total translation and other reserves	Retained earnings	Total	Minority interests	**Total equity**
2018								
Defined benefit plan actuarial gains (losses)	-	-	-	-	(30)	(30)	(53)	**(82)**
Equity investments at FVOCI - net change in fair value	-	82	-	82	-	82	(16)	**66**
Items that will not be reclassified to income statement	-	82	-	82	(30)	52	(68)	**(16)**
Debt investments at FVOCI - net change in fair value	-	4	-	4	-	4	2	**6**
Changes in fair value of cash flow hedges	-	-	(59)	(59)	-	(59)	(36)	**(95)**
Reclassified to profit or loss: debt investments at FVOCI, translation and cash flow hedges	(165)	-	(12)	(177)	-	(177)	(301)	**(478)**
Currency translation differences	362	-	-	362	-	362	153	**515**
Changes in other comprehensive income from associated and joint venture companies	1 151	-	(23)	1 128	3	1 131	2	**1 133**
Items that may be reclassified to income statement subsequently	1 348	4	(94)	1 258	3	1 261	(180)	**1 081**
Other comprehensive income 2018	**1 348**	**86**	**(94)**	**1 340**	**(27)**	**1 313**	**(248)**	**1 065**

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

Note 25 | Interest-bearing liabilities

	2018	2017
Secured bank loans	**17 851**	16 543
Unsecured bank loans	**988**	2 278
Unsecured bond issues	**11 021**	8 880
Loan from associates and other related parties	**12**	11
Overdraft facilities	**132**	149
Other interest-bearing liabilities	**423**	263
Total interest-bearing liabilities	**30 427**	28 124
Recorded as follows:		
Current liabilities	**5 682**	4 616
Non-current liabilities	**24 745**	23 508
Total interest-bearing liabilities	**30 427**	28 124

CONTRACTUAL TERMS OF INTEREST-BEARING LIABILITIES AS AT 31 DECEMBER 2018:

	Currency	Nominal interest rate	Maturity	Nominal value in currency	Carrying amount (NOK)
Aker Solutions					
Unsecured bond 2019	NOK	3 mnd Nibor + 4.20%	October 2019	1 000	1 011
Unsecured bond 2022	NOK	3 mnd Nibor + 3.15%	July 2022	1 500	1 497
Unsecured bank loan - Brazilian Development Bank	BRL	9.41%	2019 to 2024	188	425
Other loans and loan fees					(20)
Total Aker Solutions					2 913
Akastor					
Unsecured bank loan - Term loan	NOK	Nibor + 2.25%	December 2021	600	588
Overdraft facility					14
Total Akastor					602
Ocean Yield					
Secured loans in USD	USD	Libor + 0.66% - 2.65%	2019 to 2027	1 442	12 378
Secured loans in NOK	NOK	3.69%	2025	565	565
Unsecured bond	NOK	Nibor + 3.65% - 4.5%	2019 to 2023	2 398	2 374
Total Ocean Yield					15 317
Aker BioMarine					
Secured bank loan	USD	Libor + 3.4% - 3.95%	2022 to 2023	123	1 070
Other mortgage loans	NOK		2023 to 2026	111	111
Other loans and overdraft facilities					279
Total Aker BioMarine					1 460
Aker ASA and holding companies					
Unsecured bond issue	SEK	Stibor + 3.25%	July 2019	1 500	1 455
Unsecured bond issue	NOK	Nibor + 2.65% - 5.00%	2019 to 2023	4 700	4 678
Term loan facilities	USD	Libor + margin	2019 to 2021	350	3 027
Total Aker ASA and holding companies					9 160
Other companies					
FP Eiendom	NOK	Nibor + 1.3% - 2.75%	2019 to 2020	457	457
Philly Shipyard	USD	2.63%	March 2020	60	518
Total other companies					975
Total interest-bearing liabilities					**30 427**

Aker Solutions

Unsecured bonds: The bonds are unsecured on a negative pledge basis and include no dividend restrictions. The bonds issued are listed on the Oslo Stock Exchange.

Bank loans: The terms and conditions of the Brazilian Development Bank loan include restrictions which are customary for this kind of facility.

Credit facility: Aker Solutions has a credit facility of NOK 5 billion with expiry in March 2023. The credit facility was undrawn per 31 December 2018.

Akastor

Mortgage loans: The terms and conditions include restrictions which are customary for this kind of facility, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers. There are also certain change of control provisions included.

Kvaerner

Revolving credit facility of NOK 2 billion is maturing in July 2020. The revolving credit facility was undrawn per 31 December 2018.

Ocean Yield

Mortgage loan: The mortgage loans in USD are with a different bank syndicates and are secured in 46 vessels with a book value of NOK 18.4 billion. The mortgage loan has an average debt maturity of 4 year with maturity from March 2019 to July 2027. Interests are mainly paid quarterly.

Unsecured bonds: The senior unsecured bond issues have a floating interest, which is paid quarterly. The Company has entered into cross currency interest rate swaps from NOK interest to USD interest.

The facilities include financial covenants as to equity ratio, interest coverage ratio and minimum liquidity. Ocean Yield was in compliance with all covenants at year-end 2018.

Aker BioMarine

Secured loans: instalments and interest are paid semi-annually

The mortgages and overdraft facility, totalling NOK 1 449 million, are secured in ships and other assets with book values of NOK 2 477 million.

The loan and overdraft facilities include several financial covenants. Aker BioMarine was in compliance with all covenants at year-end 2018.

Aker ASA and holding companies

Senior unsecured bonds: The maturity dates and interest rates are shown more in detail in note 14 to Aker ASA's separate financial statements. The principal falls due on the maturity date and interest is payable quarterly until maturity

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

The bonds and loans have an average debt maturity of 2.5 year with maturity from July 2019 to January 2023.

There are several covenants associated with Aker ASA and holding companies' loans, including debt ratio and total internal loans and guarantees in relation to Aker ASA and holding companies net asset value. Aker ASA has fulfilled all the covenants of the loan agreements by the end of 2018

FP Eiendom

Loans with a group of Norwegian banks with floating interest. Interest and instalments are payable quarterly until maturity. The loans mature with NOK 337 million in 2019 and NOK 120 million after 2019.

Philly Shipyard

The company's loans are secured in shares.

Collateral

Collateral for interest-bearing debt of NOK 18.4 billion has been issued related to secured loans, construction loans and overdraft facilities. The book value of the assets used as collateral is NOK 26 billion.

CHANGES IN THE GROUP'S INTEREST-BEARING LIABILITIES IN 2018:

[illegible]	Non-current	Current	**Total**
Interest-bearing liabilities as at 1 January 2018	23 508	4 616	**28 124**
Bond in Aker Solutions	1 500	-	**1 500**
Drawn bank facility in Ocean Yield	3 567	-	**3 567**
Drawn bank facility in Akastor	924	-	**924**
Bond in Aker ASA and holding companies	2 000	-	**2 000**
Bond in Ocean Yield	750		**750**
Other new loans	435	-	**435**
Change in credit facilities	-	(17)	**(17)**
Loan fees and establishment costs	(30)	-	**(30)**
Total payment of interest-bearing loans	9 146	(17)	**9 129**
Repayment of bank facilities in Aker Solutions	-	(1 716)	**(1 716)**
Repayment of bonds in Aker ASA and holding companies	-	(1 300)	**(1 300)**
Repayment of bonds in Ocean Yield	(755)	-	**(755)**
Repayment of bank facilities in Ocean Yield	-	(1 388)	**(1 388)**
Repayment of bank facilities in Akastor	(1 319)	-	**(1 319)**
Other repayments	(109)	(729)	**(838)**
Total repayment of interest-bearing loans	(2 183)	(5 133)	**(7 315)**
Acquisition and sale of subsidiaries	(726)	352	**(374)**
Reclassification / first year instalments	(5 396)	5 396	-
Currency translation and other changes	395	467	**863**
Interest-bearing liabilities as at 31 December 2018	**24 745**	**5 682**	**30 427**

Currency adjustments total NOK 0.9 billion and are mainly attributable to the USD loans described above. Loans denominated in USD at the end of the year totalled USD 1.9 billion. A 10 per cent decrease in the USD exchange rate compared to the rate of 8.69 on the balance sheet date would have caused a reduction in debt expressed in NOK of NOK 1.6 billion

Note 26 | Pension expenses and pension liabilities

The Aker Group's Norwegian companies mainly cover their pension liabilities through group pension plans managed by life insurance companies. The Norwegian companies in the Group are subject to the Norwegian Act relating to mandatory occupational pensions, and the Group meets the requirements of this legislation.

In addition, some of the Norwegian companies are members of an agreement-based early retirement plan (AFP). The schemes provide a large proportion of the Norwegian employees the opportunity to retire before the normal retirement age in Norway of 67 years. Employees who choose retirement will retain a lifelong benefit from the age of 62 years.

The Group's companies outside Norway have pension plans based on local practice and regulations.

The Group also has uninsured pension liabilities for which provisions have been made.

The discount rates used in 2018 and 2017 are based on the Norwegian high-quality corporate bond rate.

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

	Balance 2018	Profit/loss 2018 and balance 2017
Expected return	**2.8 %**	2.4 %
Discount rate	**2.8 %**	2.4 %
Wage growth	**2.8 %**	2.5 %
Pension adjustment	**0.0 %-4.0 %**	0.0 %-2.3 %
Mortality table	**K2013**	K2013

PENSION EXPENSE RECOGNISED IN PROFIT AND LOSS:

[illegible]	2018	2017
Expense related to benefits earned during the period	**90**	93
Interest expense accrued on pension liabilities	**35**	39
Expected return on pension funds	**(11)**	(14)
Service costs	**1**	1
Pension expense recognised from defined benefit plans	**114**	120
Contribution plans (employer's contribution)	**658**	628
Total pension expense recognised in profit and loss	**772**	748
Allocation in income statement:		
Pension cost recognised as part of wages and other personal expenses	**749**	721
Interest expenses and expected return recognised as part of net financial items	**23**	27
Total pension expense recognised in profit and loss	**772**	748

REMEASUREMENT LOSS (GAIN) INCLUDED IN OTHER COMPREHENSIVE INCOME:

[illegible]	2018	2017
Change in discount rate and other financial assumptions	**(4)**	2
Change in life expectancy	**6**	(39)
Change in other assumptions	**95**	103
Other comprehensive income - loss/(gain) before tax	**97**	66
Tax	**(15)**	(6)
Other comprehensive income - loss/(gain) after tax	**82**	60

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

[illegible]	2018	2017
Net pension liabilities at 1 January	**1 189**	1 238
Pension expense recognised from defined benefit plans	**114**	120
Acquisitions and disposals	**(7)**	(18)
Pension payments	**(68)**	(62)
Payments received	**(130)**	(154)
Remeasurements included in other comprehensive income	**97**	66
Effects of changes in exchange rates and other changes	**(16)**	(1)
Net pension liabilities at 31 December	**1 180**	1 189

NET DEFINED-BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET:

	2018	2017
Pension liabilities at 31 December	**(2 872)**	(2 983)
Fair value of pension funds at 31 December	**1 692**	1 794
Net liabilities for benefit-based pension liabilities at 31 December	**(1 180)**	(1 189)
Pension funds	**1**	-
Pension liabilities	**(1 181)**	(1 189)
Net liabilities for benefit based pension liabilities at 31 December	**(1 180)**	(1 189)

Plan assets per category:

	2018	2017
Equity securities	**-**	45
Bonds	**1 139**	1 406
Other	**434**	219
Total funds Norwegian plans	**1 573**	1 669
Total funds for plans outside Norway	**119**	125
Total funds	**1 692**	1 794

The equity securities are invested globally, and the value is based on quoted price at the reporting date without any deduction for estimated future selling cost. The bond investments are mainly in Norwegian municipalities. Norwegian municipalities are assumed to have a rating equal to AA, but there are no official ratings for the majority of these investments. The remaining bond investments are primarily in the Norwegian market within bonds classified as being "Investment Grade".

SENSITIVITY (NORWEGIAN PLANS):

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

	1%-point increase	1%-point reduction
Discount rate	(165)	198
Future pension growth	160	(134)

Note 27 | Other interest-free long-term liabilities

	2018	2017
US pension guarantee provision (see Note 12 to the Aker ASA financial statement)	**89**	93
Derivatives (see also Note 30)	**232**	97
Deferred revenue and deferred considerations	**381**	348
Other interest-free long-term debt	**135**	89
Total other interest-free long-term liabilities	**837**	627

The derivatives consist mainly of interest rate swaps and currency contracts in Ocean Yield. Deferred revenue consists mainly of NOK 106 million (NOK 251 million in 2017) in Ocean Yield related to prepaid charter hire related to four car carriers and two anchor handling vessels.

Note 28 | Provisions

[illegible]	Warranties	Abandonment provision	Other	Total
Balance at 31 December 2017	706	247	944	**1 897**
Effect of implementing IFRS 15	155	-	123	**277**
Adjusted balance at 1 January 2018	861	247	1 066	**2 174**
Acquisition and disposals of subsidiaries	-	-	75	**75**
Provisions made during the year	217	88	837	**1 142**
Provisions used during the year	(129)	(116)	(442)	**(687)**
Provisions reversed during the year	(109)	-	(161)	**(270)**
Reclassifications	(11)	(8)	94	**75**
Currency exchange adjustment	-	12	43	**55**
Balance at 31 December 2018	828	223	1 513	**2 564**
Non-current liabilities	1	-	220	**221**
Current liabilities	827	223	1 292	**2 343**
Balance at 31 December 2018	828	223	1 513	**2 564**

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

Warranties

The provision for warranties mainly relates to the possibility that the group, based on contractual agreements, may have to perform guarantee work related to products and services delivered to customers. The provision is based on Aker's contractual obligations and empirical estimates of the frequency and cost of work that may need to be done. The warranty period is normally two to five years and any cash effects will arise during this period. The warranty provision for ongoing projects previously reported as part of amounts due to or from customers, has been reclassified to provisions after the implementation of IFRS 15 on 1 January 2018.

NOK 551 million has been provided for warranties in Aker Solutions, NOK 82 million in Akastor, NOK 187 million in Kvaerner and NOK 8 million in Philly Shipyard.

Removal and decommissioning liabilities

The current liability of NOK 223 million relates to FPSO Dhirubhai-1 in Aker Floating Production. The unit completed its 10-year contract with Reliance Industries Ltd. in September 2018. The FPSO has now seized production and the decommissioning of the subsea infrastructure will be completed during 2019-2020. Due to some delays, the cost of the decommissioning process has increased, and an additional provision of USD 9.1 million has been recognised in 2018.

Other provision

Other provisions mainly comprise Aker Energy with NOK 717 million, Akastor with NOK 320 million, Aker Solutions with NOK 355 million and Kvaerner with NOK 46 million. The provision in Aker Energy is mainly related to contingent liability from the acquisition of Hess Ghana. The provision will be settled when the Plan of Development is approved by the Ghanaian authorities, see Note 7. Other provision relates to workforce reductions and restructuring in addition to lease obligations for vacant premises. The onerous customer contracts provision previously reported as part of amounts due to or from customers, has been reclassified to provisions after the implementation of IFRS 15 on 1 January 2018.

Note 29 | Trade and other payables

Amounts in NOK million	2018	2017
Trade accounts payable	**2 732**	2 600
Contract liabilities	**1 764**	-
Liabilities from construction contracts and advances	**-**	1 602
Accruals of operating- and financial expenses	**7 931**	6 086
Other current interest-free liabilities	**2 102**	1 347
Total	**14 529**	11 636

Other current liabilities include VAT, payroll tax and tax withholding and reserves for unpaid wages and holiday payments.

Note 30 | Financial instruments

See also Note 3 New standards and interpretations not yet adopted and Note 6 Financial risk and exposure for description of financial instruments.

FAIR VALUE AND CARRYING AMOUNTS

The estimates of fair value and the carrying amounts shown in the balance sheet are as follows:

	2018		2017	
Amounts in NOK million	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets carried at fair value				
Available for sale financial assets	-	-	1 851	1 851
Financial assets at fair value through other comprehensive income (FVOCI)[1]	**1 030**	**1 030**	-	-
Financial assets at fair value through profit and loss (including derivatives)[2]	**1 108**	**1 108**	210	210
Financial assets designated at fair value through profit and loss	-	-	168	168
Foreign exchange contracts - hedge accounting at FVOCI	**342**	**342**	198	198
Total financial assets carried at fair value	**2 480**	**2 480**	2 428	2 428
Financial assets carried at amortised cost				
Loans and receivables	**17 162**	**17 746**	11 267	11 737
Cash and cash equivalents (including long-term restricted deposits, see Note 18)	**10 314**	**10 314**	8 268	8 268
Total financial assets carried at amortised cost	**27 476**	**28 061**	19 535	20 005
Financial liabilities carried at fair value				
Interest rate swaps - hedge accounting at FVOCI	**9**	**9**	18	18
Foreign exchange contracts - hedge accounting at FVOCI	**190**	**190**	380	380
Derivative contracts - not hedge accounting at fair value through profit and loss	**618**	**618**	206	206
Other liabilities at fair value through profit and loss[3]	**74**	**74**	-	-
Total financial assets carried at fair value	**891**	**891**	604	604
Financial liabilities carried at amortised cost				
Bonds	**11 021**	**11 282**	8 880	9 132
Other interest-bearing debt	**19 406**	**19 469**	19 244	19 362
Interest-free non-current financial liabilities	**518**	**518**	266	266
Interest-free current financial liabilities	**10 724**	**10 724**	6 722	6 722
Total financial liabilities carried at amortised cost	**41 669**	**41 993**	35 113	35 482

1) Consist of investments in debt instruments with NOK 512 million and investments in equity instruments with NOK 518 million. These investments are designated to FVOCI [illegible] Company ASA with NOK 385 million.
2) Consists of equity instruments with NOK 957 million, derivatives with NOK 61 million and NOK 90 million [illegible] These items are [illegible] measured at fair value through profit and loss in accordance with IFRS 9.
3) Consists of total return swap agreement with underlying American Shipping Company ASA shares with NOK 29 million and [illegible] NOK 45 million [illegible] fair value through profit and loss in accordance with IFRS 9.

NOK 4.1 billion of financial liabilities classified as fixed rate in the interest profile table (Note 6) are liabilities that pursuant to contract have floating interest rates but have been swapped to fixed rates using interest rate swaps. In the table above, the changes in the fair value of these derivatives due to interest rate changes are shown on the line "Interest rate swaps-hedge accounting at FVOCI" and the line "Derivative contracts - not hedge accounting at fair value through profit and loss".

FAIR VALUE HIERARCHY

The table below analyses financial instruments by valuation method. See Note 5 Accounting principles for definitions of the different levels in the fair value hierarchy.

[illegible]	2018 Level 1	2018 Level 2	2018 Level 3
Financial assets carried at fair value			
Financial assets at fair value through other comprehensive income	424	12	594
Financial assets at fair value through profit and loss (including derivatives)	101	67	940
Foreign exchange contracts - hedge accounting at FVOCI	-	342	-
Total	525	420	1 534
Financial liabilities carried at fair value			
Interest rate swaps - hedge accounting at FVOCI	-	9	-
Foreign exchange contracts - hedge accounting at FVOCI	-	190	-
Derivative contracts - not hedge accounting at fair value through profit and loss	-	618	-
Other liabilities at fair value through profit and loss	-	39	35
Total	-	856	35
Fair value interest-bearing financial liabilities carried at amortised cost			
Bonds	8 861	-	2 421
Other interest-bearing debt	-	19 064	405
Total	8 861	19 064	2 826

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

[illegible]	**2018 Financial assets**	2017 Financial assets
Carrying amount as at 1 January	**1 095**	243
Transfer to level 3	**9**	389
Total gains or losses for the period recognised in the income statement	**41**	21
Total gains or losses recognised in other comprehensive income	**(14)**	1
Purchases	**765**	445
Divestment and other	**(363)**	(3)
Carrying amount as at 31 December	**1 534**	1 095
The amount of gains or losses for the period included in profit and loss and other comprehensive income that is attributable to gains or losses related to assets and liabilities at level 3 still held at the end of the reporting period	**11**	(3)

Note 31 | Contingencies, guarantee liabilities and legal claims

GUARANTEES

In the course of ordinary operations, completion guarantees are issued and advance payments are received from customers. Guarantees are typically issued to the customer by a financial institution.

Akastor ASA has issued financial guarantees in favour of financial institutions related to financing of the five vessels in DOF Deepwater AS. The guarantee was NOK 507 million per 31 December 2018 (NOK 502 million per 31 December 2017), of which NOK 117 million has been provided for under other non-current liabilities as part of the recognition of Akastor's share of losses in 2018.

Akastor AS has issued a financial parent company indemnity guarantee of NOK 296 million and a financial guarantee of NOK 134 million in favour of finance institutions for fulfilment of lease obligations related to Avium Subsea AS, a wholly-owned subsidiary of AKOFS Offshore.

LEGAL DISPUTES

Through their activities, the group companies are involved in various disputes all over the world. Provisions are made to cover expected losses resulting from such disputes if a negative outcome is likely and a reliable estimate can be prepared. However, the final decision in such cases will always be associated with uncertainty, and a liability may thus exceed the provision made in the accounts.

Kvaerner – Nordsee Ost Project

In 2012, arbitration related to the Nordsee Ost project was filed. The last wind jackets for the project were delivered in October 2013. The arbitration process for the project will take time due to high complexity, and it is currently not possible to estimate when the arbitration will be finalised. There is substantial uncertainty with respect to the final financial outcome of the Nordsee Ost project.

TAX CLAIMS

Group companies are regularly involved in matters under consideration by local tax authorities in various countries. The group treats matters, which have not been finally resolved, in accordance with the information available at the time the annual accounts are issued.

Aker Solutions – Tax claim Brazil

The tax authorities in the state of Parana in Brazil has claimed the Aker Solutions company in Brazil for approximately BRL 311 million (NOK 705 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 likely based on current law and practice. The claim is regarded as a contingent liability since the possible outcome will be confirmed by the occurrence of an uncertain future event (a potential court decision). No provision has been made for this contingent liability since a cash outflow is not considered probable, nor is it possible to establish a reliable estimate.

Note 32 | Transactions and agreements with related parties

Aker ASA's main shareholder is TRG Holding AS, controlled by Kjell Inge Røkke through The Resource Group TRG AS (TRG AS). The Aker Group treats all companies controlled by Kjell Inge Røkke as related parties.

TRANSACTIONS WITH KJELL INGE RØKKE AND FAMILY

Through TRG AS, Kjell Inge Røkke owns various companies with investments in industrial properties, as well as 40 per cent of the shares of the commercial real estate company Fornebu Gateway AS. Companies within the group are tenants at several of these properties. In 2018, companies within the group paid NOK 89 million in rent to the real estate companies owned by TRG and NOK 170 million in rent to Fornebu Gateway AS (NOK 86 million to the real estate companies owned by TRG and NOK 171 million in rent to Fornebu Gateway AS in 2017).

Since 2015, Aker ASA has guaranteed for certain pension liabilities in TRG AS (previously Aker Maritime Finance AS) that the company took over from Aker ASA in 2015 (see Note 12 to Aker ASA's separate financial statement).

TRG AS has in 2018 contributed NOK 471 million in equity to Aker Energy AS. Part of this amount was initially provided as a loan that later was converted to equity, including accrued interest on the loan with NOK 3 million. Petrica Holding AS and AGM Petroleum Ghana Ltd., companies controlled by TRG AS that explore an adjacent oil field in Ghana, were in 2018 invoiced NOK 14 million from Aker Energy AS for manhours related to Petrica/AGM's oil field.

When Aker employees perform services for Kjell Inge Røkke or other related parties, Aker's expenses are billed in full. In 2018, TRG AS and Kjell Inge Røkke paid NOK 2.2 million plus value added tax for services and rental of premises (NOK 2.0 million in 2017). TRG AS and Kjell Inge Røkke have provided services to Aker for NOK 1.6 million in 2018 (NOK 1.6 million in 2017).

Except for the above-mentioned transactions, and remuneration for his work as chairman of the board of Aker ASA and board representative in other companies within the group (see Note 33), Aker has no material outstanding accounts or other transactions with Kjell Inge Røkke.

Kristian Røkke, son of Kjell Inge Røkke, was hired as Chief Investment Officer in Aker ASA from 1 January 2018. See Note 33 for information about his remuneration in 2018. In 2017, he earned NOK 6 394 790 in salary and other remuneration as CEO of Akastor. In 2017, he also earned remuneration for his role as member of the board of Aker ASA (see Note 33).

TRANSACTIONS WITH EMPLOYEES

In parallel with an issue of shares in Cognite to newly recruited employees in the company during 2018, Øyvind Eriksen was as Cognite's chairman of the board given the opportunity to purchase two percent of the shares in the company. Eriksen purchased the shares from Aker on the same market terms and conditions as the Cognite employees, including sales restrictions and a five-year lockup-period. The purchase price for the shares was NOK 2 million.

As part of a co-investment program for leading employees in Aker Energy, Aker sold in 1 250 001 shares (1.9 per cent) in Aker Energy to employees of the company in 2018. The shares were sold at market terms for a total amount of NOK 19 million.

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES OUTSIDE ORDINARY COURSE OF BUSINESS

Several of the companies within the group have transactions with related parties to the group as part of their ordinary course of business. This particularly applies to Aker BP, who received products and services from several companies within the group, including Aker Solutions, Akastor, Kvaerner, Ocean Yield and Cognite. Below are descriptions of other transactions with associates and joint ventures outside ordinary course of business.

DOF Deepwater AS

Aker's subsidiary Akastor have issued a shareholder's loan to the joint venture DOF Deepwater AS (a company owned 50 per cent by Akastor and 50 per cent by DOF ASA). During 2018, the shareholder's loan was increased by NOK 24 million. As of 31 December 2018, the balance of the shareholder's loan was NOK 35 million, while the carrying amount has been reduced to zero due to recognition of Akastor's share of losses in 2018. Akastor ASA has issued financial guarantees in favour of financial institutions related to financing of the five vessels in DOF Deepwater AS (see Note 31).

AKOFS Offshore AS

As of 31 December 2018, Akastor ASA had interest-bearing receivables against AKOFS Offshore amounting to NOK 257 million with maturity in September 2019. Akastor AS has issued a financial parent company indemnity guarantee of NOK 296 million and a financial guarantee of NOK 134 million in favour of finance institutions for fulfilment of lease obligations related to Avium Subsea AS, a wholly-owned subsidiary of AKOFS Offshore. In addition, Akastor ASA has issued a guarantee for payment of preferred dividend from AKOFS Offshore to its other investees over five years for a total amount of NOK 333 million.

G&A Air AS

G&A Air AS, a company owned 50 per cent by Aker ASA and 50 per cent by Bjørn Rune Gjelsten, owns an airplane. The airplane is leased and operated by Sundt Air Management who based on market terms (for the use) directly invoices the users of the airplane. G&A Air AS had a loan from Aker ASA of USD 9 million as at 31 December 2018. Bjørn Rune Gjelsten has also provided a loan on equal terms.

Aker BP ASA

Aker BP has in 2018 invoiced NOK 99 million to Aker Energy AS for services related to the development of Aker Energy's oil field in Ghana.

Haut Nordic AS

FP Eiendom acquired in 2018 a 20 per cent direct ownership interest in the company Miklagard Properties Holding AS from the joint venture Haut Nordic AS for NOK 16 million.

TRANSACTIONS AND OUTSTANDING BALANCES INVOLVING RELATED PARTIES IN 2018 AND 2017

Amounts in NOK million	**2018**	2017
Income statement:		
Operating revenues	**4 067**	4 984
Operating expenses	**(363)**	(364)
Net financial items	**4**	8
Balance sheet:		
Finance lease receivable	**1 571**	-
Interest-bearing receivable	**450**	141
Trade receivable and other interest-free current assets	**669**	406
Total assets	**2 690**	547
Trade liabilities and other interest-free current liabilities	**(18)**	(10)
Interest-bearing debt	**(12)**	(11)
Net exposure	**2 660**	526

The operating revenues above for 2018 mainly relate to the delivery of equipment and services from Aker Solutions to Aker BP and sale of man-hours from Kvaerner to joint venture projects.

Note 33 | Vested salary and other remuneration to the board of directors, nomination committee, CEO and other senior executives at Aker ASA

REMUNERATION TO AND SHARES OWNED BY THE BOARD OF DIRECTORS

Amounts in NOK	Shares owned as of 31 December 2018	**2018**	2017
Kjell Inge Røkke (Chairman of the Board) [1]	50 673 577	**600 000**	575 000
Finn Berg Jacobsen (Deputy Chairman)	5 159	**415 000**	400 000
Kristin Krohn Devold (Director)	-	**365 000**	350 000
Karen Simon (Director)	-	**365 000**	350 000
Anne Marie Cannon (Director)	-	**365 000**	350 000
Atle Tranøy (Employee representative) [2]	-	**182 500**	175 000
Arnfinn Stensø (Employee representative) [2]	-	**182 500**	175 000
Amram Hadida (Employee representative) [2]	-	**182 500**	175 000
Tommy Angeltveit (Employee representative since 21 April 2017) [2]	-	**182 500**	116 667
Kristian Røkke (Director until 31 December 2017)	-	-	350 000
Anne Tysdal Egaas (Employee representative until 21 April 2017) [2]	-	-	58 333
Total		**2 840 000**	3 075 000

1) Owns 100 per cent of The Resource Group TRG AS (TRG AS). TRG AS owns 99.71 per cent of TRG Holding AS, which owns 66.35 per cent of Aker ASA. In addition, TRG AS owns 1.19 per cent of Aker ASA directly. TRG AS also owns 31 427 000 shares in Aker Energy AS.
Kjell Inge Røkke also owns 260 800 shares in Ocean Yield ASA directly.

2) The employee representatives have the same responsibilities as the other board directors, and should therefore generally have the same compensation. However, based on an initiative from the employees, an agreement has been made between Aker ASA and employee representatives from LO and other labour organisations, consequently the employee representatives receive a lower compensation.

REMUNERATION TO THE AUDIT COMMITTEE

	2018	2017
Finn Berg Jacobsen (Chairman of the audit committee)	**185 000**	175 000
Atle Tranøy	**130 000**	125 000
Kristin Krohn Devold	**130 000**	125 000
Total	**445 000**	425 000

REMUNERATION TO THE NOMINATION COMMITTEE

	2018	2017
Kjell Inge Røkke (Chairman of the nomination committee)	**45 000**	50 000
Gerhard Heiberg	**45 000**	50 000
Leif-Arne Langøy	**45 000**	50 000
Total	**135 000**	150 000

All remunerations are vested during the year. Where amounts have not been paid by the end of the year, provisions have been made in accordance with best estimates.

In 2018, The Resource Group TRG AS (TRG) earned NOK 645 000 in board remuneration (remuneration to the nomination committee included) from Aker ASA (NOK 625 000 in 2017), through Chairman of the Board Kjell Inge Røkke. TRG also earned board remuneration from other Aker-owned companies totalling NOK 1 756 000 through Kjell Inge Røkke in 2018 (NOK 1 496 000 in 2017). See also Note 32 Transactions and agreements with related parties.

The board members earned no payments from Aker ASA in 2018 or 2017 except as described above. Some board members also hold directorships in other companies within the Aker Group.

AKER'S ORGANISATIONAL STRUCTURE

Aker ASA's numerous operational companies are organised into two portfolios; one industrial and one financial. At the end of 2018, Aker's executive team consisted of President and CEO Øyvind Eriksen, CFO Frank O. Reite and Chief Investment Officer Kristian Røkke.

GUIDELINES FOR REMUNERATION OF THE CEO AND SENIOR COMPANY EXECUTIVES

Advisory guidelines

The total remuneration package for executives consists of a fixed salary, standard employee pension and insurance coverage and a variable salary element. The main purpose of the system is to stimulate a strong and enduring profit-oriented culture that ensures share price growth.

The intention of the variable salary element is to promote the achievement of good financial results and leadership in accordance with the company's values and business ethics. The variable salary element has three main components. The first component is a payment based on the dividend on the company's shares, and the second component is a payment based on personal goal achievement. Work on special projects may entitle an employee to an additional bonus. The third component of the variable salary is described under "Binding guidelines" below.

Senior executives participate in a collective pension and insurance scheme open to all employees. The collective pension and insurance scheme applies for salaries up to 12G. For further information regarding the pension scheme, see Note 11 to Aker ASA's separate financial statements. The members of the executive team are offered standard employment contracts and standard employment conditions with respect to notice periods and severance pay. Their employment contracts can be terminated on three months' notice. If the company terminates a contract, the executive is entitled to three months' pay after the end of the notice period.

Binding guidelines

One of the three components of the variable salary is a granting of bonus shares calculated on the basis of the increase in value-adjusted equity. The other components of the variable salary are described under "Advisory guidelines" above. In addition, the employees have an option to buy Aker ASA shares at a discount (see Note 2 to the separate financial statement for Aker ASA). The company does not offer stock option programmes for its employees.

REMUNERATION OF SENIOR EXECUTIVES

Øyvind Eriksen's appointment as President and CEO can be terminated by either party on three months' notice. If his contract is terminated by the company, Mr Eriksen is entitled to three months' notice and three months' salary from the date of termination. This amount will not be paid if he continues to be employed by another company in the Aker Group. The remuneration plan for Mr. Eriksen includes a fixed salary, standard employee pension and insurance coverage and a variable salary element. The variable salary element may total up to two-thirds of the fixed salary. In 2018, Mr Eriksen earned a salary of NOK 17 260 590 (NOK 15 726 319 in 2017), and variable pay of NOK 11 316 948 (NOK 10 232 617 in 2017). The value of additional remuneration was NOK 31 722 in 2018 (NOK 30 036 in 2017), while the net pension expense for Mr. Eriksen was NOK 176 220 (NOK 293 755 in 2017). As at 31 December 2018, Mr. Eriksen owns 219 072 shares in Aker ASA through his wholly-owned company Erøy AS. Erøy AS also owns 200 000 shares in Ocean Yield ASA, 208 220 shares in Cognite AS and 100 000 Class-B shares (0.2 per cent) in TRG Holding AS as at 31 December 2018.

Frank O. Reite's appointment as CFO can be terminated by either party on three months' notice. If his contract is terminated by the company, Mr. Reite is entitled to three months' salary from the date of termination. This amount will not be paid if he continues to be employed by another company in the Aker Group. The remuneration plan for Mr. Reite includes a fixed salary, standard employee pension and insurance coverage and a variable salary element. Mr. Reite's variable salary also includes a bonus-share award scheme including an option to buy Aker ASA shares at a discount (see Aker ASA Note 2 for a description of the scheme). Mr Reite's contractual variable salary may total up to 140 per cent of his fixed salary. Mr. Reite earned a fixed salary of NOK 4 583 902 in 2018 (NOK 3 799 814 in 2017), as well as variable pay of NOK 4 374 198 (NOK 5 951 260 in 2017). For 2017, this includes the value of allocated bonus shares in Aker ASA. For 2018, no bonus shares will be allocated. The value of additional remuneration was NOK 21 352 in 2018 (NOK 324 726 in 2017), while the net pension expense for Mr. Reite was NOK 172 754 in 2018 (NOK 263 532 in 2017). In 2018, through his wholly-owned company Fausken Invest AS, Mr. Reite was allocated 2 015 bonus-shares for 2017 (2017: 2 402 bonus-shares for 2016). In 2018, Reite purchased through Fausken Invest AS 4 444 shares at a discount as part of the employee share purchase program. The share purchase program was not carried out during 2017. As at 31 December 2018, Mr. Reite owns 71 240 shares in Aker ASA through Fausken Invest AS. In addition, Fausken Invest AS owns 200 000 shares in Akastor ASA and 11 111 shares in Ocean Yield ASA as at 31 December 2018.

Kristian Røkke acceded the position of Chief Investment Officer in Aker on 1 January 2018. The appointment can be terminated by either party on three months' notice. If his contract is terminated by the company, Mr. Røkke is entitled to three months' salary from the date of termination. This amount will not be paid if he continues to be employed by another company in the Aker Group. The remuneration plan for Mr. Røkke includes a fixed salary, standard employee pension and insurance coverage and a variable salary element. Mr. Røkke's variable salary also includes a bonus-share award scheme including an option to buy Aker ASA shares at a discount (see Aker ASA Note 2 for a description of the scheme). Mr. Røkke's contractual variable salary may total up to 140 per cent of his fixed salary. Mr. Røkke earned a fixed salary of NOK 3 275 335 in 2018, as well as variable pay of NOK 3 750 011. The value of additional remuneration was NOK 16 935 in 2018, while the net pension expense for Mr. Røkke was NOK 170 953 in 2018. As at 31 December 2018, Mr. Røkke owns 200 000 shares in Akastor ASA through his wholly-owned company Riverrun Capital Management AS. Mr. Røkke owns no shares in Aker ASA.

Senior executives receive no remuneration for directorships or memberships of nomination committees of other Aker companies. In 2018, Aker ASA recognised a total of NOK 2 460 567 in respect of Øyvind Eriksen's directorships of other Aker companies. Aker ASA recognised NOK 1 434 922 in respect of Frank O. Reite's directorships of other Aker companies in 2018.

The President and CEO and other senior executives receive no other remuneration than described above. Accordingly, their employment conditions include no loans, guarantees or stock option rights.

Note 34 | Events after the balance sheet date

AKER ENERGY – DRILLING OPERATIONS AND POD SUBMISSION

On 10 January 2019, Aker Energy announced a successful drilling operation of the Pecan-4A appraisal well in the Deepwater Tano/Cape Three Points (DWT/CTP) block offshore Ghana. On 4 March 2019, Aker Energy further announced that oil had been encountered in the drilling the Pecan South-1A well, the first of two additional appraisal wells.

On 28 March 2019, Aker Energy, on behalf of its license partners, submitted an integrated Plan of Development (PoD) to Ghanaian authorities for the DWT/CTP block. The PoD presents an overall plan for a phased development and production of the petroleum resources in the block, with a firm Phase 1 plan for development and production of the Pecan field. The total oil reserves on the Pecan field is estimated at 334 million barrels, and the contingent resources (2C) is estimated to 110-210 mmboe. Based on the Pecan South results and pre-drill estimates of Pecan South East, the company estimates a potential volume upside of an additional 150-450 mmboe to the mentioned reserves and 2C resources.

The total investment in the Pecan development project is estimated to USD 4.4 billion, of which USD 2.4 billion prior to first oil. First oil from the Pecan field is estimated to be produced 35 months after a final investment decision following approval from the authorities. Further phases will be detailed in addendums to the integrated PoD.

Aker ASA

Income statement

[illegible]	Note	2018	2017
Salaries and other personnel related expenses	2,11,19	**(169)**	(166)
Depreciation of fixed assets	3	**(14)**	(14)
Other operating expenses	2	**(77)**	(77)
Operating profit (loss)		**(260)**	(257)
Interest income from subsidiaries		**40**	30
Other interest income		**20**	33
Reversed impairments of shares	7	**-**	760
Dividends from subsidiaries	4	**3 517**	1 272
Foreign exchange gains		**85**	11
Other financial income		**26**	154
Total financial income		**3 688**	2 260
Interest expenses to subsidiaries		**(22)**	(19)
Other interest expenses		**(283)**	(271)
Impairments of shares and receivables	7	**(1 254)**	-
Foreign exchange losses		**(15)**	(88)
Other financial expenses		**(88)**	(67)
Total financial expenses		**(1 662)**	(444)
Net financial items		**2 026**	1 816
Profit before tax		**1 767**	1 559
Tax expense	10	**-**	-
Profit after tax		**1 767**	1 559
Allocation of profit/loss for the year:			
Profit (+) / loss (-)		**1 767**	1 559
Allocation of dividend		**(1 671)**	(1 337)
Allocated to other equity		**(96)**	(222)
Total	9	**-**	-

Balance sheet as at 31 December

[illegible]	Note	2018	2017
ASSETS			
Deferred tax assets	10	-	-
Property, plant and equipment	3	**98**	107
Shares in subsidiaries	4	**24 657**	24 859
Investments in associates and joint ventures	5	**56**	66
Non-current receivables from group companies	6	**671**	951
Other non-current financial assets	6	**11**	106
Total non-current assets		**25 493**	26 088
Current receivables from group companies	6	**3 505**	1 260
Other current receivables	5	**292**	221
Cash and cash equivalents	8	**1 310**	873
Total current assets		**5 107**	2 353
Total assets		**30 600**	28 442
EQUITY AND LIABILITIES			
Share capital		**2 081**	2 081
Own shares		**(1)**	(1)
Share premium		**250**	250
Other paid-in equity		**1**	-
Total paid-in equity		**2 331**	2 331
Other equity		**17 816**	17 751
Total equity	9	**20 148**	20 081
Pension liabilities	11	**58**	81
Other non-current provisions	12	**89**	93
Non-current liabilities to group companies	13	**2 380**	1 272
Non-current external interest-bearing debt	14	**4 679**	4 184
Total non-current liabilities		**7 206**	5 629
Allocated dividend	9	**1 671**	1 337
Current external interest-bearing debt	14	**1 454**	1 299
Other current liabilities	15	**121**	95
Total current liabilities		**3 246**	2 732
Total equity and liabilities		**30 600**	28 442

Fornebu, 29 March 2019
Aker ASA

Kjell Inge Røkke (sign)
Chairman

Finn Berg Jacobsen (sign)
Deputy Chairman

Anne Marie Cannon (sign)
Director

Kristin Krohn Devold (sign)
Director

Karen Simon (sign)
Director

Atle Tranøy (sign)
Director

Tommy Angeltveit (sign)
Director

Amram Hadida (sign)
Director

Arnfinn Stensø (sign)
Director

Øyvind Eriksen (sign)
President and CEO

Cash flow statement

Amounts in NOK million	Note	2018	2017
Profit before tax		**1 767**	1 559
Sales losses/gains(-) and write-downs/reversals(-) of financial assets	7	**1 254**	(760)
Unrealised foreign exchange losses/gains(-)		**(59)**	75
Depreciation and write-downs of fixed assets	3	**14**	14
Changes in other current items, etc.		**(3 603)**	(1 446)
Cash flow from operating activities		**(628)**	(559)
Sales proceeds/acquisitions(-) of fixed assets	3	**(5)**	(3)
Acquisitions of shares and other equity investments		**-**	(7)
Repayments of interest-bearing receivables		**106**	119
Payments on interest-bearing receivables		**(706)**	(976)
Cash flow from investment activities		**(604)**	(867)
Issue of non-current debt		**1 985**	-
Repayments of external interest-bearing debt		**(1 300)**	(1 000)
Net repayments/payments (-) on debt to group companies		**2 345**	1 239
Dividend paid and payments from other equity transactions		**(1 361)**	(1 188)
Cash flow from financing activities		**1 668**	(949)
Cash flow for the year		**436**	(2 375)
Cash and cash equivalents as at 1 January	8	**873**	3 248
Cash and cash equivalents as at 31 December	8	**1 310**	873

Notes to the financial statements

Note 1 Accounting principles

The financial statements are prepared and presented in Norwegian kroner (NOK). The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway as at 31 December 2018.

SUBSIDIARIES, ASSCIATES AND JOINT VENTURES

Subsidiaries are companies in which Aker ASA has control. This normally means an ownership interest of more than 50 per cent, and that the investment is long-term and of a strategic nature. Associates are companies in which Aker ASA has significant influence, but not control, which normally is the case when Aker ASA holds between 20 per cent and 50 per cent of the voting shares. Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity that is subject to joint control, and whereby the parties have rights to the net assets of the arrangement.

Subsidiaries, associates and joint ventures are accounted for using the cost method in Aker ASA's separate financial statements. A write-down to fair value is made whenever impairment is due to causes that are assumed to be non-transient. A reversal is made whenever the impairment is no longer present.

Dividends exceeding the share of retained profits since acquisition are deemed as refunds of invested capital. Such dividends reduce the book value of the investments. Received dividends from companies owned less than 90 per cent are accounted for when the dividends are approved.

A group contribution received that exceeds Aker ASA's share of retained profits since acquisition, is booked as a deduction from the book value of the investment, with a corresponding deduction of the deferred tax asset (or an increase in deferred tax). In cases where no deferred tax asset is booked and an amount equal to the group contribution is transferred back to the subsidiary as a group contribution without tax effect, the entire received group contribution will be recorded as a deduction from the book value of the investment (without any corresponding entry with respect to deferred tax assets/deferred tax). The group contribution without tax effect is then correspondingly recorded as an increase in the book value of the investment, with the result that the net effect on the investment is zero. This reflects the fact that, overall, the "circular group contribution" has not constituted a transfer of value between Aker ASA and the subsidiary.

CLASSIFICATION AND ASSESMENT OF BALANCE SHEET ITEMS

Current assets and current liabilities comprise items that fall due within one year after the balance sheet date. Other items are classified as non-current assets/non-current liabilities.

Current assets are valued at the lower of acquisition cost or fair value. Current debt is recognised at its nominal value at the time it was recorded.

Non-current assets are valued at acquisition cost but written down to fair value whenever impairment is deemed non-transient. Non-current debt is recognised at its nominal value at the time it was established. Fixed interest rate bonds are accounted for at amortised cost.

RECEIVABLES

Trade receivables and other receivables are recorded at par value after the subtraction of a provision for expected losses. Provisions are made for losses based on individual assessments of each receivable.

FOREIGN CURRENCY

Transactions in foreign currencies are translated into NOK using the exchange rates applicable at the time of each transaction. Monetary items in foreign currencies are translated into NOK using the exchange rates applicable on the balance sheet date. Non-monetary items that are measured at fair value in a foreign currency are translated into NOK using the exchange rates applicable on the date of measurement. Valuation changes due to exchange rate fluctuations are recorded on a continuous basis under other financial items.

NON-CURRENT ASSETS

Non-current assets are recognised and depreciated over their estimated useful lifes. Direct maintenance of operating assets is expensed on an ongoing basis as operating expenses, while improvements and enhancements are added to the acquisition cost and depreciated in line with the asset. If the recoverable amount of the operating asset is less than its carrying value, the recoverable amount is impaired. The recoverable amount is the higher of net sales value and value-in-use. Value-in-use is the present value of the future cash flows that the asset is expected to generate.

PENSIONS

Pension expenses and pension liabilities are calculated according to linear vesting based on expected final salary. The calculation is based on a number of assumptions such as the discount rate, future salary increases, pensions and other social benefits from the Norwegian national insurance system (Folketrygden), future returns on pension funds and actuarial assumptions regarding mortality and voluntary retirement. Pension funds are recognised at fair value.

TAX

The tax expense in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated at a nominal value rate based on the temporary differences that exist between accounting and tax values, and tax losses carried forward at the end of the accounting year. Tax increasing and tax decreasing temporary differences that reverse or can be reversed in the same period are offset. Net deferred tax assets are recognised to the extent that it is probable that they can be utilised.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents consist of cash, bank deposits and other current, liquid investments.

THE USE OF ESTIMATES

Preparation of the annual accounts in accordance with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting principles, as well as the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed and assessed on an ongoing basis, and are based on historical experience and various other factors considered to be reasonable. Changes to the accounting estimates are recognised in the profit and loss account in the same period as the one in which the estimates are revised, unless deferred allocations are prescribed by generally accepted accounting principles.

Note 2 | Salaries and other personnel expenses

[illegible]	2018	2017
Salaries	126	121
Social security contributions	23	21
Pension expenses exclusive financial items (see Note 11)	14	7
Other benefits	7	17
Total salaries and other personnel expenses	**169**	166
Number of employees at year-end	39	37
Number of full time equivalents at year-end	38	37

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

[illegible]	2018	2017
Statutory audit	1.9	2.1
Attestasion services	-	-
Tax services	-	-
Other services	0.1	0.2
Total	**2.0**	2.4

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

[illegible]	2018	2017
Invoiced for services and office rent within the Group	15.7	10.8
Invoiced for services to The Resource Group TRG AS	2.1	2.0
Procured services from the The Resource Group TRG AS and Kjell Inge Røkke	(1.6)	(1.6)
Board fee to The Resource Group TRG AS, excluding payroll tax	(0.6)	(0.6)
Total	**15.6**	10.6

See Note 32 to the group accounts for other transactions with related parties

INCENTIVE PROGRAMME FOR EMPLOYEES (EXCLUDING THE PRESIDENT AND CEO)

Aker ASA has adopted an incentive programme to promote the company's goals and give employees the same motivation as shareholders. In 2018, the incentive programme had the following elements:

- a dividend bonus, based on the Aker ASA dividend
- a personal bonus, based on personal achievement
- bonus shares, allocated on the basis of on an agreed increase in net asset value
- an option to purchase Aker ASA shares subject to a lock-up period.

See Note 33 to the group accounts regarding the incentive programme for the President and CEO.

BONUS CEILING

Dividends and personal bonuses are paid in cash in the year after the vesting year. Participants can achieve a total bonus equal to a defined percentage of fixed salary (bonus ceiling), split into a dividend bonus and a personal bonus

DIVIDEND BONUS

The dividend bonus is linked to dividends paid for the vesting year. A defined number of shadow shares are used as the basis for calculating the dividend bonus. The calculation of the shadow shares is based on the target yield for net asset value and the target dividend for the vesting year. Participants receive a dividend bonus (cash) equal to the dividend per share proposed by the board of directors multiplied by the number of shadow shares.

PERSONAL BONUS

The personal bonus is linked to the achievement of personal results and goals, and is set based on an overall evaluation covering each participant's personal achievements and development, the results and development of the company and the unit to which the participant belongs, and the participant's contribution to the Aker-community.

BONUS SHARES

Participants may be awarded shares in the company if the company achieves an increase in net asset value of more than 10 per cent in the relevant year The number of potential bonus shares cannot be determined before allocation takes place, as the final number is based on the share price on the determination date and the participant's salary as at 31 December of the vesting year. An allocation range is calculated for the award of bonus shares at the beginning of the vesting year, equal to 50 per cent of the range for the dividend bonus. The fixed allocation range is a gross range The participant's estimated tax on the free bonus shares is deducted from this gross range, as the company pays this amount in by way of advance tax deduction Deduction of tax leaves a net range as a basis for calculating the number of bonus shares. The value of the bonus shares equals the share price on the vesting date minus a deduction to take into the account the lock-up period (20 per cent). The lock-up period is three years from the date the bonus shares are received. The limitations on the right of participants to dispose of the discounted shares freely are registered in VPS as a restriction in favour of the company. If a participant leaves the company during the lock-up period, 50 per cent of the distributed bonus shares are returned to the company without compensation to the participant.

OPTION TO PURCHASE SHARES SUBJECT TO A LOCK-UP PERIOD
Participants may purchase shares in the company at a price equal to 80 per cent of the share price at the time the shares are purchased. The number of shares that can be purchased during the vesting year is calculated based on the estimated number of bonus shares the participant may theoretically receive at the end of the earning year if he/she achieves the maximum bonus. Participants choose how many shares they want to buy within their allocation range. A lock-up period of three years applies from the date the shares are received. The limitations on the right of participants to dispose of the shares freely are registered in VPS as a restriction in favour of the company. The lock-up period continues to apply if the participant leaves the company during the lock-up period, unless the company and the participant agree otherwise.

Dividend bonuses and personal bonuses are recorded as salary expenses. An allocation of NOK 35 million has been made under other current liabilities as at 31 December 2018 in respect of dividend bonuses and personal bonuses including holiday pay and payroll tax. The accrual of bonus shares is recorded as a salary expense in the income statement distributed over the lock-up period. The contra entry is other equity. It is recorded an accrual related to 2018 bonus shares of NOK 3 million.

Note 3 | Property, plant and equipment

Amounts in NOK million	Art	Office and fixtures	Property	**Total**
Acquisition cost as at 1 January 2018	43	104	8	**155**
Additions	-	5	-	**5**
Acquisition cost as at 31 December 2018	43	109	8	**160**
Accumulated depreciation and write-downs	(17)	(43)	(1)	**(61)**
Book value as at 31 December 2018	26	66	6	**98**
Depreciation for the year	-	(14)	-	**(14)**
Useful life		3-8 years	50 years	
Depreciation plan	No depreciations	Linear	Linear	

Note 4 | Shares in subsidiaries

Amounts in NOK million	Ownership in % [1]	Location, city	Equity as at 31 Dec. 2018 [2]	Profit before tax 2018 [2]	Dividend received	**Book value**
Aker Capital AS	100.0	Fornebu	16 703	1 139	3 500	**16 814**
Aker Kværner Holding AS	70.0	Fornebu	7 144	(1 504)	-	**5 001**
Aker BioMarine AS	100.0	Fornebu	1 554	(10)	-	**1 746**
Aker Solutions ASA [4]	6.4	Fornebu	7 608	792	-	**687**
Akastor ASA [3]	8.5	Fornebu	4 317	(91)	-	**305**
Resource Group International AS	100.0	Fornebu	53	(3)	-	**52**
Norron Holding AB	54.3	Stockholm	71	66	17	**44**
Intellectual Property Holdings AS	100.0	Fornebu	3	-	-	**8**
Aker Achievements AS	100.0	Fornebu	6	-	-	**-**
AGE Air AS	100.0	Fornebu	-	-	-	**-**
Total					3 517	**24 657**

1) Ownership and voting interest

2) 100 per cent of the company's equity before dividends and group contributions as at 31 December and profit before tax in 2018. Akastor ASA, Aker Solutions ASA, Norron Holding AB and Aker BioMarine AS figures are group figures

3) In addition Aker ASA owns 40.3 per cent through Aker Kværner Holding AS

4) In addition Aker ASA owns 40.6 per cent through Aker Kværner Holding AS

The investments are recorded at the lowest of fair value and cost price

Note 5 | Investments in associates and joint venture companies

	Equity as at 31.12.2018 [2]	Profit before tax [2]	Cost	Accumulated write-down	**Book value 2018**	Book value 2017
G&A Air AS [1]	111	(7)	66	(10)	**56**	66
Others	-	-	1	(1)	-	-
Total investments in associates and joint ventures			67	(11)	**56**	66

1) Location at Fornebu. Ownership and voting interest 50%. In addition, the company has a NOK [illegible] million receivable on G&A Air AS at 31.12.2018

2) 100 per cent of the company's equity as at 31 December and profit before tax in 2018

The investments are recorded at the lowest of fair value and cost.

Note 6 | Other non-current financial assets and receivables from subsidiaries

	2018	2017
Non-current derivatives	**-**	50
Other non-current receivables	**7**	52
Aker Pensjonskasse	**4**	4
Total other non-current financial assets	**11**	106

	2018	2017
Aker BioMarine AS	**477**	919
AGE Air AS	**190**	-
Aker Kværner Holding AS	**4**	2
Resource Group International AS	**-**	30
Total non-current receivables from group companies	**671**	951

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

	2018	2017
Aker Capital AS	**3 500**	1 259
Other	**5**	1
Total current receivables from group companies	**3 505**	1 260

Note 7 | Impairments and reversals of impairment of shares

Amounts in NOK million	2018	2017
Aker Kværner Holding AS	**(1 053)**	672
Aker Solutions ASA	**(113)**	84
Akastor ASA	**(78)**	5
G&A Air AS	**(10)**	-
Total impairment and reversals of impairments on shares	**(1 254)**	760

Note 8 | Cash and cash equivalents

Amounts in NOK million	2018	2017
Unrestricted cash	**1 289**	851
Restricted cash	**20**	22
Total cash and cash equivalents	**1 310**	873

Note 9 | Shareholders' equity

The share capital at 31 December 2018 consisted of 74 321 862 shares with a nominal value of NOK 28 per share. All shares have equal voting rights and are entitled to dividends. Aker ASA has no voting rights for its own shares. At 31 December 2018, Aker ASA had 53 070 own shares, and the number of shares outstanding was 74 268 792. At the General Meeting on 26 April 2019, it will be proposed a dividend of NOK 22,50 per share, totalling NOK 1 671 million.

CHANGES IN SHAREHOLDER'S EQUITY IN 2018 ARE SHOWN BELOW:

Amounts in NOK million	Share capital	Premium on shares	Share premium	Other paid-in capital	Total paid-in capital	Other equity	**Total equity**
Equity as at 1 January	2 081	(1)	250	-	2 331	17 751	**20 081**
Purchased/sold/bonus treasury shares	-	(1)	-	1	-	(26)	**(26)**
Changes in estimate pension booked directly against equity	-	-	-	-	-	(4)	**(4)**
Allocation of dividend	-	-	-	-	-	(1 671)	**(1 671)**
Profit for the year	-	-	-	-	-	1 767	**1 767**
Equity as at 31 December	2 081	(1)	250	1	2 331	17 816	**20 148**

In 2018, the company has acquired 50 000 treasury shares and sold/distributed 23 279 treasury shares in connection with the employees incentive program. Net effect recorded against equity was NOK 24 million.

In addition, accrued share bonus in 2018 with NOK 3 million has been recorded as an expense and increased other equity. Other equity has been reduced through distribution of profit and loss with the same amount and accrued share bonus totally has net zero effect on other equity.

THE 20 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2018:

	Number of shares	Per cent
TRG Holding AS[1]	49 785 635	67.0%
Folketrygdfondet	3 300 408	4.4%
The Resource Group TRG AS[1]	887 942	1.2%
J.P. Morgan Bank Luxenburg S.A.	847 475	1.1%
Tvenge, Torstein Ingvald	750 000	1.0%
KLP Aksjenorge	498 767	0.7%
State Street Bank & Trust Company	460 740	0.6%
UBS AG	424 547	0.6%
Handelsbank Nordiska Småbolagsfond	400 000	0.5%
J.P. Morgan Chase BANK N.A. London	366 795	0.5%
J.P. Morgan Chase BANK N.A. London	319 069	0.4%
Kommunal Landspensjonskasse	313 110	0.4%
Société Générale	308 949	0.4%
Norron Sicav - Active	293 814	0.4%
State Street Bank and Trust Comp	288 960	0.4%
VPF Nordea Norge Verdi	266 741	0.4%
State Street Bank and Trust Comp	247 129	0.3%
Morgan Stanley & Co LLC	231 607	0.3%
KLP Aksjenorge indeks	229 930	0.3%
Pagano AS	225 477	0.3%
Others	13 874 767	18.7%
Total	**74 321 862**	**100%**

1) Kjell Inge Røkke controls 68.2 per cent of the shares in Aker ASA through TRG Holding AS and The Resource Group TRG AS

Note 10 | Tax expense and deferred tax

The table below shows the difference between accounting and tax values at the end of 2018 and 2017 respectively, changes in these differences, deferred tax assets at the end of each year and the change in deferred tax assets

Amounts in NOK million	**2018**	2017
Provisions and accruals	-	50
Fixed asset differences	1	2
Net pension liability/guarantee pension	(147)	(174)
Capital gains and loss reserve	33	41
Total differences	**(113)**	(81)
Tax losses carried forward	(3 565)	(3 957)
Other differences	(11)	(3)
Total deferred tax basis	**(3 689)**	(4 041)
Net deferred tax 22% (2017: 23%)	**(812)**	(929)
Write-down deferred tax assets	812	929
Recognised deferred tax assets	-	-

Deferred tax asset is recognised in the balance sheet if future utilisation of the asset is expected.

The deferred tax assets have been written down to zero as of 31 December 2018. NOK 834 million of the tax losses carried forward are disputed and included in the 2017 figures. The amount is removed in the 2018 figures.

ESTIMATED TAXABLE INCOME

Amounts in NOK million	2018	2017
Profit before tax	**1 767**	1 559
Permanent differences	**(2 208)**	(2 010)
Change in temporary differences	**(17)**	(189)
Estimated taxable income	**(458)**	(640)
Tax payable 23% in the profit and loss account (2017: 24%)	**-**	-
Tax payable 23% in the balance sheet (2017: 24%)	**-**	-

INCOME TAX EXPENSE

Amounts in NOK million	2018	2017
Tax payable in the profit and loss account	**-**	-
Change in deferred tax	**-**	-
Total tax expense	**-**	-

RECONCILIATION OF EFFEKCTIVE TAX RATE IN THE PROFIT AND LOSS ACCOUNT

Amounts in NOK million	2018	2017
23% tax on profit before tax (2017: 24%)	**(406)**	(374)
23 % tax on permanent differences (2017: 24%)	**508**	482
Change earlier years	**13**	-
Change in tax rate	**(37)**	(40)
Change in unrecognised deferred tax asset	**(78)**	(68)
Estimated tax expense	**-**	-
Effective tax rate (tax expense compared with profit / loss before tax)	**0%**	0%

Note 11 | Pension expenses and pension liabilities

According to the Norwegian Occupational Pensions Act (Lov om tjenestepensjon), the company is required to provide a pension plan for all its employees. The company's pension plans meets the statutory requirements. Aker ASA primarily covers its pension liabilities through a group pension plan provided by a life insurance company. From 1 January 2018, the company changed the pension scheme to a defined contribution plan. The change had effect for persons up to 58 years old as at 1 January 2018. The employees included in the defined benefit plan received paid-up policies according to earned rights from the defined benefit plan. For accounting purposes, the change in scheme was treated as a change in plan and included 33 persons. The pension scheme for persons above 58 years is treated as a defined benefit plan and includes 4 active persons as of 31 December 2018. In addition, Aker ASA has uninsured pension liabilities, which gives rights to defined future benefits.

AKTUARIAL CALCULTATIONS HAVE BEEN UNDERTAKEN BASED ON THE FOLLOWING ASSUMPTIONS	2018	2017
Discount rate	**2.8%**	2.4%
Wage increases	**2.8%**	2.5%
Social security base adjustment / inflation	**2.5%**	2.3%
Pension adjustment	**0.0%**	0.0%

The actuarial assumptions are based on assumptions commonly used in the life insurance industry with respect to demographic factors. The discount rate is based on the Norwegian high-quality corporate bond rate.

PERCENTAGE COMPOSITION OF PENSION ASSETS	2018	2017
Bonds	**84.2%**	86.7%
Shares	**8.2%**	7.5%
Property/other	**7.6%**	5.8%

PENSION EXPENSES

Amounts in NOK million	2018	2017
Present value of this year's pension accruals	**(8)**	(6)
Change in plan in profit and loss accounts	**-**	(1)
Interest expense on accrued pension liabilities	**(2)**	(5)
Expected return on pension funds	**1**	2
Net pension expenses defined benefit plan	**(10)**	(10)
Pension expenses defined contributions plan	**(5)**	-
Total pension expenses (-)	**(15)**	-

NET PENSION LIABILITIES AS AT 31 DECEMBER

Amounts in NOK million	2018 [1]	2017 [1]
Present value of accrued pension liabilities	**(101)**	(124)
Value of pension funds	**43**	43
Net pension liabilities [2]	**(58)**	(81)
Number of individuals covered	**63**	65

1) Aker ASA had only underfunded plans in 2018 and 2017 i.e. plans where the value of the pension liabilities exceeds the value of the pension funds.
2) Provision has been made for social security contribution on plans with net pension liabilities.

The plans include 3 active and 60 retired persons.

Pension funds are invested in accordance with the general guidelines for life insurance companies. Recorded pension liabilities are calculated on the basis of estimated future pension liabilities and accrued in accordance with generally accepted accounting principles. The pension liability recorded in the accounts is not the same as the vested pension rights as at 31 December.

Note 12 | Other non-current provisions

Amounts in NOK million	2018	2017
US pension guarantee provision	**89**	93
Total other non-current provisions	**89**	93

Aker ASA had earlier signed a guarantee commitment regarding the US pension fund Kvaerner Consolidated Retirement Plan with Kvaerner US Inc (KUSI). As of December 2015, Aker Maritime Finance AS ("AMF") took over the pension liability from KUSI in order to avoid accelerated payments under the Aker ASA guarantee because of a potential bankruptcy of KUSI. Aker ASA continued to guarantee for the liability and shall cover for all AMF's expenses related to the pension plan. In 2017, Aker Maritime Finance AS merged with The Resource Group TRG AS ("TRG"), and the commitment of Aker ASA to cover the expenses is now against TRG. As at 31 December 2018, Aker ASA has made a provision of NOK 89 million in the balance sheet

Note 13 | Non-current liabilities to subsidiaries

Amounts in NOK million	2018	2017
Aker Capital AS	**2 367**	1 259
Aker Holding Start 2 AS	**13**	13
Total non-current liabilities to group companies	**2 380**	1 272

Note 14 | External interest-bearing debt

[illegible]	Interest	Maturity	2018	2017
Bond AKER12	Stibor + 3.25%	July 2019	-	1 499
Bond AKER10	Nibor + 4%	June 2020	**700**	700
Bond AKER13	Nibor + 3.5%	May 2020	**1 000**	1 000
Bond AKER09	Nibor + 5%	September 2022	**1 000**	1 000
Bond AKER14	Nibor + 2.65%	January 2023	**2 000**	-
Loan expenses			**(21)**	(16)
Total non-current external interest-bearing liabilities			**4 679**	4 184
Bond AKER11	Nibor + 3.5%	June 2018	-	1 300
Bond AKER12	Stibor + 3.25%	July 2019	**1 455**	-
Loan expenses			**(1)**	(1)
Total current external interest-bearing liabilities			**1 454**	1 299

The loans are all denominated in NOK, except for the AKER12 bond that is denominated in SEK. The company is in no breaches to its covenants as of 31 December 2018.

Note 15 | Other current liabilities

[illegible]	2018	2017
Accrued interest externa	**34**	33
Other accrued expenses	**33**	23
Foreign exchange derivatives	**19**	-
Other	**35**	38
Total other current liabilities	**121**	95

Note 16 | Guarantee obligations

[illegible]	2018	2017
Loan guarantees	**308**	308
Other guarantees	**32**	-
Total guarantee obligations	**340**	308

Loan guarantees as at 31 December 2018 consisted mainly of guarantees related to Aker BioMarine AS with NOK 305 million.

Note 17 | Financial market risk

The company are exposed to several types of financial risk, the most significant of which are credit, liquidity, foreign exchange and interest rate risk. The purpose of risk management is to measure and manage financial risks in a reliable manner, in order to increase predictability and simultaneously minimise any negative impacts on Aker's financial results. Aker ASA has loan and guarantee commitments that contain equity covenants. At 31 December 2018, Aker ASA was in compliance with all such covenants. See also Note 6 to the group accounts. Aker ASA secures a part of net exposure in cash flow in foreign exchange and normally not balance items. Cash flow, including detectable structural transactions and possible loans in foreign exchange are secured within fixed intervals. In total, Aker ASA has hedged USD 35 million net by means of forward contracts and options. In addition, Aker ASA has an interest- and foreign currency agreement of SEK 1 150 million. As at 31 December 2018, the income statement shows an net loss of NOK 65 million on all foreign exchange agreement. Unrealised gain is included in other current receivables of NOK 11 million, and unrealised loss of 19 million is included in other current liabilities.

Note 18 | Shares owned by board members and key executives

See Note 33 to the financial statements of the Group.

Note 19 | Salary and other remuneration to the Board of directors, nomination committee, CEO and other senior executives

See Note 33 to the financial statements of the Group.

Note 20 | Disputes and contingent liabilities

There are no known major disputes or contingent liabilities as at 31.12.18.

Note 21 | Events after the balance sheet date

There have not been any other major events after the balance sheet date. See also Note 34 in the financial statement of the Group.

Directors' responsibility statement

Today, the board of directors and the president and chief executive officer reviewed and approved the board of directors' report and the consolidated and separate annual financial statements of Aker ASA, consolidated and parent company for the year ending and as of 31 December 2018.

Aker ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs adopted by the EU as well as additional disclosure requirements in the Norwegian Accounting Act and as such are to be applied per 31 December 2018. The separate financial statements of Aker ASA and the parent company have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as at 31 December 2018. The board of directors' report for the group and the parent company satisfy with the requirements of the Norwegian Accounting Act and Norwegian accounting standard no. 16, as at 31 December 2018.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2018 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair overall view of the assets, liabilities, financial position and profit/loss of the group and for the parent company as of 31 December.
- The board of directors' report provides a true and fair review of the
  - – development and performance of the business and the position of the group and the parent company,
  - – the principal risks and uncertainties the group and the parent company may face.

Fornebu, 29 March 2019
Aker ASA

Kjell Inge Røkke (sign)
Chairman

Finn Berg Jacobsen (sign)
Deputy Chairman

Anne Marie Cannon (sign)
Director

Kristin Krohn Devold (sign)
Director

Karen Simon (sign)
Director

Atle Tranøy (sign)
Director

Tommy Angeltveit (sign)
Director

Amram Hadida (sign)
Director

Arnfinn Stensø (sign)
Director

Øyvind Eriksen (sign)
President and CEO

Independent auditor's report

KPMG

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To the Annual Shareholder's Meeting of Aker ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Aker ASA (the Company), which comprise the balance sheet as at 31 December 2018, and income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Aker ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, and income statement, statement of total 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 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Key Audit Matters

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

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

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

The key audit matter	*How the matter was addressed in our audit*
The impairment assessment of property, plant and equipment and goodwill is considered to be a risk area mainly due to the size of the balances and the economic environment in the Group's operating segments, particularly oil & gas business segments. The identification of indicators of impairment and the preparation of the estimate of the recoverable amount of an asset involves significant uncertainties and subjective judgments, which requires special audit consideration. As of 31 December 2018, the Group has property, plant and equipment with carrying values of NOK 18 262 million and goodwill of NOK 7 506 million. The Group has recognised impairment charges of property, plant and equipment and goodwill during the year of NOK 172 million and NOK 80 million respectively.	Audit procedures in this area, performed by the group team and component auditors in other listed subsidiaries, included: • assessing management's process and results for identification and classification of cash generating units; • evaluating management's assessment of impairment indicators; • where impairment indicators were identified or where impairment testing was required, assessing the mathematical and methodological integrity of management's impairment models and the reasonableness of discount rates applied with reference to market data; • using KPMG valuation specialists on the audit of certain valuations; • evaluating the historical accuracy of management's budgets and forecasts in order to challenge management on the current year cash flow forecasts; • evaluating and challenging management on the appropriateness of the key assumptions, such as for example growth assumptions and residual values, in the cash flow forecasts; and • evaluating the adequacy and appropriateness of the disclosures in the financial statements related to the carrying value of property, plant and equipment and goodwill. From the audit evidence obtained, we consider management's assessment of the carrying value of property, plant and equipment and goodwill to be in accordance with the requirements under the relevant accounting standards.

2. Construction contract estimates and revenue recognition

Reference is made to Note 2 Basis for preparation and estimates and assumptions, Note 5 Accounting principles, and Note 10 Operating revenue.

The key audit matter	*How the matter was addressed in our audit*
IFRS 15 *Revenue from contracts with customers* ('IFRS 15') was implemented by the Group on 1 January 2018. This new accounting standard introduces a 'five step model' for revenue recognition and new requirements and guidance	Our audit procedures, performed by the group team and component auditors in other listed subsidiaries, included: • assessing the implementation of IFRS 15, including the Group's updated accounting

relevant to project accounting estimates and judgements. IFRS 15 has introduced a higher degree of judgment in determining the number of performance obligations which can impact the timing and amount of revenue recognition for certain contracts. Accounting for long term construction contracts involves management estimates and judgments which are often complex and involve assumptions regarding future events for which there may be little or no external corroborative evidence available. 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 fulfilment cost. As such, these contract accounting estimates also require significant attention during the audit and are subject to a high degree of auditor judgment.	policies, transition impact assessment, application to construction and service contract accounting and disclosures; • for financially significant contracts and any contracts with a reasonable possibility of being in a significant loss-making position, we applied professional skepticism and critically assessed the accounting estimates and judgments against the requirements of IFRS 15; • challenging management's assumptions in determining if certain contracts contain single or multiple performance obligations by obtaining, reading, and critically assessing the terms and conditions of relevant contractual documents; • assessing contractual revenue forecasts including corroborating those forecasts with reference to signed contracts and variation orders; • assessing variable considerations estimates included in forecasted revenue against the requirements of IFRS 15; • obtained and read the terms and conditions of significant contracts and comparing these to management's assessment of the contract forecasts; • evaluating management's process for assessing measurement of progress and the method applied; • challenging management on estimated recovery of incentive payments, incentives linked to key performance indicators and recognition of liquidated damages; • reading and discussing project reports with management and comparing current forecasts to historical outcomes where relevant; • challenging management on the estimate of cost to complete and the risk assessment related to forecast cost; and • evaluating the adequacy and appropriateness of the disclosures in the financial statements related to IFRS 15 transition effects, revenue from construction contracts and service contracts. From the audit evidence obtained, we consider construction contract estimates and revenue recognition to be consistent with the requirements under the relevant accounting standards.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, with the exception of the financial statements and the Independent auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, with the exception of our report on Other Legal and Regulatory Requirements below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional 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 and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

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

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 29 March 2019
KPMG AS

Arve Gevoll
State Authorised Public Accountant

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

Aker ASA and holding companies

Combined income statement

	Note	2018	2017
Operating revenues	*2*	**194**	-
Operating expenses		**(254)**	(244)
Depreciation and write-down	*8*	**(18)**	(14)
Operating profit		**(78)**	(258)
Dividends received	*3*	**2 174**	1 588
Other financial items	*4*	**(247)**	(209)
Value change of shares and fund gains	*5*	**(383)**	(289)
Profit before tax		**1 467**	833
Income tax expense	*6*	**-**	-
Profit for the year		**1 467**	833

Combined balance sheet as at 31 December

	Note	2018	2017
ASSETS			
Property, plant and equipment	*8*	**328**	149
Interest-bearing non-current receivables	*9*	**759**	1 306
Financial interest-free non-current assets	*8,9*	**154**	146
Equity investments	*7*	**20 082**	19 578
Total financial non-current assets		**20 996**	21 030
Total non-current assets		**21 324**	21 179
Interest-free current receivables		**192**	127
Interest-bearing current receivables	*9*	**225**	196
Cash and cash equivalents	*10*	**1 945**	1 232
Total current assets		**2 363**	1 555
Total assets		**23 686**	22 735
SHAREHOLDERS' EQUITY AND LIABILITIES			
Paid-in capital	*11*	**2 331**	2 331
Retained earnings		**10 215**	10 448
Total equity		**12 546**	12 779
Non-current provisions	*12*	**147**	174
Interest-bearing non-current liabilities	*13*	**6 837**	6 224
Total non-current liabilities		**6 984**	6 398
Interest-free current liabilities	*12*	**1 833**	1 439
Interest-bearing current liabilities	*13*	**2 323**	2 119
Total current liabilities		**4 156**	3 558
Total equity and liabilities		**23 686**	22 735

Fornebu, 29 March 2019
Aker ASA

Kjell Inge Røkke (sign)
Chairman

Finn Berg Jacobsen (sign)
Deputy Chairman

Anne Marie Cannon (sign)
Director

Kristin Krohn Devold (sign)
Director

Karen Simon (sign)
Director

Atle Tranøy (sign)
Director

Tommy Angeltveit (sign)
Director

Amram Hadida (sign)
Director

Arnfinn Stensø (sign)
Director

Øyvind Eriksen (sign)
President and CEO

Notes to the financial statements

Note 1 | Accounting principles and basis for preparation

The combined financial statements of Aker ASA and holding companies have been prepared to present Aker's financial position as a parent holding company. The traditional financial statement of the parent company has been extended to include all subordinate administrative service and holding companies that are wholly-owned by Aker ASA and have balance sheets containing only investments, bank deposits and debt.

THE COMPANIES THAT HAVE BEEN COMBINED ARE AS FOLLOWS:

- Aker ASA
- Aker Capital AS
- Aker Holding Start 2 AS
- Aker US Services LLC
- Resource Group International AS
- AGE Air AS

To the extent applicable, the accounting principles of Aker ASA and holding companies are based on the same accounting principles as Aker ASA. See accounting principles of Aker ASA on page 98. One exception from Aker ASA's accounting principles is that the acquisition and disposal of companies is part of the ordinary business of Aker ASA and holding companies. Consequently, gains on sales of shares are classified as operating revenues in the combined income statement. Gains and losses are only recognised when assets are sold to third parties. This is one reason why the accounts of Aker ASA and holding companies may show different historical cost for share investments than the company accounts of the underlying companies included in the combined financial statements. Group contributions approved after the balance sheet date are accounted for in the year of approval.

Note 2 | Operating revenues

	2018	2017
Gain on sale of shares in Fornebuporten Holding AS	**194**	-
Total operating revenues	**194**	-

Note 3 | Dividends received

	2018	2017
Aker BP ASA	**1 465**	820
Ocean Yield ASA	**613**	603
American Shipping Company ASA	**79**	91
Fornebuporten Holding AS	**-**	45
Philly Shipyard ASA	**-**	15
Other	**17**	14
Total dividends received	**2 174**	1 588

Note 4 | Other financial items

	2018	2017
Interest income from subsidiaries	**43**	31
Other interest	**(333)**	(253)
Other financial items	**42**	13
Total other financial items	**(247)**	(209)

Other financial items in 2018 included a gain on total return swap (TRS) agreements of NOK 166 million and loss on foreign exchange including hedge instruments totaling NOK 102 million.

Other financial items in 2017 included a gain on foreign exchange including hedge instruments totaling NOK 69 million, impairment on Solstad Offshore ASA convertible loan NOK 31 million and a loss on TRS agreements of NOK 18 million.

Note 5 | Value change of shares and fund gains

	2018	2017
Aker Solutions ASA (direct investment)	**(113)**	84
Akastor ASA (direct investment)	**(78)**	5
Solstad Farstad ASA / Farstad Shipping ASA	**(253)**	(325)
Cxense ASA	**(17)**	(27)
The Future Group ASA	**-**	(20)
American Shipping Company ASA	**41**	(5)
Trygg IDT Holdings Corp	**(89)**	-
Other changes in value of shares	**(22)**	-
Fund gains - Norron Target/Select	**148**	-
Total	**(383)**	(289)

Note 6 | Tax

Deferred tax asset is incorporated in the balance sheet if budgets and plans indicate that the asset will be utilised in the future. The deferred tax assets have been written down to zero as of 31 December 2018 and 31 December 2017

Note 7 | Equity investments

	Ownership in per cent	Number of shares	Book value (NOK million)	Per share market value (NOK)	Investment market value [4] (NOK million)
Industrial Holdings					
Aker Solutions ASA [1]	28.39	77 233 531		39.66	3 063
Akastor ASA [2]	23.19	77 233 531		13.06	1 009
Kværner ASA [3]	28.71	77 233 531		12.06	931
Aker Kværner Holding AS	70.00		3 460		5 003
Aker Solutions ASA [1]	6.37	17 331 762	687	39.66	687
Akastor ASA [2]	8.52	23 331 762	305	13.06	305
Aker BP ASA	40.00	144 049 005	8 967	218.00	31 403
Aker BioMarine AS	100.00	69 053 544	2 411	-	2 411
Ocean Yield ASA	61.65	98 242 575	2 487	59.20	5 816
Total industrial investments			18 318		45 625
Financial Investments					
FP Eiendom AS			508		
Aker Energy AS			471		
American Shipping Company ASA			317		
Align AS			117		
Solstad Offshore ASA			101		
G&A Air AS			56		
Philly Shipyard ASA			51		
Norron Holding AB			44		
Cognite AS			42		
Trygg IDT Holdings I Corp			20		
Cxense ASA			13		
Other equity investments			24		
Total shares and long-term equity investments			20 082		

1) Aker Kværner Holding AS owns 40.56 per cent of Aker Solutions ASA. Aker ASA owns 70 per cent of Aker Kværner Holding AS. In addition, Aker ASA owns 6.37 per cent of Aker Solutions ASA. Total indirect and direct shareholding in Aker Solutions ASA for Aker ASA is 34.76 per cent.
2) Aker Kværner Holding AS owns 33.13 per cent of Akastor ASA. Aker ASA owns 70 per cent of Aker Kværner Holding AS. In addition, Aker ASA owns 8.52 per cent of Akastor ASA. Total indirect and direct shareholding in Akastor ASA for Aker ASA is 31.71 per cent.
3) Aker Kværner Holding AS owns 41.02 per cent of Kværner ASA. Aker ASA owns 70 per cent of Aker Kværner Holding AS. Aker ASA thus indirectly owns 28.71 per cent of Kværner ASA.
4) See Note 14.

Note 8 | Property, plant and equipment and financial interest-free non-current assets

	Financial interest-free fixed assets	Property, plant and equipment	**Total 2018**	Total 2017
Pension funds	1	-	**1**	-
Interest-free non-current receivables from subsidiaries	153	-	**153**	95
Other		328	**328**	200
Total	154	328	**482**	295

In 2018, property, plant and equipment includes an airplane of NOK 183 million. The item also includes inventory, software, office machines and real estate of NOK 115 million (NOK 118 million in 2017).

The depreciation in 2018 was NOK 18 million (NOK 14 million in 2017).

Note 9 | Interest-bearing receivables and interest-free non-current receivables

	Interest-bearing current receivables	Interest-bearing non-current receivables	**Total 2018**	Total 2017
Receivables from subsidiaries	60	328	**388**	825
Receivable American Shipping Company ASA	58	-	**58**	55
Receivable Ocean Harvest Invest AS	-	367	**367**	404
Other receivables	107	64	**171**	218
Total	225	759	**985**	1 503

INTEREST-BEARING RECEIVABLES AND INTEREST-FREE NON-CURRENT RECEIVABLES FROM SUBSIDIARIES AT 31 DECEMBER 2018:

	Interest-bearing current receivables	Interest-bearing non-current receivables	**Total interest-bearing**	Interest-free non-current receivables	**Total receivables from subsidiaries**
FP Eiendom AS	60	-	**60**	-	**60**
Aker BioMarine AS	-	324	**324**	153	**477**
Other companies	-	4	**4**	-	**4**
Total	60	328	**388**	153	**541**

Note 10 | Cash and cash equivalents

Cash and cash equivalents amounted to NOK 1 945 million as at the end of 2018. Of this total, NOK 20 million were restricted deposits.

Note 11 | Shareholders' equity

	Number of shares	Par value (NOK)	Total par value (NOK million)
Share capital	74 321 862	28	2 081
Own shares	(53 070)	28	(1)
Other paid-in capital			252
Total paid-in capital / shares outstanding	74 268 792		2 331

All shares have equal voting rights and are entitled to dividends. Aker ASA has no voting rights for its own shares.

A dividend of NOK 22.50 per share, NOK 1 671 million in total, will be proposed at the Annual General Meeting on 26 April 2019.

Note 12 | Interest-free current and non-current liabilities

	Current	Non-current	**Total 2018**	Total 2017
Pension liabilities	-	58	**58**	81
Guarantee liability The Resource Group TRG AS [1]	-	89	**89**	93
Dividend	1 671	-	**1 671**	1 337
Other liabilities	162	-	**162**	102
Total	1 833	147	**1 980**	1 613

1) See Note [illegible] to the Aker ASA separate financial statements

Note 13 | Interest-bearing current and non-current liabilities

INTEREST-BEARING LIABILITIES TO EXTERNAL CREDITORS IS SHOWN BELOW:

	2018	2017
Non-current bonds	**4 700**	4 199
Secured bank loans	**2 172**	2 051
Capitalised fees	**(35)**	(27)
Total non-current interest-bearing liabilities	**6 837**	6 224
Current bonds	**1 455**	1 300
Secured bank loans (3-year loan with annual rollover)	**869**	821
Capitalised fees	**(1)**	(2)
Total current interest-bearing liabilities	**2 323**	2 119
Total interest-bearing liabilities	**9 160**	8 343

INSTALMENT SCHEDULE FOR EXTERNAL INTEREST-BEARING LIABILITIES, BY TYPE:

	Bonds	Secured bank loans	Accrued fees	Total
2019	1 455	869	(1)	**2 323**
2020	1 700	-	(3)	**1 697**
2021	-	2 172	(14)	**2 158**
2022	1 000	-	(5)	**995**
2023	2 000	-	(12)	**1 988**
Total	6 155	3 041	(36)	**9 160**

Note 14 | Risk

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

	2018	2017
Industrial investments	**77%**	77%
Financial investments	**23%**	23%
Specification financial investments:		
Funds- and equity investments	**7%**	9%
Cash	**8%**	5%
Interest-bearing receivables	**4%**	7%
Fixed assets, deferred tax assets and interest-free receivables	**3%**	2%

The businesses within each category are exposed to macro-development in their respective market segments.

The total book value of the assets of Aker ASA and holding companies are NOK 23 686 million including the book value for Industrial investments of NOK 18 318 million. The book value and market value of each investment included in Industrial investments are specified in Note 7. The total market value of the Industrial investments, NOK 45 625 million, is significantly higher than the book value. The book value of the unlisted company Aker BioMarine AS is included in the total market value. In the case of Aker ASA's direct investment in the listed company Aker Solutions ASA (6.37 per cent ownership interest) and Akastor ASA (8.52 per cent ownership interest), the book value is equal to the market value.

The book value of Financial investments is NOK 5 369 million. Cash represents 8 per cent of the book value of total assets and 36 per cent of Financial investments.

See also Note 6 to the consolidated financial statements for Aker ASA.

Independent auditor's report

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To the board of Aker ASA

Independent Auditor's Report

Report on the Audit of the combined financial statements of Aker ASA and holding companies

Opinion

We have audited the combined financial statements of Aker ASA and holding companies, which comprise the balance sheet as at 31 December 2018, the income statement for the year then ended, a summary of key assumptions used as basis for preparation and other notes.

In our opinion, the accompanying combined financial statements are prepared in accordance with the basis for preparation of the financial reporting defined in the introduction to the combined financial statements and give a true and fair view of the financial position of the Aker ASA and holding companies as at 31 December 2018, and the financial performance for the year then ended.

Without modifying our opinion, we draw attention to the basis for preparation of the financial reporting, defined in the introduction to the combined financial statements, which describes the basis of accounting. As a result, the combined financial statements may not be suitable for any other purpose.

Basis for Opinion

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

Other information

Aker ASA has prepared financial statements for the year ended 31 December 2018, comprising parent financial statements prepared in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. We have issued a separate auditor's report on the statutory financial statements to the shareholders of Aker ASA dated 29 March 2019.

Responsibilities of The Board of Directors for the Combined Financial Statements

The Board of Directors (management) are responsible for the preparation and fair presentation of the combined financial statements in accordance with the basis for preparation of the financial reporting defined in the introduction of the combined financial statements, and for such internal control as management determines is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aker ASA and holding companies' internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Oslo, 29 March 2019
KPMG AS

Arve Gevoll
State Authorised Public Accountant

[Translation has been made for information purposes only]