

Aker ASA



**Fourth-quarter and
preliminary annual results
2016**

Fourth-quarter 2016 highlights

Financial key figures prior to dividend allocation (Aker ASA and holding companies)

- The net asset value of Aker ASA and holding companies (“Aker”) increased by 15.3 per cent in the fourth quarter 2016 to NOK 34.3 billion, compared to NOK 29.8 billion as per 30 September 2016. Per-share net asset value (“NAV”) amounted to NOK 462 as per 31 December 2016, compared to NOK 401 as per 30 September 2016 and NOK 282 as per year-end 2015.
- The Aker share gained 17.5 per cent in the fourth quarter. This compares to a 9.8 per cent increase in the Oslo Stock Exchange’s benchmark index (“OSEBX”). The Aker share gained 97 per cent during 2016 compared to a 12.1 per cent increase in the OSEBX.
- The value of Aker’s Industrial Holdings portfolio rose to NOK 35.1 billion in the fourth quarter, up from NOK 30.2 billion in the third quarter and NOK 20.2 billion as per year-end 2015. The value of Aker’s Financial Investments portfolio stood at NOK 8.0 billion in the fourth quarter, down from NOK 8.4 billion in the prior quarter, and up from NOK 7.7 billion as per year-end 2015. The quarterly decline is mainly explained by the value development of Aker’s shareholding in Philly Shipyard and Solstad Offshore.
- Cash and liquid fund investments stood at NOK 4.9 billion at the end of the fourth quarter, on par with third quarter, and up from NOK 1.9 billion as per year-end 2015. The primary cash inflows in the fourth quarter were dividends received from Ocean Yield and Aker BP, while the primary cash outflows were repayment of debt under the USD term loan facility and operating and finance costs.
- Aker’s Board of Directors proposes a payment of NOK 16 per-share ordinary cash dividend for 2016. The proposal corresponds to a 5.0 per cent yield to the share price and 3.5 per cent of NAV at the close of 2016. Aker’s policy is to pay annual dividends of 2-4 per cent of the company’s NAV.
- The value-adjusted equity ratio was 80 per cent, up from 77 per cent as of 30 September 2016 and 75 per cent as per year-end 2015.

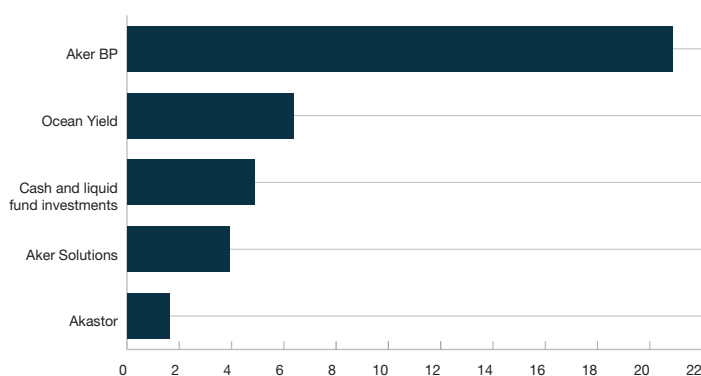
Key portfolio events in the quarter

- In the fourth quarter, Aker BP initiated its first dividend payment of which Aker received NOK 209 million. The company also started production at the Ivar Aasen field in the North Sea with first oil 24 December. The project was completed according to plan and within the total budget. Aker BP is the operator of the field.
- In October, Akastor announced an agreement to sell Frontica Business Solutions to Cognizant for a consideration of NOK 1.0 billion on a debt- and cash-free basis. Akastor also announced an agreement to sell Fjords Processing to National Oilwell Varco for a consideration of NOK 1.2 billion on a debt- and cash-free basis. The transactions were completed in November and December.
- In October, Aker Solutions announced an agreement to acquire a 70 per cent stake in Brazilian C.S.E. Mecânica e Instrumentação, building on a strategy to expand its MMO business in key international markets. The transaction was completed in December.
- In December, Akastor entered into an agreement with the owners of NES Global Talent (“NES”) to join its Frontica Advantage business with NES. The combination creates a global leader in staffing services to the oil and gas industry. Akastor will own 15.2% of the combined entity. The transaction was completed 6 January 2017.
- In December, the merger between Solship Invest 1 AS, a wholly-owned subsidiary of Solstad Offshore ASA, and Rem Offshore ASA was completed.

Main contributors to gross asset value

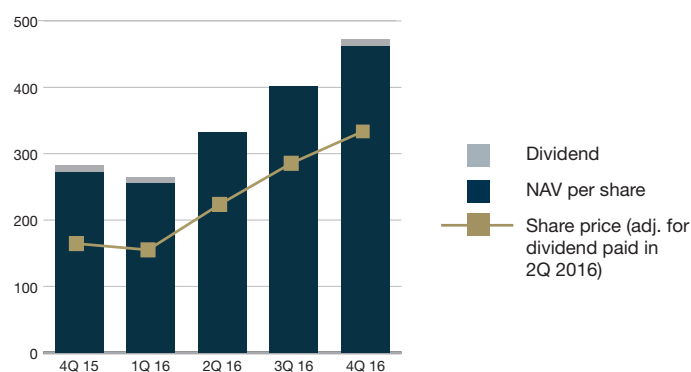
(NOK billion)

Representing 87 per cent of total gross asset value of NOK 43.1 billion



Net asset value and share price

(NOK per share)



The balance sheet and income statement for Aker ASA and holding companies (Aker) have been prepared to show the financial position as a holding company. Net asset value (NAV) is a core performance indicator at Aker ASA. NAV expresses Aker’s underlying value and is a key determinant of the company’s dividend policy (annual dividend payments of 2-4 per cent of NAV). Gross asset value is determined by applying the market value of exchange-listed shares, while book value is used for other assets. The same valuation principles apply to fund investments. Net asset value is gross asset value less liabilities.

Letter from the CEO

Dear fellow shareholders,

In the fourth quarter, Aker continued on a positive trajectory by increasing our net asset value by 15 per cent, while the share price rose 17 per cent. The quarter concludes a transformational year for Aker. We ended 2016 with a more focused and cash generative portfolio than Aker has ever had before as an industrial investment company. Combined with a more optimistic sentiment in the oil and gas sector, I'm expecting 2017 to be yet another rewarding year for Aker.

The value appreciation in 2016 was the highest since 2006. Our NAV rose 69% and the share price increased by 106% last year, dividend included. Driving these results is Aker's strategy of investing counter-cyclical, focusing on continuous operational and financial improvement and using transactions as an additional tool for industrial development and value creation. In 2016, the primary catalyst was the performance of Det norske/Aker BP which alone added NOK 13 billion to Aker's NAV, dividend included and net of investments.

The merger between Det norske and BP Norway is a prime example of how Aker as an active shareholder creates value through our long-term industrial ownership perspective combined with our transactional capabilities. The creation of Aker BP has certainly demonstrated Aker's potential as an industrial investment company. Not only does the transaction serve as a good example of value creation through M&A, it also visualizes the attractiveness and potential of our oil and gas portfolio companies at large. That is a position we intend to manage and take advantage of going forward.

Oil price volatility remained high in 2016. When I attended the World Economic Forum in Davos last year, the atmosphere was depressed as oil prices had plunged below USD 28 a barrel. Since then, oil prices have doubled partly due to announced production cuts. Attending Davos this year gave me a feeling that pessimism is now turning to some sense of optimism, mainly triggered by an improving supply-demand balance. Predicting oil prices is, however, difficult. We have tried and failed a number of times. Hence, we are taking a different approach. Rather than speculating in a swift rebound, we are encouraging our oil and gas portfolio companies to prepare for continued volatility. Main focus should be on the factors they can control, because ultimately the competitiveness in the oil and gas industry is largely about producing the lowest cost per barrel.

Despite the adverse market conditions we have been facing since 2014, our fundamental belief in the long term prospects for the oil and gas sector remains unchanged. The risk of investing in cyclical industries is well known to Aker – we have experienced volatility and downturns in the past. Our mind-set is, however, to always turn short-term setbacks into long-term opportunities.

Aker's oil services companies have made good progress in addressing the changing industry dynamics, but there is still more to be done to strengthen the competitiveness through structural cost improvements and new business models. While Aker continues to develop each company on a stand-alone basis, we remain open to both new alliances and transactions as long as it has strong industrial logic and is financially accretive to shareholders.



The robustness of our upstream cash, combined with a strong balance sheet and liquidity position, enables Aker to both pay attractive dividends to its shareholders and to seize value-accretive investments going forward.



For Aker BP the strategy is to continue on the growth path set out by sanctioning new projects at low break-even prices, maintain a high level of exploration activity, evaluate new M&A opportunities in a disciplined manner and enhance efficiency through new operating models and technologies.

Ocean Yield is well established as a main source of upstream cash flow to Aker.

In addition, the company has contributed well to our NAV and is our second largest investment, despite a pause in the share price performance last year. The strategy for Ocean Yield is unchanged; we support management's ambition of building a larger company by making value accretive transactions. New growth opportunities continue to emerge, also as a result of the Aker group's global network. Short term, it is however equally important for us as a shareholder that the company continues to manage certain counterparty risks well.

Aker BioMarine took a big step in the right direction in 2016 with earnings increasing following improved operations. This month, the company announced that it will invest NOK 1.0 billion in a new and more efficient krill vessel which will support continued growth and improve profitability even further. The plan is to fund the investment with a combination of operating cash flow from Aker BioMarine and debt from external sources, meaning no additional funding from Aker is anticipated.

In the offshore supply vessel industry, Solstad Offshore, with support from Aker, has advocated for further consolidation to achieve synergies and improve competitiveness through scale. In 2016, REM Offshore was merged into Solstad, and in February Farstad Shipping announced a fully funded restructuring plan where Aker and the Fredriksen group/Hemen will participate by subscribing for shares in the company. The ambition is to work for a combination of Solstad, Farstad Shipping and Deep Sea Supply, three companies with complementary strengths. For Aker, the combination is in line with the strategy set out and we view it as an attractive long-term investment opportunity, although we acknowledge that it comes with high risk and that it will take time to sort out the imbalance between supply and demand in this oil service segment.

For Aker, it is an ambition to put most companies in a dividend paying position. With the creation of Aker BP, we achieved this objective for that company several years earlier than we originally planned for. When I joined Aker in 2009, our upstream cash was NOK 137 million, substantially below our recurring expenses and even further below if adding our investment commitments. We decided to lay out a roadmap to put Aker in a net cash inflow position by increasing the upstream cash dividend. This has certainly been no easy task taking into consideration the current downturn in the oil and gas industry and the fact that Aker Solutions and Kvaerner contributed with 60 per cent of our upstream cash in the period from 2012 to 2014. But hard and consistent work tends to pay off. Last year, we received more than NOK 1.4 billion in upstream cash, of which Ocean Yield and Philly Shipyard contributed with NOK 1.0 billion in total. This year, our cash prognosis indicates that our upstream dividend will increase even further following Aker BP's initiation of quarterly dividend payments.

The robustness of our upstream cash, combined with a strong balance sheet and liquidity position, enables Aker to both pay attractive dividends to its shareholders and to seize value-accretive investments going forward. For the fiscal year 2016, Aker's board proposes a dividend of NOK 16 per share, up from NOK 10 in 2015. The proposal corresponds to a 5.0 per cent yield to the share price at the close of 2016, and 3.5 per cent of NAV, which is in the higher end of the range of Aker's dividend policy (2-4% of NAV annually).

While 2016 has been an exciting year for Aker and our shareholders, we are now solely focused on the opportunities that lie ahead of us. Aker expects further operational and financial improvements in our portfolio companies and, in parallel, we will continue to pursue transactions as a tool for additional value creation.



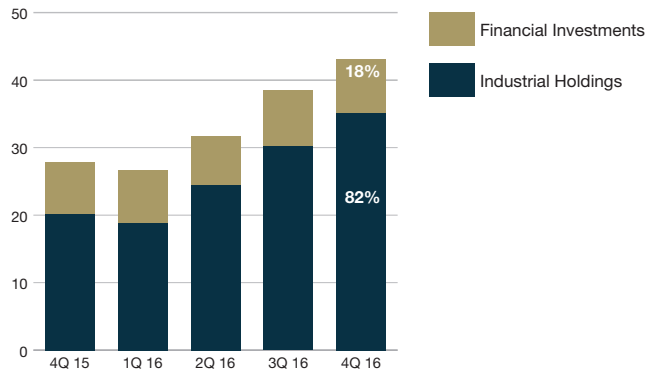
Øyvind Eriksen
President and CEO

Aker ASA and holding companies Assets and net assets value

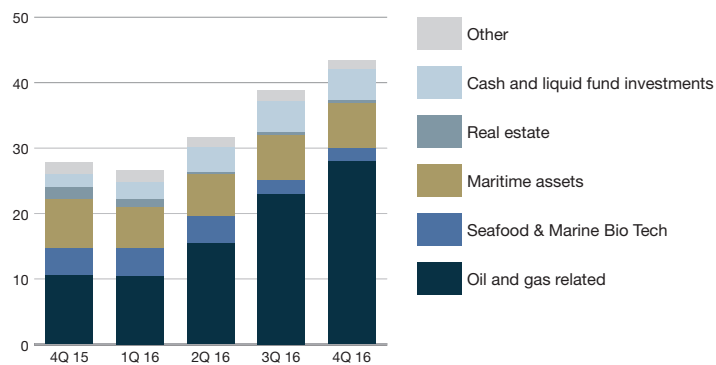
Net asset value (NAV) composition - Aker ASA and holding companies

	As of 31.12.2015		As of 30.09.2016		As of 31.12.2016	
	NOK/share	NOK million	NOK/share	NOK million	NOK/share	NOK million
Industrial Holdings	272	20 186	406	30 173	473	35 139
Financial Investments	104	7 693	113	8 377	107	7 951
Gross assets	376	27 879	519	38 550	580	43 089
Total liabilities (4Q before dividend allocations)	(94)	(7 002)	(118)	(8 773)	(118)	(8 755)
NAV (4Q before dividend allocations)	282	20 878	401	29 777	462	34 335
Net interest-bearing receivables/(liabilities)		(3 798)		(2 825)		(2 751)
Number of shares outstanding (million)		74.163		74.322		74.282

Gross assets (NOK billion)



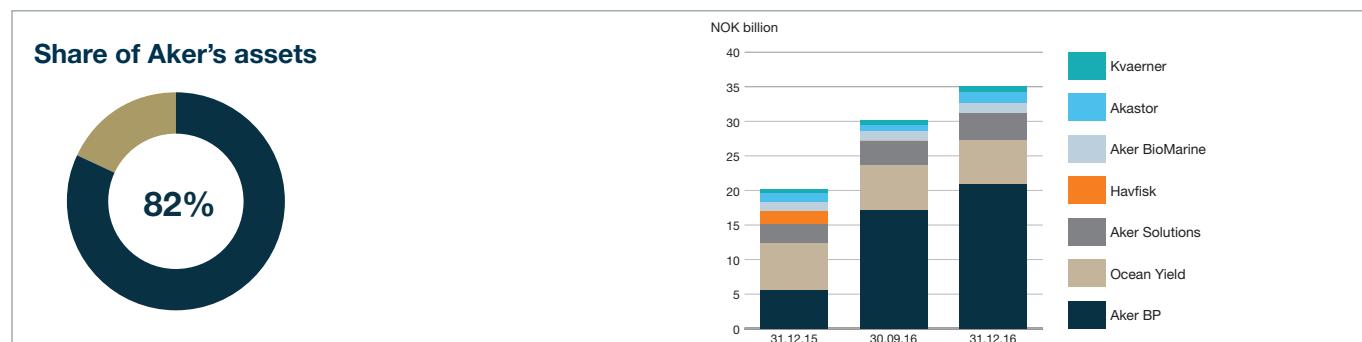
Gross assets per sector (NOK billion)



Net asset value ("NAV") is a core performance indicator at Aker ASA. NAV expresses Aker's underlying value and is a key determinant of the company's dividend policy (annual dividend payments of 2-4 per cent of NAV). Net asset value is determined by applying the market value of exchange-listed shares, while book value is used for other assets. The same valuation principles apply to fund investments. Aker's assets (Aker ASA and holding companies) consist largely of equity investments in the Industrial Holdings segment, and of cash, receivables and fund investments in the Financial Investments segment. Other assets consist mainly of intangibles and tangible fixed assets. The charts above show the composition of Aker's assets. The business segments are discussed in greater detail on pages 5-7 of this report.

Aker – Segment information

Industrial Holdings



Amounts in NOK million	Ownership in %	31.12.2015	30.09.2016	4Q 16			31.12.2016	
		Value	Value	Net investments	Received dividends	Other changes	Value change	
Aker BP	40.0	5 596	17 171	-	(209)	-	3 911	20 873
Ocean Yield	66.2	6 730	6 459	-	(148)	-	74	6 386
Aker Solutions	34.8	2 865	3 535	-	-	-	377	3 912
Akastor	36.7	1 207	856	-	-	-	773	1 629
Aker BioMarine*	99.5	1 405	1 405	-	-	-	-	1 405
Kvaerner	28.7	635	748	-	-	-	187	935
Havfisk	-	1 748	-	-	-	-	-	-
Total Industrial Holdings		20 186	30 173	-	(357)	-	5 323	35 139

*Reflected at book value

The total value of Aker's Industrial Holdings rose by NOK 5.0 billion in the fourth quarter to NOK 35.1 billion, mainly due to a NOK 5.3 billion underlying value appreciation of the listed holdings. Aker received NOK 357 million in dividend payments from Aker BP and Ocean Yield in the quarter. The value of Aker's Industrial Holdings stood at NOK 30.2 billion as of 30 September 2016 and NOK 20.2 billion as of 31 December 2015.

Of the NOK 5.3 billion underlying value increase in the fourth quarter, Aker BP contributed with NOK 3.9 billion, Akastor with NOK 773 million, Aker Solutions with NOK 377 million, Kvaerner with NOK 187 million and Ocean Yield with NOK 74 million.

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

Aker BP

Aker BP is a fully-integrated E&P company operating on the NCS. At the end of the fourth quarter Aker BP started production at the Ivar Aasen field in the North Sea, marking a milestone for the company as it's first operated large scale development project. Ivar Aasen was sanctioned in 2012 and the project has been completed on time and within the total budget. IOR (increased oil recovery) initiatives on Alvheim are continuing and in November the Viper Kobra project was put on stream. On 1 December Aker BP announced its first day as one independent organization. The combined company has around 1300 employees. Aker BP produced 126.5 kboed in the fourth quarter, implying that average production for 2016 came in at 118 kboed. Aker encourages Aker BP to continue maturing non-sanctioned projects to reach organic growth targets and to drive down operating and development costs. The company has a robust balance sheet with a net debt to enterprise value of 29%. Combined with a liquidity reserve of about USD 2.5 billion this gives the company ample financial flexibility going forward. Aker expects Aker BP to actively continue

to explore both organic and structural growth opportunities that will create value for shareholders and increase the dividend potential.

Ocean Yield

Ocean Yield is a ship-owning company with a mandate to build a diversified portfolio of modern vessels within oil services and shipping. The company targets fixed, long-term bareboat charters to credit-worthy counterparties. 2016 was a solid year for Ocean Yield with the company taking delivery of 18 vessels (including completion of modification of Aker Wayfarer), of which six were delivered in the fourth quarter. The annual investment target was significantly exceeded, the capital base was strengthened and the capital structure was further diversified. Aker supports Ocean Yield's strategy of building a larger company over time through making value-accretive transactions and diversifying its portfolio further. Proactive monitoring of counterparty risk is of high importance with the most challenging risk exposure being Ezra Holdings. Protecting the value of the leases and assets in potential restructurings is a priority, as exemplified with the announced restructuring of Farstad Shipping. As per the end of the fourth quarter, the company's estimated EBITDA backlog stood at USD 3.1 billion and the average remaining contract tenor (weighted by EBITDA) was 11.1 years. The company raised its dividend in the fourth quarter by 0.5 cents per share quarter-on-quarter.

Aker Solutions

Aker Solutions is a global oil services company providing services, technologies, and product solutions within subsea and field design. Improving operational efficiency, optimising the cost base and nurturing existing and developing new customer relations are high on Aker's ownership agenda for Aker Solutions. In addition, Aker remains open to consider new alliances or structural alternatives if they are beneficial for the company and its shareholders. The company is on track to deliver on its improvement program, which targets at least 30

percent cost-efficiency across the business. In the fourth quarter, Aker Solutions delivered solid underlying operational results when adjusting for one-offs related to impairments and provisions due to downsizing. The balance sheet remains robust with net interest bearing debt of NOK 1.0 billion and NOK 7.5 billion in liquidity buffer as per year-end. The company announced two important subsea framework agreements with BP in October, providing an opportunity to be a global provider of subsea production systems to BP. Winning new contracts amid a challenging market remains a top priority. The company reported an order intake of NOK 4.1 billion in the quarter, bringing its backlog to NOK 31.2 billion as per the end of the fourth quarter. The acquisition of 70 per cent of the Brazilian service provider C.S.E. in the quarter was an important step in the continued globalization of the MMO business, adding more than 2000 employees to the workforce, and serving as a platform for further growth in Brazil.

Akastor

Akastor is an oil-services investment company with a flexible mandate for active ownership and long-term value creation. Aker encourages Akastor to play an active role in M&A, both to free up cash through the realisation of assets and to selectively consider opportunities that could arise in the oil service downturn, albeit in a disciplined manner. Akastor had a transformational year in 2016, carrying out several value accretive transactions that significantly improved the financial position of the company through releasing approximately NOK 2.6 billion of cash. As per year-end Akastor had a net debt (including the Wayfarer lease) of NOK 2.5 billion and a liquidity reserve of NOK 3.1 billion. The portfolio of Akastor is now dominated by drilling solutions provider MHWirth, well construction and intervention company AKOFS Offshore and flow control provider KOP Surface. The largest business, MHWirth, delivered satisfactory financial performance in the quarter. Akastor continues to work closely with its portfolio companies to support cost saving programs, operational improvement and strategic initiatives to strengthen competitiveness and position them for a market recovery.

Aker BioMarine

Aker BioMarine is an integrated biotechnology company that supplies krill-derived ingredients to the consumer health and animal nutrition markets. Aker BioMarine's operational and financial performance was solid in 2016 with revenues of USD 116.7 million and EBITDA of USD 35.5 million. Qrill™ Aqua, Aker BioMarine's high-performance ingredient in the aquaculture market, has demonstrated its value with numerous farmers and prices continue to increase as function of

increasing demand. As for Superba™ Krill, the market for omega-3 dietary supplements was relatively soft throughout the year. Aker is monitoring performance related to the long-term value creation plan, which includes both capital expenditures and acquisitions to create a larger and more robust company. Aker continues to evaluate various options for its long-term ownership of Aker BioMarine.

Kvaerner

Kvaerner is an oil and gas-related EPC company, mainly focused on the NCS. The company continued its solid operational performance in the fourth quarter and projects are on track for delivery as scheduled. The market outlook for the company remains uncertain coupled with a dwindling order backlog of NOK 6.5 billion as per year-end, down from NOK 8.4 billion as per the third quarter. Kvaerner is actively pursuing prospects to maintain activity and effective utilization in 2017 and beyond. In parallel, Kvaerner is focusing on efficiency and quality improvements, and cost cuts to uphold its competitiveness. Aker supports Kvaerner's ambitions to explore strategic opportunities for the company within adjacent segments. Kvaerner has a solid liquidity reserve with NOK 3.0 billion in cash and the company had not drawn on its credit facilities as per year-end, providing an important buffer against the current uncertain market outlook.

Results and Returns for Industrial Holdings¹⁾

Amounts in NOK million	Aker Solutions		Akastor		Kvaerner	
	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16
Revenue	7 864	6 138	2 544	1 370	2 577	1 834
EBITDA	182	380	495	166	177	229
EBITDA margin (%)	2.3	6.2	19.5	12.1	6.9	12.5
Net profit continued operations	(250)	(268)	(122)	(872)	128	(68)
Closing share price (NOK/share)	30.30	41.37	12.00	16.20	8.22	12.10
Quarterly return (%) ³⁾	2.9	10.7	9.1	90.4	113.5	25.0

Amounts in USD million	Aker BP		Ocean Yield		Aker BioMarine	
	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16
Revenue	255	656	66	82	26	32
EBITDA ²⁾	227	529	57	74	1	5
EBITDA margin (%)	89.3	80.8	86.3	90.7	3.4	16.8
Net profit continued operations	(156)	(67)	28	1	(11)	(3)
Closing share price (NOK/share)	55.25	154.50	68.50	65.00	N/A	N/A
Quarterly return (%) ³⁾	16.3	22.8	7.5	1.1	N/A	N/A

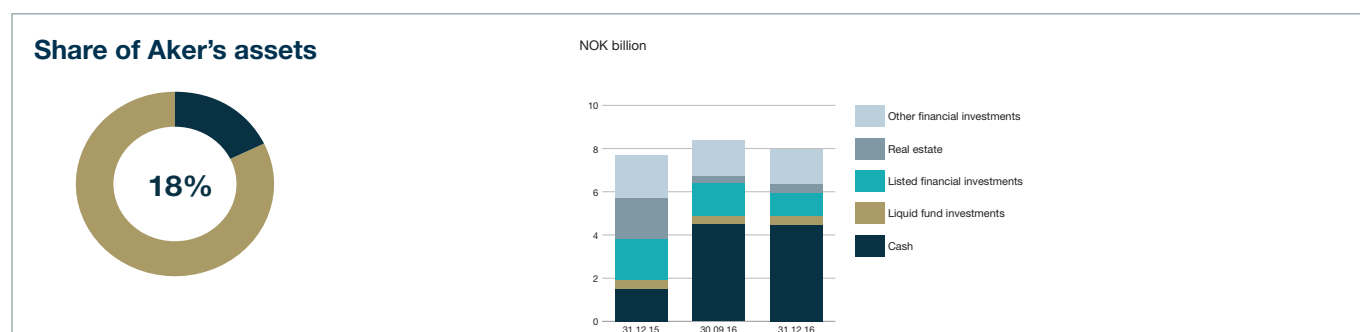
¹⁾ The figures refer to the full results reported by the companies. Reference is made to the respective companies' quarterly reports for further details.

²⁾ For Aker BP, EBITDAX is used. EBITDAX is Earnings before interest, taxes, depreciation, amortisation and exploration expenses.

³⁾ The figures refer to total shareholder return, i.e. share price development and dividend payments.

Aker – Segment information

Financial Investments



	31.12.2015		30.09.2016		As of 31.12.2016	
	NOK/share ¹⁾	NOK million	NOK/ share ¹⁾	NOK million	NOK/ share ¹⁾	NOK million
Cash	20	1 488	60	4 490	60	4 466
Liquid fund investments	6	415	5	394	6	410
Listed financial investments	26	1 906	20	1 490	14	1 055
Real estate	25	1 870	4	326	6	426
Other financial investments	27	2 016	23	1 678	21	1 594
Total Financial Investments	104	7 693	113	8 377	107	7 951

¹⁾ The investment's contribution to Aker's per-share NAV.

Financial Investments comprise Aker's cash, liquid fund investments, listed financial investments, real estate investments and other financial investments. The value of Aker's financial investments amounted to NOK 8.0 billion as of 31 December 2016, down from NOK 8.4 billion as of 30 September 2016 and up from NOK 7.7 billion as per year-end 2015. The reduction in the fourth quarter is mainly explained by the value development of Aker's shareholding in Philly Shipyard and Solstad Offshore.

Aker's **Cash holding** stood at NOK 4.5 billion at the end of the fourth quarter, largely unchanged compared to the previous quarter, and up from NOK 1.5 billion at year-end 2015. The primary cash inflow in the quarter was NOK 394 million in received dividends, while the primary cash outflows were NOK 216 million in partial repayment of debt under the USD term loan facility, a NOK 100 million loan extended to Fornebuporten Holding, and NOK 124 million in paid interest and operating expenses.

Aker held NOK 410 million in **Liquid fund investments** at the end of the fourth quarter, in two funds managed by Norron AB. This compares to NOK 394 million as of the third quarter of 2016 and NOK 415 million as per year-end 2015.

The value of **Listed financial investments** stood at NOK 1.1 billion as of 31 December 2016, compared to NOK 1.5 billion as of 30 September 2016 and NOK 1.9 billion as of 31 December 2015. The value of Aker's investment in Philly Shipyard decreased to NOK 447 million, compared to NOK 803 million in the prior quarter, while the value of Aker's direct and indirect investment in American Shipping Company was NOK 295

million as of the fourth quarter, compared to NOK 311 million as of 30 September 2016. Aker's shares in Solstad Offshore were valued at NOK 247 million as of 31 December 2016 compared to NOK 310 million as of 30 September 2016. Finally, Aker's investment in Cxense was valued at NOK 66 million as per the end of 2016, on par with the third quarter.

Aker's **Real estate** exposure increased by NOK 100 million in the quarter to NOK 426 million as Aker extended a loan to Fornebuporten Holding, which in turn was used to repay external debt. Aker's real estate exposure was valued at NOK 1.9 billion as per year-end 2015. The value of Aker's current real estate holdings mainly reflects ongoing residential projects at Fornebu outside Oslo, as well as the value of land at Fornebu and Aberdeen.

Other financial investments amounted to NOK 1.6 billion in the fourth quarter, down from NOK 1.7 billion at the end of the third quarter and NOK 2.0 billion at year-end 2015. Other financial investments consist of equity investments, receivables, and other assets. There were only minor movements in the quarter, including repayment of a loan from Aker BioMarine of NOK 63 million. The value of Aker's receivables was NOK 1.0 billion in the fourth quarter of which NOK 250 million relates to Aker's investment in a convertible loan in Solstad Offshore.

Aker ASA and holding companies

Combined balance sheet

Amounts in NOK million	31.12.15	30.09.2016	31.12.2016
Intangible, fixed, and non-interest bearing assets	408	190	191
Interest-bearing fixed assets	986	1 060	1 114
Investments ¹⁾	16 184	17 141	17 381
Non interest-bearing short-term receivables	246	89	43
Interest-bearing short-term receivables	262	-	-
Cash	1 488	4 490	4 466
Assets	19 574	22 970	23 194
Equity	11 831	14 197	13 251
Non interest-bearing debt	1 209	398	1 612
Interest-bearing debt, external	6 534	8 375	8 331
Equity and liabilities	19 574	22 970	23 194
Net interest-bearing receivables (debt)	(3 798)	(2 825)	(2 751)
Equity ratio (%)	60	62	57

¹⁾ Aker ASA and holding companies prepares and presents its accounts in accordance with the Norwegian Accounting Act and generally accepted accounting practices (GAAP), to the extent applicable. Accordingly, exchange-listed shares owned by Aker ASA and holding companies are recorded in the balance sheet at the lower of market value and cost price. In accordance with Aker ASA and holding companies' accounting principles, acquisitions and disposals of companies are a part of the ordinary business. Consequently gains from sales of shares are classified as operating revenues in the combined profit and loss statement of the accounts. Gains and losses are only recognised to the extent assets are sold to third parties. Aker's accounting principles are presented in the company's 2015 annual report.

The total book value of assets was NOK 23.2 billion at the end of the fourth quarter 2016, up from NOK 23.0 billion as per the third quarter and NOK 19.6 billion as per year-end 2015.

Intangible, fixed and non-interest bearing assets stood at NOK 191 million, compared to NOK 190 million as per end of the third quarter and NOK 408 million as per year-end 2015.

Interest-bearing fixed assets rose by NOK 54 million to NOK 1.1 billion in the fourth quarter. The increase is primarily related to Aker extending a NOK 100 million loan to Fornebuporten Holding, partly offset by a NOK 63 million loan repayment from Aker BioMarine. Interest-bearing fixed assets stood at NOK 1.0 billion as per year-end 2015.

Investments rose by NOK 240 million to NOK 17.4 billion in the fourth quarter. The increase is primarily related to value changes of Aker's direct holding in Aker Solutions and Akastor. Investments stood at NOK 16.2 billion as per year-end 2015.

Non interest-bearing short-term receivables decreased by NOK 46 million to NOK 43 million in the fourth quarter, compared to NOK 246 million as per year-end 2015.

Aker had no **interest bearing short-term receivables** in the fourth quarter. Interest bearing short-term receivables stood at NOK 262 million at year-end 2015.

Aker's **Cash** stood at NOK 4.5 billion at the end of the fourth quarter, largely unchanged compared to the previous quarter, and up from NOK 1.5 billion as per year-end 2015.

Equity stood at NOK 13.3 billion at the end of the fourth quarter, compared to NOK 14.2 billion as per the end of the third quarter and

NOK 11.8 billion as per year-end 2015. The decrease in the fourth quarter is primarily due to the allocation of NOK 1.2 billion in dividend, partly offset by Aker posting a profit before tax of NOK 266 million in the quarter.

Non interest-bearing debt rose to NOK 1.6 billion from NOK 398 million in the third quarter and NOK 1.2 billion as per year-end 2015. The quarterly change is mainly due to Aker setting aside NOK 1.2 billion for dividend.

Interest-bearing debt, external decreased by NOK 44 million in the quarter to NOK 8.3 billion. The decrease is primarily related to a NOK 216 million repayment of debt under the term loan facility, partly offset by movement in the USD/NOK and SEK/NOK exchange rates as two of the outstanding loans are denominated in USD and SEK. External interest-bearing debt stood at NOK 6.5 billion as per year-end 2015.

Aker ASA and holding companies

Combined income statement

Amounts in NOK million	4Q 15	3Q 16	4Q 16	Year 2015	Year 2016
Sales gain	-	1 627	-	-	1 906
Operating expenses	(56)	(18)	(72)	(219)	(198)
EBITDA ¹⁾	(56)	1 609	(72)	(219)	1 708
Depreciation and amortisation	(8)	(3)	(3)	(31)	(32)
Value change	43	(228)	209	153	(8)
Net other financial items	444	315	132	708	950
Profit/(loss) before tax	423	1 692	266	611	2 617

¹⁾ EBITDA = Earnings before interest, tax, depreciation and amortisation.

Aker ASA and holding companies prepares and presents its accounts in accordance with the Norwegian Accounting Act and generally accepted accounting practices (GAAP), to the extent applicable. Accordingly, exchange-listed shares owned by Aker ASA and holding companies are recorded in the balance sheet at the lower of market value and cost price. In accordance with Aker ASA and holding companies' accounting principles, acquisitions and disposals of companies are a part of the ordinary business. Consequently gains from sales of shares are classified as operating revenues in the combined profit and loss statement of the accounts. Gains and losses are only recognised to the extent assets are sold to third parties. Aker's accounting principles are presented in the company's 2015 annual report.

The income statement for Aker ASA and holding companies shows a profit before tax of NOK 266 million for the fourth quarter 2016. This compares to a profit before tax of NOK 1.7 billion in the third quarter. The third quarter income statement was positively affected by NOK 1.6 billion in gains from share sales. The income statement in the fourth quarter is mainly affected by value changes in share investments and dividends received. Profit before tax for the full year 2016 was NOK 2.6 billion compared to NOK 611 million for 2015.

Operating expenses in the fourth quarter were NOK 72 million compared to NOK 18 million in the prior quarter. Operating expenses in the third quarter were impacted by a one-off reduction in pension liabilities of approximately NOK 30 million. Operating expenses for the full year 2016 were NOK 198 million, compared to NOK 219 million for 2015.

Value change in the fourth quarter was positive NOK 209 million, mainly reflecting the value increase of Aker's direct holdings in Aker Solutions and Akastor. The positive value change in the quarter compares to a negative value change of NOK 228 million in the prior quarter. Aker had a negative value change of NOK 8 million for the full year 2016, compared to a NOK 153 million value increase during 2015.

Net other financial items in the fourth quarter amounted to NOK 132 million, compared to NOK 315 million in the prior quarter. The decrease is primarily related to net foreign exchange losses in the quarter. Net other financial items for the full year 2016 were NOK 950 million, compared to NOK 708 million for the year prior.

The Aker Share

The company's share price rose to NOK 323 at the end of the fourth quarter 2016 from NOK 275 three months earlier. The company had a market capitalisation of NOK 24.0 billion as of the end of 2016.

As per 31 December 2016, the total number of shares in Aker amounted to 74 321 862 and the number of outstanding shares was 74 281 961. As per the same date, Aker held 39 901 own shares.

Group consolidated accounts

The Aker Group's consolidated accounts are presented from page 12 onwards. Detailed information on revenues and pre-tax profit for each of Aker's operating segments is included in note 9 on page 18 of this report.

Risks

Aker ASA and each portfolio company are exposed to various forms of market, operational and financial risks. Rather than diversifying risk by spreading investments across many different industries, Aker is focused on sectors in which the company possesses long-standing expertise. The company has established a model for risk management based upon identifying, assessing and monitoring major financial, strategic and operational risks in each business segment, drawing up contingency plans for those risks and closely monitoring the consolidated risk picture. The identified risks and how they are managed are reported to the Aker Board on a regular basis. Aker continuously works to improve its risk management process.

The main risks that Aker ASA and holding companies are exposed to are related to the value changes of the listed assets due to market price fluctuations. The development of the global economy, and energy prices in particular, as well as currency fluctuations, are important variables in predicting near-term market fluctuations. Aker ASA and holding companies are also exposed to risk of insufficient access to external financing. The company seeks to mitigate this risk by maintaining a solid cash buffer and by proactively planning for refinancing activities.

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

Despite a positive trend during 2016 crude oil prices are significantly lower than observed in the period from 2011 to 2014 and volatility has increased, resulting in greater uncertainty in the oil and gas sector. Lower oil prices have impacted revenues and the challenging environment for offshore oil services may adversely affect some of our portfolio companies' counterparties.

Aker's risk management, risks and uncertainties are described in the Annual Report for 2015. Aside from changes in current macroeconomic conditions, commodity prices, currency rates and related risks, no other significant changes have occurred subsequent to the publishing of the Annual Report for 2015.

Key events after the balance sheet date

After the close of the fourth quarter 2016, the following events occurred that affect Aker and the company's investments:

- On 31 January Aker Solutions and Kvaerner was awarded a contract with Statoil for the hook-up of the riser platform for the Johan Sverdrup field. The contract value is approximately NOK 900 million and will be split equally between the two companies.
- On 6 February Farstad Shipping ASA ("Farstad") entered into an agreement for a fully-funded financial restructuring. The restructuring consists of conversion of existing and future debt claims to equity, amendments of existing financing agreements, agreement for take-out financing of one newbuild vessel and issuance of NOK 650 million in new equity, fully underwritten by Aker Capital AS, a wholly owned subsidiary of Aker ASA, and Hemen Holding Limited on a 50:50 basis. Following a fully subscribed NOK 150 million private placement to bondholders in Farstad, Aker's equity commitment is limited to NOK 250 million. As part of the restructuring, Ocean Yield will convert a NOK 161 million claim against Farstad into new shares and part of the lease payments will be deferred. Furthermore, it has been agreed to work for a combination of Solstad Offshore, Farstad and Deep Sea Supply following completion of the restructuring. A successful completion will create the largest company in the high-end global offshore supply vessel industry.
- On 9 February American Shipping Company announced that the

company had completed the placement of a USD 220 million senior unsecured bond. Ocean Yield was allocated USD 50 million in the bond issue and will receive about USD 156 million in net cash proceeds following the redemption of the outstanding bond.

- On 13 February Ocean Yield announced that the company had sent a notice of termination to EMAS AMC AS, being the charterer of the vessel Lewek Connector, in order to protect the company's legal interest. Subsequent to the termination notice, Ocean Yield entered into a contract for the vessel for a period of four months. The company will however continue to participate in the discussions regarding a financial restructuring of its counterparty. EMAS AMC AS' obligations are guaranteed by Ezra Holdings Limited.
- On 14 February Aker BioMarine announced that it had awarded a contract to VARD to build a new krill fishing vessel that will fish in the Antarctic. The vessel is expected to be completed by the end of 2018. The contract value is approximately NOK 1.0 billion.

Outlook

Investments in listed shares comprised 81 per cent of the company's assets as per year-end 2016. About 65 per cent of Aker's investments was associated with the oil and gas sector, 16 per cent with the maritime industry, while cash and liquid fund investments represented 11 per cent, seafood and marine biotechnology 5 per cent, and other assets 3 per cent. Aker's NAV will thus be influenced by fluctuations in commodity prices, exchange rates and developments on the Oslo Stock Exchange.

The cutbacks in E&P spending, driven by oil and gas companies' focus on free cash flow amid lower crude prices, have put the oil service industry under pressure. Aker expects overall activity levels to remain subdued also in 2017 as E&P companies take a cautious approach to new investments until oil prices demonstrate a sustained recovery. Aker's portfolio companies in the oil and gas sector will therefore continue to reduce their cost base in line with activity levels, while at the same time strengthening their competitiveness through increased productivity, efficiency and standardisation, improved technology offerings, and by entering into strategic partnerships and alliances. Cost-cutting measures and increased operational efficiency across the industry have brought down break-even costs for offshore projects, which may result in more projects being sanctioned in the short to medium term. Aker remains positive about the longer-term outlook for oil and gas and will therefore continue to seek counter-cyclical investment opportunities in the sector.

Aker's strong balance sheet and liquidity reserve puts the company in a good position to face unforeseen operational challenges and short-term market fluctuations, as well as to seize value-accretive investments when they materialise. As an industrial investment company, Aker will use its resources and competence to promote and support the development of the companies in its portfolio, and to consider new investment opportunities.

Fornebu, 27 February 2017
Board of Directors and President and CEO

Financial calendar 2017

11 May	Presentation of 1Q 2017
18 July	Presentation of 2Q 2017
23 November	Presentation of 3Q 2017

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AKER NO in Bloomberg
AKER.OL in Reuters

This report was released for publication at 07:00 CEST on 28 February 2017. The report and additional information is available on www.akerasa.com

Alternative Performance Measures

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

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

Aker Group

Condensed consolidated financial statements for the fourth quarter 2016

Consolidated income statement

Amounts in NOK million	Note	4Q	4Q	Year	Year
		2016	2015	2016	2015
			Restated*		Restated*
Operating revenues	9	11 353	14 333	43 673	58 470
Operating expenses		(9 754)	(12 718)	(37 911)	(53 349)
Operating profit before depreciation and amortisation		1 598	1 616	5 762	5 121
Depreciation and amortisation	10	(656)	(688)	(2 653)	(2 641)
Impairment charges and other non-recurring items	11	(1 417)	(503)	(1 538)	(1 753)
Operating profit		(474)	424	1 572	727
Net financial items		(678)	(375)	(1 991)	(1 045)
Share of earnings in equity accounted companies		(469)	(98)	(600)	(337)
Profit before tax	9	(1 621)	(49)	(1 020)	(656)
Income tax expense		(135)	(69)	(345)	(118)
Net profit/loss from continuing operations		(1 756)	(118)	(1 365)	(773)
Discontinued operations:					
Profit and gain on sale from discontinued operations, net of tax	12	915	(1 749)	16 432	(3 048)
Profit for the period		(841)	(1 867)	15 066	(3 821)
Equity holders of the parent		(733)	(878)	14 412	(1 823)
Minority interests		(108)	(990)	654	(1 998)
Average number of shares outstanding (million)	7	74,3	74,3	74,2	73,5
Basic earnings and diluted earnings per share continuing business (NOK)		(14,46)	(1,19)	(9,29)	(5,94)
Basic earnings and diluted earnings per share (NOK)		(9,87)	(11,90)	194,11	(24,81)

*) See Note 12

Consolidated statement of comprehensive income

Amounts in NOK million	4Q	4Q	Year	Year
	2016	2015	2016	2015
Profit for the period	(841)	(1 867)	15 066	(3 821)
Other comprehensive income, net of income tax:				
Items that will not be reclassified to income statement:				
Defined benefit plan actuarial gains (losses)	(41)	84	(42)	84
Other changes	-	-	14	-
Items that will not be reclassified to income statement	(41)	84	(28)	84
Items that may be reclassified subsequently to income statement:				
Changes in fair value of financial assets	28	(126)	7	(74)
Changes in fair value cash flow hedges	49	(473)	93	(1 444)
Reclassified to profit or loss: changes in fair value of available-for-sale financial assets, translation and cash flow hedges	(64)	540	(624)	1 023
Currency translation differences	1 047	485	(1 482)	3 542
Change in other comprehensive income from associated companies	1 229	94	1 389	107
Items that may be reclassified subsequently to income statement	2 289	520	(618)	3 155
Other comprehensive income, net of income tax	2 248	605	(646)	3 240
Total comprehensive income for the period	1 407	(1 263)	14 421	(581)
Attributable to:				
Equity holders of the parent	1 051	(638)	14 506	(177)
Minority interests	356	(625)	(85)	(405)
Total comprehensive income for the period	1 407	(1 263)	14 421	(581)

Consolidated balance sheet

Amounts in NOK million	Note	At 31.12 2016	At 31.12 2015
Assets			
Non-current assets			
Property, plant & equipment	10	22 693	53 864
Intangible assets	10	9 429	29 878
Deferred tax assets		1 608	1 248
Investments in equity accounted companies		20 668	1 377
Other shares		1 016	1 107
Interest-bearing long-term receivables		7 451	4 114
Other non-current assets		193	1 161
Total non-current assets		63 059	92 749
Current assets			
Inventory, trade and other receivables		15 836	28 933
Calculated tax receivable		359	1 242
Interest-bearing short-term receivables		513	523
Cash and bank deposits		12 718	10 388
Total current assets		29 426	41 087
Assets classified as held for sale		207	633
Total assets		92 692	134 468
Equity and liabilities			
Paid in capital		2 330	2 327
Retained earnings and other reserves		19 512	5 630
Total equity attributable to equity holders of the parent	7	21 842	7 957
Minority interest		18 177	21 462
Total equity		40 019	29 419
Non-current liabilities			
Non-current interest-bearing debt	8	23 909	44 813
Deferred tax liabilities		275	13 625
Provisions and other long-term liabilities		2 760	7 409
Total non-current liabilities		26 943	65 847
Current liabilities			
Current interest-bearing debt	8	6 392	6 882
Tax payable, trade and other payables		19 111	32 272
Total current liabilities		25 503	39 154
Total liabilities		52 446	105 001
Liabilities classified as held for sale		227	49
Total equity and liabilities		92 692	134 468

Consolidated cash flow statement

Amounts in NOK million	Note	4Q	4Q	Year	Year
		2016	2015	2016	2015
			Restated*		Restated*
Profit before tax		(1 621)	(49)	(1 020)	(656)
Depreciation and amortisation		656	688	2 653	2 641
Other items and changes in other operating assets and liabilities		3 361	3 501	7 735	7 087
Net cash flow from operating activities		2 395	4 141	9 369	9 072
Proceeds from sales of property, plant and equipment	10	976	49	1 329	764
Proceeds from sale of shares and other equity investments		12	31	457	91
Disposals of subsidiary, net of cash disposed		2 331	810	4 612	836
Acquisition of subsidiary, net of cash acquired		(207)	(1 112)	(325)	(1 251)
Acquisition of property, plant and equipment	10	(706)	(2 884)	(9 813)	(12 367)
Acquisition of equity investments in other companies		(450)	(366)	(1 450)	(472)
Acquisition of Aker BP shares and net cash disposed in Det norske	12	-	-	(5 472)	-
Acquisition of vessels accounted for as finance lease		(829)	-	(2 089)	(1 030)
Net cash flow from other investments		(247)	(466)	(788)	(851)
Net cash flow from investing activities		880	(3 938)	(13 539)	(14 279)
Proceeds from issuance of interest-bearing debt	8	1 819	305	14 421	12 315
Repayment of interest-bearing debt	8	(4 369)	(1 450)	(6 775)	(8 599)
New equity		-	-	859	16
Own shares and purchase of minority interests		(198)	(25)	(213)	(32)
Dividends paid		(115)	(89)	(1 379)	(1 081)
Net cash flow from financing activities		(2 863)	(1 259)	6 913	2 620
Net change in cash and cash equivalents		412	(1 057)	2 743	(2 587)
Effects of changes in exchange rates on cash		247	298	(360)	975
Cash and cash equivalents at the beginning of the period		12 112	11 147	10 388	12 000
Classified as assets held for sale prior period		(53)	-	(53)	-
Cash and cash equivalents at end of period		12 718	10 388	12 718	10 388

*) See Note 12

Consolidated statement of changes in equity

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

Notes to the Aker condensed consolidated financial statements for the fourth quarter 2016

1. Introduction – Aker ASA

Aker ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the fourth quarter of 2016, ended 31 December 2016, comprise Aker ASA and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly-controlled entities.

The consolidated financial statements of the Group as at and for the year ended 31 December 2015 and quarterly reports are available at www.akerasa.com.

On 30 September 2016, Det norske oljeselskap completed the closing of the merger with BP Norge, and renamed the company Aker BP. Aker BP is jointly owned by Aker (40 per cent), BP (30 per cent) and other shareholders (30 per cent). Aker have accounted for its investment in Det norske as discontinued operations from the date of announcement of the transaction in June 2016. At the time of closing of the transaction, Aker recognised a gain and simultaneously recognised its remaining 40 per cent ownership as investment in associate at an initial amount equal to fair value. See note 12 for more information.

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the additional requirements in the Norwegian Securities Trading Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 February 2017.

A number of standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2016, and have not been applied in preparing these consolidated financial statements:

- IFRS 15 Revenue from contracts with customers is effective from 1 January 2018. The progress-based measurement of revenue over time is still expected to be the main method for the construction and service contracts in Aker. Tender cost will no longer be capitalised; however, this impact is not expected to be material. The current assessment is that the new standard for revenue recognition will not significantly change how the group recognises revenue.
- The implementation of IFRS 9 Financial Instruments is mandatory from 1 January 2018. The percentage of qualifying hedges is expected to increase under IFRS 9. This is expected to result in less foreign currency effects reported under financial items. The current assessment is that the new standard for financial instruments will not significantly change the reported figures of the group.
- IFRS 16 Leasing is effective from 2019. The new standard for leasing will significantly change how the group accounts for its lease contracts for land, buildings and other assets currently accounted for as operating leases. Under IFRS 16, an on-balance sheet model that is similar to current financial leases accounting will be applied to all lease contracts, only leases for small items such as PC’s and office equipment will be exempt. As a result, assets and liabilities will increase with a value close to the net present value of future lease payments and EBITDA will increase as the lease payments will be presented as depreciation and finance cost.

3. Significant accounting principles

The accounting policies applied by the group in these condensed consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements as at

and for the year ended 31 December 2015. The group’s accounting principles are described in the Aker ASA annual financial statements for 2015.

4. Acquisition of subsidiaries

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

Aker Solutions has a call option executable in 2019 for the remaining 30 per cent of the shares, and the sellers has a corresponding put option exercisable in 2021. The amount payable upon exercising the options is based on future profits. The anticipated-acquisition method has been applied in accounting for the business combination, as if the options were already exercised. The acquisition cost therefore includes the present value of the contingent consideration at of NOK 67 million. Transaction costs of NOK 7 million has been recognised in other operating expenses. Goodwill resulting from the transaction is mainly attributable to the assembled workforce and expected synergies.

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

Amounts in NOK million	
Property, plant, and equipment	77
Intangible assets	37
Trade receivables	82
Other current operating assets	103
Cash and cash equivalents	11
Total assets	310
Deferred tax liabilities	23
Current operating liabilities	114
Non-current liabilities	1
Total liabilities	138
Total identifiable net assets at fair value	172
Goodwill arising on acquisition	117
Total consideration paid on acquisition	288
Deferred payment (option payment component)	(67)
Net cash consideration	221
Less cash and cash equivalents acquired	(11)
Acquisition, net of cash acquired	210

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

5. Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimate uncertainty, are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2015.

6. Pension, tax and contingencies

Calculation of pension cost and liability is done annually by actuaries. In the interim financial reporting, pension costs and liabilities are based on the actuarial forecasts. Income tax expense is recognised in each interim period based on the best estimate of the expected annual income tax rates.

7. Share capital and equity

As of 31 December 2016 Aker ASA had issued 74 321 862 ordinary shares at a par value of NOK 28 per share. Total own shares were 39 901. Average outstanding number of shares is used in the calculation of earnings per share in all periods in 2015 and 2016.

At year-end 2015, the board of directors suggested a dividend of NOK 10.00 per share for 2015, a total of 742 million. The dividend distribution was approved at the Annual General Meeting in April 2016.

8. Interest-bearing debt

Material changes in interest-bearing debt (current and non-current) during 2016:

Amounts in NOK million	At 3Q 2016	Changes 4Q 2016	At 4Q 2016
Balance at 1 January 2016	51 695	-	51 695
Drawn Reserve Based Lending Facility in Det norske	4 311	-	4 311
Bond loan in Ocean Yield ASA	750	-	750
Drawn bank facility in Ocean Yield	3 001	1 133	4 134
Drawn bank facility in Aker Maritime Finance	600	-	600
USD bank facility in Aker ASA and holding companies	2 013	-	2 013
Drawn bank facility in Akastor	-	421	421
Establishment fee, other new loans and changes in credit facilities	1 927	265	2 192
Total funds from issuance of non-current and current debt	12 602	1 819	14 421
Repayment of bank facility in Akastor	(113)	(2 932)	(3 045)
Other repayments	(2 293)	(1 437)	(3 730)
Total repayments of non-current and current debt	(2 406)	(4 369)	(6 775)
Deconsolidation of Det norske	(25 485)	-	(25 485)
Sale of subsidiaries	(1 837)	-	(1 837)
Exchange rate differences and other changes	(2 916)	1 198	(1 718)
Balance at end of period	31 652	(1 352)	30 300

Balance at end of period is allocated on current and non-current items as follows:

Non-current debt	26 192	(2 283)	23 909
Current debt	5 461	931	6 392
Balance at end of period adjusted for liabilities held for sale	31 652	(1 352)	30 300

9. Operating segments

Aker identifies segments based on the group's management and internal reporting structure.

Aker's investment portfolio is comprised of two segments: Industrial Holdings and Financial Investments.

Recognition and measurement applied in the segment reporting are consistent with the accounting policies in the condensed consolidated interim financial statements.

Operating revenues	4Q 2016	4Q 2015 Restated*	Year 2016	Year 2015 Restated*
Amounts in NOK million				
Industrial holdings				
Aker Solutions	6 138	7 864	25 557	31 896
Akastor	1 370	2 544	5 310	9 983
Ocean Yield	687	559	2 473	2 070
Aker BioMarine	264	224	981	848
Kvaerner	1 834	2 577	7 896	12 084
Eliminations	(282)	(375)	(1 213)	(2 046)
Total industrial holdings	10 012	13 392	41 003	54 835
Financial investments and eliminations	1 341	941	2 670	3 635
Aker group	11 353	14 333	43 673	58 470
Profit before tax	4Q 2016	4Q 2015 Restated*	Year 2016	Year 2015 Restated*
Amounts in NOK million				
Industrial holdings				
Aker Solutions	(360)	(278)	273	685
Akastor	(853)	(5)	(2 324)	(2 195)
Aker BP (equity accounted, 40 per cent share)	(225)	-	(225)	-
Ocean Yield	26	42	790	649
Aker BioMarine	(30)	(46)	(12)	7
Kvaerner	(2)	182	214	579
Eliminations	41	37	110	57
Total industrial holdings	(1 403)	(68)	(1 174)	(219)
Financial investments and eliminations	(218)	19	154	(437)
Aker group	(1 621)	(49)	(1 020)	(656)

*) See Note 12

10. Property, plant and equipment and intangible assets

Material changes in property, plant and equipment and intangible assets during 2016:

Amounts in NOK million	Property, plant and equipment	Intangible assets	Total
Balance at 1 January 2016	53 864	29 878	83 742
Other proceeds from sales of property plant and equipment	(1 318)	-	(1 318)
Proceeds from sales of intangible assets	-	(12)	(12)
Total proceeds	(1 318)	(12)	(1 329)
Acquisition of property, plant and equipment in Det norske	6 373	-	6 373
Acquisition of exploration expenses and other intangibles in Det norske	-	1 015	1 015
Other acquisitions	2 815	350	3 165
Acquisition of property, plant and intangible assets ¹⁾	9 188	1 366	10 554
Acquisition and sale of subsidiaries	(2 097)	(1 146)	(3 243)
Deconsolidation of Det norske (see note 12)	(28 922)	(16 673)	(45 595)
Depreciation and amortisation ²⁾	(3 796)	(722)	(4 518)
Impairment ³⁾	(908)	(1 043)	(1 950)
Reclassification	119	-	119
Expensed capitalised wells	-	(367)	(367)
Exchange rates differences and other changes	(3 437)	(1 804)	(5 241)
Balance at end of period	22 693	9 477	32 170
Classified as assets held for sale	-	(48)	(48)
Balance at end of period adjusted for assets held for sale	22 693	9 429	32 122

1) Including capitalised interest, seller's credit, license swaps effects in Det norske, removal and decommissioning costs in Det norske and other accruals

	740	-	740
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2) Depreciation and amortisation:

Continued operations	(2 271)	(382)	(2 653)
Discontinued operations	(1 525)	(339)	(1 864)
Total	(3 796)	(722)	(4 518)

3) Impairment:

Continued operations	(894)	(643)	(1 538)
Discontinued operations	(13)	(399)	(412)
Total	(908)	(1 043)	(1 950)

11. Impairment charges

Impairment charges and non-recurring items in continuing business in 2016 amount to NOK 1 538 million. For the fourth quarter the impairment charge was NOK 1 417 million.

In Aker Solutions, an impairment loss of capitalised development of NOK 386 million has been recognised in 2016, of which NOK 348 was recognised in the fourth quarter. The impairment loss relates to technologies where the market outlook has worsened as a result of the downturn in the oil services sector. In addition, an impairment loss of NOK 79 million related to property, plant and equipment was recognised in 2016, of which NOK 67 million was recognised in the fourth quarter.

In Akastor, impairment losses of NOK 473 million has been recognised in 2016, of which NOK 407 million was recognised in the fourth quarter. The impairment losses mainly relate to Akastor's subsidiary MH Wirth, which recognised impairment losses of NOK 353 million during 2016. Of this amount, NOK 287 million was recognized in the fourth quarter and was mainly related to the Macae plant in Brazil and the closing down of manufacturing plant in Asia. These impairments were triggered by current weak market conditions for project related work, which are expected to continue in the short to medium term.

In addition, Akastor's subsidiary AKOFS Offshore recognised in the fourth quarter an impairment loss of NOK 118 million (USD 14 million) related to the AKOFS Seafarer vessel.

In Kværner, goodwill impairment of NOK 198 million in the fourth quarter and full year was related to the operating area Concrete Solutions. The impairment is a result of assessment of the uncertainty of the amounts and timing of new project awards and does not reflect Kvaerner's view on long-term prospects within the Concrete business. Kvaerner will continue to invest in concrete core competence to position itself to win new projects.

In Ocean Yield, impairment losses of NOK 299 million in the fourth quarter and full year relate to write-down of the vessel Lewek Connector.

Various other impairments amount to NOK 103 million for the year 2016, of this amount NOK 98 million was recognised in the fourth quarter.

12. Discontinued operations

Det norske oljeselskap

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

Aker BP is jointly owned by Aker (40 per cent), BP (30 per cent) and other shareholders (30 per cent). As part of the transaction, Det norske issued 135.1 million shares to BP as compensation for all shares in BP Norway. As an integral part of the transaction,

Aker acquired 33.8 million of these shares from BP to achieve the agreed-upon ownership structure.

The transaction has reduced Aker's ownership from 49.99 per cent in Det norske to 40 per cent in Aker BP and introduced BP as a new major shareholder with 30 per cent ownership interest. Aker has therefore reassessed its ownership in Det norske in relation to the control criteria's under IFRS 10. The main assessment has been Aker's ability, given the new ownership structure, to control the outcome of a vote on the company's general meeting. The assessment includes evaluations of both Aker's absolute and relative ownership interests, as well as the historic attendance by the minority shareholders at recent general meetings of both Det norske and comparable companies. The conclusion reached is that Aker no longer has control with Aker BP subsequent to the transaction. At closing, Aker therefore has deconsolidated its investment in Det norske, and accounts for its continuing investment in Aker BP as an associate.

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

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

Havfisk and Norway Seafoods

On 2 June 2016, it was announced that Aker Capital AS and Aker Capital II AS ("Aker") had entered into an agreement with Lerøy Seafood Group ASA for the sale of all its shares in Havfisk ASA ("Havfisk") and Norway Seafoods Group AS ("Norway Seafoods"). The transaction was closed at the end of August 2016.

Aker classified its investments in Havfisk and Norway Seafoods as disposal groups held-for-sale and discontinued operations from the date of announcement of the transactions. The comparative condensed consolidated statement of profit and loss has been restated to show the discontinued operations separately from continuing operations. At the time of closing of the transaction in August, Aker has recognised a gain from the sale of the two businesses. The gains are included in "Profit and gain on sale from discontinued operations, net of tax".

Discontinued operations within Akastor

In the third quarter 2016, MH Wirth sold Managed Pressure Operations (MPO). In the fourth quarter 2016, Akastor completed the transactions to sell Frontica's IT business line (Frontica Business Solutions) and Fjords Processing segment. On 6 January 2017, Akastor completed the transaction to join Frontica's staffing business (Frontica Advantage) into NES Global Talent in exchange for a minority shareholding in the combined entity. MPO, Frontica (Frontica Business Solutions and Frontica Advantage) and Fjords Processing are classified as discontinued operations and the comparative condensed consolidated income statement has been restated to show the discontinued operations separately from continuing operations. Frontica Advantage is classified as held-for-sale as of 31 December 2016.

Results from discontinued operations

Amounts in NOK million	Year 2016					Total
	Det norske	Havfisk	Norway Seafoods	Operations within Akastor	Other and elim	
Operating revenues	5 958	929	1 398	4 616	(2 486)	10 414
Operating expenses, depreciation, amortisation and impairment	(5 060)	(675)	(1 426)	(4 715)	3 817	(8 059)
Financial items	(222)	(32)	(20)	(4)	4	(274)
Profit before tax	675	221	(48)	(102)	1 335	2 081
Tax expense	182	(56)	-	(58)	(1 012)	(943)
Net profit from operating activities	857	166	(47)	(160)	323	1 138
Gain on sale of discontinued operations	12 524	1 401	130	895	-	14 949
Net profit from discontinued operations	13 382	1 566	82	734	323	16 087
Classified as discontinued operations previous years:						
Operations within Kvaerner						345
Total profit from discontinued operations						16 432

Results from discontinued operations

Amounts in NOK million	Year 2015					Total
	Det norske	Havfisk	Norway Seafoods	Operations within Akastor	Other and elim	
Operating revenues	9 852	1 131	1 979	5 832	(3 860)	14 935
Operating expenses, depreciation, amortisation and impairment	(9 519)	(852)	(1 999)	(6 474)	3 884	(14 960)
Financial items	(1 250)	(51)	(7)	(13)	6	(1 315)
Profit before tax	(916)	228	(26)	(655)	30	(1 340)
Tax expense	(1 605)	(55)	(12)	(65)	(3)	(1 740)
Net profit from discontinued operations	(2 521)	173	(38)	(720)	27	(3 081)
Classified as discontinued operations previous years:						
Operations within Kvaerner						56
Operations within Akastor						(23)
Total profit from discontinued operations						(3 048)

Earnings per share of discontinued operations

Amounts in NOK	Year 2016	Year 2015
Basic earnings per share from discontinued operations	203,42	(18,85)
Diluted earnings per share from discontinued operations	203,42	(18,85)

Cash flow from discontinued operations

Amounts in NOK million	Year 2016					Total
	Det norske	Havfisk	Norway Seafoods	Operations within Akastor	Other and elim	
Net cash flow from operating activities	4 820	248	(24)	(73)	-	4 971
Net cash flow from investing activities	(6 865)	(12)	(5)	2 333	-	(4 549)
Net cash flow discontinued operations	(2 045)	236	(29)	2 260	-	422
Operations within Kvaerner classified as discontinued operations previous years						4
Total from discontinued operations						426

Amounts in NOK million	Year 2015					Total
	Det norske	Havfisk	Norway Seafoods	Operations within Akastor	Other and elim	
Net cash flow from operating activities	5 533	278	(24)	(314)	-	5 473
Net cash flow from investing activities	(9 421)	(50)	(10)	(4)	-	(9 485)
Net cash flow discontinued operations	(3 888)	228	(34)	(318)	-	(4 012)
Operations within Kvaerner classified as discontinued operations previous years						6
Total from discontinued operations						(4 006)

13. Transactions with related parties

There were no significant transactions with related parties in fourth quarter 2016. See also note 35 in the group annual accounts for 2015 and the quarterly reports for first, second and third quarter 2016.

14. Events after the balance sheet date

On 6 January 2017, Aker's subsidiary Akastor completed the transaction to join Frontica's staffing business (Advantage) into NES Global Talent to create a combined company as a global provider in staffing services to the oil and gas industry. Initially Akastor is holding a 15.2 per cent economic ownership position in the combined entity with potential to increase its ownership depending on the growth of Advantage over the next three years.

On 6 February 2017, Farstad Shipping ASA ("Farstad") entered into an agreement for a fully-funded financial restructuring. The restructuring consists of conversion of existing and future debt claims to equity, amendments of existing financing agreements, agreement for take-out financing of one newbuild vessel and issuance of NOK 650 million in new equity, fully underwritten by Aker Capital AS, a wholly owned subsidiary of Aker ASA, and Hemen Holding Limited on a 50:50 basis. Following a fully subscribed NOK 150 million private placement to bondholders in Farstad, Aker's equity commitment is limited to NOK 250 million. As part of the restructuring, Ocean Yield will convert a NOK 161 million claim against Farstad into new shares and part of the lease payments will be deferred. Furthermore, it has been agreed to work for a combination of Solstad Offshore, Farstad and Deep Sea Supply following completion of the restructuring. A successful completion will create the largest company in the high-end global offshore supply vessel industry.

On 13 February 2017, Ocean Yield announced that the company had sent a notice of termination to EMAS AMC AS, being the charterer of the vessel Lewek Connector, in order to protect the company's legal interest. Ocean Yield will however continue to participate in the discussions regarding a financial restructuring of its counterparty. EMAS AMC AS' obligations are guaranteed by Ezra Holdings Limited. See also the fourth quarter 2016 impairment charge of the vessel, described in note 11.