



Aker ASA — Interim report for the first quarter of 2005

Aker — a record order backlog and improved financial strength

In the first quarter of 2005, Aker Group companies won a number of major contracts. The contracts pushed the Group's order backlog to a record-high NOK 70 billion, up NOK 20 billion from the close of the first quarter of 2004. EBITDA (operating profit before interest, tax, depreciation, and amortization) for the first quarter of 2005 was NOK 556 million, a figure that is on a par with preceding quarters.

Aker ASA, the parent company of the Aker Group, further strengthened its financial position in the first quarter of 2005. On rising share prices, Aker sold some of its Aker Kværner and Aker Yards shareholdings in January 2005 and refinanced certain debt (*see details below*). At the close of the first quarter, the parent company of the Group structure had net interest-bearing receivables of NOK 300 million. Cash and cash equivalents amount to nearly NOK 1.3 billion.

Overall, the Group's core operating companies developed better than projected during the January – March 2005 reporting period.

- Aker Kværner had an EBITDA for the first three months of 2005 on a par with preceding quarters and 20 percent above its first-quarter 2004 EBITDA. Aker Kværner has reached its goal of an annualized EBITDA of NOK 1.5 billion, and is on track for reaching its previously announced goal of a 2006 EBITDA of NOK 1.75 billion.
- Aker Yards continues to experience somewhat lower profits, although the shipyards group has been awarded important contracts that secure future activity at its shipyards. Aker Yards confirms its previously announced projections for a 2005 EBITDA somewhat above 2004's EBITDA.
- Aker Seafoods reports advances in the first quarter of 2005 compared with the previous quarter in both harvesting and processing. The merger with West Fish-Aarsæther and Nordic Sea Holding will strengthen the companies and facilitate better earnings.
- Aker Material Handling began the year slightly in the red, which is not unusual for the first quarter. Bidding activity, though, has been picking up. The twelve-month rolling EBITDA is improving; profitability for 2005 is projected.

Aker's first-quarter 2005 accounts are prepared and presented according to International Financial Reporting Standards (IFRS). Historical figures in this document have been arrived at using the same principles. The most significant changes due to the adoption of IFRS have been presented in a separate memorandum submitted to the Oslo Stock Exchange.



Revenues and EBITDA Consolidated and by main unit <i>Amounts in NOK million</i>	First quarter		Year
	2004	2005	2004
Revenues	11 426	12 666	51 692
EBITDA	602	556	2 315
Aker Kværner	314	376	1 362
Aker Yards	222	159	791
Aker Seafoods	24	40	108
Aker Material Handling *	-11	-3	12
Other activities, eliminations *	53	-16	42

Financial strength

The parent company Aker ASA, including holding companies that are part of the parent company structure, had further strengthened an already strong balance sheet by the close of the first quarter of 2005.

Share prices of Aker's listed investments Aker Kværner, Aker Yards, and Kværner all reached historic highs in April this year. The highest Oslo Stock Exchange closing prices in the reporting period were as follows (lowest 12-month per-share closing prices stated in parentheses). Aker Kværner: NOK 244.00 (NOK 103.75), Aker Yards: NOK 242.50 (NOK 90), and Kværner: NOK 106.50 (NOK 22.20).

In January 2005, Aker sold Aker Kværner and Aker Yards shares for a total of NOK 1.5 billion. The sale strengthened the parent company's balance sheet without compromising its influence on these core Group companies. The parent company's accounting gains on the share sale have not been recorded in the consolidated accounts. Aker continues as the majority shareholder in all its main companies.

Assets freed up through the aforementioned sale were applied to repaying a total of NOK 1.44 billion in external bank loans. Further, Aker issued two new NOK 500 million bond loans with terms to maturity of five and seven years. Thus, Aker has established a long-term financial structure that provides the Group with a great deal of financial flexibility.

The March 2005 annual shareholders' meeting's decision not to pay a dividend for the 2004 accounting year further strengthens Aker's balance sheet; the shareholders' dividend that had been proposed by the Board of Directors was the distribution of all Kværner ASA shares held by Aker. Another consequence of vetoing the proposed share disbursement is that Aker's listed AKE 16 bond loan was not redeemed. At the close of the first quarter of 2005, Aker ASA and the companies included in the parent company structure had gross interest-bearing debt amounting to NOK 2.2 billion, of which NOK 1.4 billion was to non-Group lenders.

Aker ASA's net interest-bearing receivables as of 31 March 2005 amounted to NOK 0.3 billion, which is a NOK 1.4 billion improvement compared with year-end 2004. The NOK 0.3 billion net interest-bearing receivables figure reflects Aker's NOK 1.3 billion in cash, cash equivalents, and interest-bearing current assets, and NOK 1.2 billion in interest-bearing fixed assets and less NOK 2.2 billion in gross interest-bearing debt.



Parent and holding company	as of	as of	as of
Balance sheet	30 Sept.	31 Dec.	31 March
<i>Amounts in NOK million</i>	2004	2004	2005
Intangible, fixed, and interest-free assets	1 496	773	837
Interest-bearing fixed assets	836	1 236	1 186
Investments	8 349	8 304	7 165
Interest-free receivables and inventories	362	384	376
Interest-bearing, short-term assets and cash	1 154	474	1 344
Assets	12 197	11 171	10 908
Equity	8 277	7 618	7 851
Interest-free debt	774	763	800
Interest-bearing debt, intra-Group	952	888	881
Interest-bearing debt, non-Group	2 194	1 902	1 376
Equity and liabilities	12 197	11 171	10 908
<i>Net interest-bearing receivables (+) / debt (-)</i>	<i>-1 156</i>	<i>-1 080</i>	<i>+273</i>
<i>Equity ratio (in %)</i>	<i>68%</i>	<i>68%</i>	<i>72%</i>

Key events in and after the close of the quarter

Aker Seafoods ASA: merger and listing

In late March, an agreement was entered into under which Aker's fisheries-related activities in Norway and Denmark (previously organized under the Norway Seafoods business area of Aker Seafoods) were merged with the Norwegian fisheries companies West Fish-Aarsæther (WFAa) and Nordic Sea Holding (NSH). The merger was accomplished via the establishment of a new company, Aker Seafoods ASA, of which Aker will own 88.5 percent and the former owners of WFAa and NSH will own 11.5 percent each. Aker's deepwater fisheries activities are not included in the new Aker Seafoods ASA group.

The merged company Aker Seafoods ASA will be one of Europe's largest fisheries harvesting and processing companies. It will hold 29 trawler licenses in Norway and own 11 processing facilities located in Norway and Denmark. Almost 60 percent of the company's production is exported to customers outside of Scandinavia, and fresh seafood products represent an increasing proportion of sales.

Aker's acquisition of WFAa and NSH is contingent on the approval of regulatory authorities. Once the mergers have been approved and executed, the owners intend to take Aker Seafoods ASA public. Accordingly, Aker has announced that it will sell Aker Seafoods ASA shares, but will retain at least a 50 percent shareholding.



Kværner

Aker owns 21.7 percent of Kværner ASA shares. Since year-end 2004, Kværner has progressed significantly in its announced restructuring. The Philadelphia shipyard has sold two container ships currently under construction, and it recently received a contract to build ten product tankers, which secures shipyard activity through mid-2010. Operations of the Sea Launch oceangoing space satellite launching facility are proceeding as expected. A second satellite this year was successfully launched in April. In late March, Kværner announced that the bulk of its other activities had been sold to the company's previous management.

The market has received Kværner's developments favorably. The highest per-share price recorded in April was NOK 105.50, which prices Aker's ownership interest in Kværner at more than NOK 1 billion.

Broad support for NWS settlement

The proposed settlement between Aker and former minority shareholders of Norway Seafoods garnered broad support. Thus, the matter has been concluded for the many shareholders who accepted the settlement. They have now received final settlement.

Ten former Norway Seafoods shareholders that collectively held 0.2 percent of the company's shares have refused to accept the settlement. Following several rounds in court and its settlement with other shareholders, Aker has petitioned the court for a ruling that these ten shareholders must pay their own legal expenses for any future court proceedings. The shareholders' lawyer has withdrawn from the matter.

Business activities

Aker Kværner <i>Amounts in NOK million</i>	First quarter		Year 2004
	2004	2005	
Operating revenues	7 715	8 407	35 553
EBITDA	314	376	1 362
Profit after financial items	159	205	647
Order intake	7 323	9 676	41 582
Order backlog	31 105	37 716	35 920

Aker Kværner developed favorably in the first quarter of 2005. EBITDA for the quarter was up 20 percent, compared with the first quarter of 2004. The goal of an annualized EBITDA of NOK 1.5 billion by mid-2005 had been achieved in the first quarter of the year.

Only a few major contracts in Aker Kværner's markets came up for bid in the first quarter of 2005, but an even intake of smaller-sized contracts resulted in satisfactory order intake. As of 31 March 2005, Aker Kværner had a record-high order backlog of NOK 37.7 billion.

In April 2005, Aker Kværner signed a NOK 1.9 billion letter of intent with Statoil for a comprehensive rebuild program for the Statfjord B and C platforms in the North Sea.



The outlook is favorable for markets in the company's main business sectors, Oil & Gas and Engineering & Construction. Aker Kværner continues on its steady course and confirms its target announced in 2004 of an EBITDA of NOK 1.75 billion in 2006 on stable revenue levels.

Aker Kværner is a listed company; its shares trade on the Oslo Stock Exchange (ticker: AKVER). At the close of trade on 27 April 2005, the per-share price of Aker Kværner stock was NOK 226; accordingly, the market value of Aker's 50.01 percent shareholding in Aker Kværner was NOK 6.2 billion.

Aker Yards <i>Amounts in NOK million</i>	First quarter		Year 2004
	2004	2005	
Operating revenues	2 645	3 438	12 514
EBITDA	222	159	791
Profit after financial items	161	93	306
Order intake	3 104	11 445	17 283
Order backlog	18 282	31 487	23 366

Aker Yards had an EBITDA for the first quarter of 2005 of NOK 159 million, which corresponds to a profit margin of 4.6 percent. Operating revenues in the first quarter rose, compared with the first quarter of 2004, largely as a result of higher activity levels in the business areas Merchant Vessels and Offshore & Specialized Vessels.

Order intake in the first quarter of 2005 was NOK 11.4 billion, bringing the order backlog as of 31 March 2005 to NOK 31.5 billion, compared with NOK 18.3 billion a year earlier. All business areas report continued increases in order intake.

RCCL ordered its third Freedom Class cruise ship in the first quarter of 2005. The Merchant Marine business area signed contracts for 13 new container ships during the reporting period, and offshore vessel newbuilding activities were at solid levels.

Aker Yards expects 2005 revenues above those of 2004; EBITDA for the year is expected to be somewhat higher than 2004's EBITDA.

Aker Yards is listed on the Oslo Stock Exchange (ticker: AKY). Aker Yards shares closed at NOK 210 on 27 April 2005; accordingly, Aker's 55.6-percent shareholding in Aker Yards ASA had a market value of NOK 2.4 billion.

Aker Seafoods <i>Amounts in NOK million</i>	First quarter		Year 2004
	2004	2005	
Operating revenues	511	456	1 834
EBITDA	24	40	108
Profit after financial items	9	-1	-123

As presented in this report, **Aker Seafoods** refers to the company prior to the merger with West Fish-Aarsæther and Nordic Sea Holding, and comprises, as in previous reporting periods, Aker's



Norway Seafoods harvesting and processing activities and the deepwater activities of Aker Seafoods Corp.

Operations developed favorably in the first quarter of 2005, compared with preceding quarters. EBITDA for the first quarter of 2005 was NOK 40 million, which is somewhat stronger than in the first quarter of 2004. The harvesting activities in Norway were included from second quarter of 2004. Norway Seafoods' harvesting and processing activities were profitable in the first quarter of 2005, while Aker Seafoods Corp. broke even.

Trial fishing for krill in the Antarctic continued in the first quarter of 2005 with satisfactory results. The *Atlantic Navigator* factory trawler, which is still harvesting krill, will be redeployed to Faeroe Islands waters this summer to fish for blue whiting. Another of the company's factory trawlers will be rebuilt in order to continue Antarctic krill harvesting.

Aker Material Handling <i>Amounts in NOK million</i>	First quarter		Year
	2004	2005	2004
Operating revenues	263	295	1 226
EBITDA	-11	-3	12
Profit after financial items	-21	-16	-60
Order intake	328	304	1 297
Order backlog	275	272	265

Aker Material Handling had a slightly negative EBITDA for the first quarter of 2005, which is not an unusual situation for the year's opening quarter. However, profitability is up, compared with the same reporting period of 2004.

Operations are developing favorably. The addition to the factory in Germany has progressed faster than anticipated; its new production line will be operational in the second quarter of 2005. A temporary agreement was reached with employees in Germany in 2004 for longer working hours without additional compensation. That agreement became permanent in the first quarter of 2005.

Activity levels in Aker Material Handling's markets are high, but competition continues to be fierce and margins are modest. Order intake was particularly good in Scandinavia in the first quarter of 2005 and somewhat weaker in Continental Europe.

Aker Material Handling maintains its goal of a positive EBITDA for 2005 as a whole.

Parent company Aker ASA and other activities <i>Amounts in NOK million</i>	First quarter		Year
	2004	2005	2004
Operating revenues	292	70	565
EBITDA	53	-16	42
Profit after financial items	-57	-14	-254



The parent company Aker ASA and other activities include several non-operating companies in the parent company structure, in addition to the companies Atlas-Stord and Molde Fotball. Atlas-Stord produces dewatering solutions and equipment primarily for animal feed production.

Aker also owns 33.5 percent of the shares in the supply base and logistics company NorSea Group, which offers its services to the offshore oil and gas industry from eight strategically located bases along the coast of Norway, from Stavanger in the south to Hammerfest in the north. Aker has a 21.7 percent shareholding in Kværner ASA, which is listed on the Oslo Stock Exchange (ticker: KVI).

The first-quarter 2005 EBITDA of the parent company Aker ASA and other activities was NOK -16 million. Operating expenses of the parent company and other companies that comprise the holding company structure amounted to NOK -17 million in the first-quarter 2005 reporting period.

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INCOME STATEMENT

Amounts in NOK million	1st Quarter		Year
	2005	2004	2004
Operating revenues	12 666	11 426	51 692
Operating expenses	(12 110)	(10 824)	(49 377)
Operating profit before depreciation (EBITDA)	556	602	2 315
Depreciation	(189)	(186)	(776)
Operating profit before impairment changes	367	416	1 539
Impairment changes	-	(26)	(35)
Profit before financial items	367	390	1 504
Net financial items	(100)	(139)	(757)
Profit before tax and non recurring items	267	251	747
Non recurring items	-	-	(231)
Profit before tax	267	251	516
Tax	(118)	(97)	(496)
Profit after tax	149	154	20
Minority interest	101	72	231
Majority interest	48	82	(211)

CASH FLOW STATEMENT

Amounts in NOK million	1st Quarter		Year
	2005	2004	2004
Cash flow from operating activities	(1 695)	1 402	4 907
Cash flow from investing activities	1 201	(119)	(992)
Cash flow from financing activities	(907)	(390)	(3 925)
Total cash flow reporting period	(1 401)	893	(10)
Effects of changes in exchange rates on cash	71	48	(302)
Cash and cash equivalent at the beginning of period	8 072	8 384	8 384
Cash and cash equivalent at end of period	6 742	9 325	8 072



BALANCE SHEET

Amounts in NOK million	31 March 2005	2004	31 December 2004
Assets			
Non-current assets			
Property, plant & equipment	5 629	5 718	5 614
Goodwill	6 857	7 276	6 952
Deferred tax assets	1 631	1 582	1 671
Other intangible assets	371	75	382
Available-for-sale financial assets	722	570	584
Share and equity investments	340	277	227
Interest-bearing long-term receivables	848	467	773
Other long-term assets	425	545	459
Total non-current assets	16 823	16 510	16 662
Current assets			
Inventory, trade and other receivables	16 778	16 150	14 529
Interest-bearing short term receivables	216	95	168
Cash and bank deposits	6 742	9 325	8 072
Total current assets	23 736	25 570	22 769
Total assets	40 559	42 080	39 431
Equity and liabilities			
Equity			
Paid in capital	7 807	7 807	7 807
Retained earnings	(1 322)	(813)	(1 649)
Total equity attributable to equity holders of the parent	6 485	6 994	6 158
Minority interest	4 635	3 175	3 159
Total equity	11 120	10 169	9 317
Non-current liabilities			
Interest-bearing loans	6 632	6 397	7 278
Subordinated debt	2 860	2 881	2 726
Deferred tax liability	492	167	480
Provisions and other long-term liabilities	2 109	1 790	2 078
Total non-current liabilities	12 093	11 235	12 562
Current liabilities			
Short term interest-bearing debt	1 329	5 241	1 297
Tax payable and trade and other payables	16 017	15 435	16 255
Total current liabilities	17 346	20 676	17 552
Total liabilities	29 439	31 911	30 114
Total equity and liabilities	40 559	42 080	39 431

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	1st Quarter 2005	2004	Year 2004
As of beginning of period	6 158	6 918	6 918
IAS 39 1 January 2005	(220)	-	-
Net profit	48	82	(211)
Valuation difference	423	-	-
Proforma effects	-	(25)	(105)
Translation differences	76	19	(444)
As of end of period	6 485	6 994	6 158