



Aker ASA

Second-quarter and half-year results 2018

Second-quarter 2018 highlights

Financial key figures

(Aker ASA and holding companies)

- The net asset value (“NAV”) of Aker ASA and holding companies (“Aker”) increased by 34.6 per cent in the second quarter to NOK 57.1 billion, compared to NOK 42.4 billion at the end of the first quarter. Adjusted for dividend the NAV increased 37.8 per cent. Per-share NAV amounted to NOK 769 at the end of the second quarter, compared to NOK 571 as of 31 March 2018 (prior to a NOK 18 dividend allocation).
- The Aker share increased 45.5 per cent in the second quarter, adjusted for dividend. This compares to a 9.2 per cent increase in the Oslo Stock Exchange’s benchmark index (“OSEBX”).
- The value of Aker’s Industrial Holdings portfolio rose to NOK 61.2 billion in the second quarter, up from NOK 44.9 billion as per 31 March 2018. The value of Aker’s Financial Investments portfolio stood at NOK 5.1 billion at the end of the second quarter, down from NOK 7.3 billion as per the end of the first quarter.
- Aker’s liquidity reserve, including undrawn credit facilities, stood at NOK 4.5 billion as per 30 June 2018. Cash and liquid fund investments amounted to NOK 1.4 billion at the end of the second quarter, down from NOK 2.9 billion as per 31 March 2018.
- The value-adjusted equity ratio was 86 per cent as per the end of the second quarter. This compares to 81 per cent as of 31 March 2018, prior to dividend allocation.

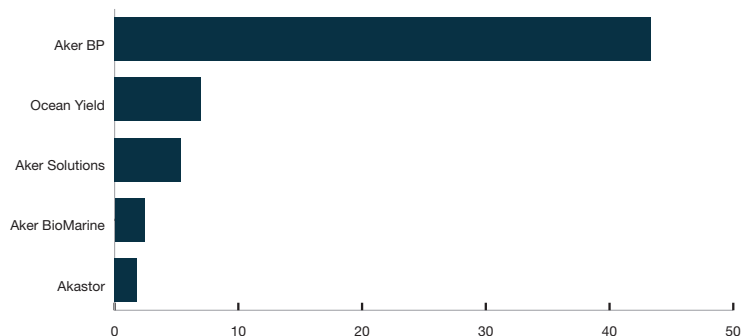
Key events in the quarter

- Aker entered into an agreement with Gevevan Trading Co. Ltd and Joh Johannson Eiendom AS to establish a residential real estate development company named FP Bolig Holding AS (“FP Bolig”). Under the agreement, FP Bolig acquired three land areas at Fornebu from Aker. Aker will own 37.55 per cent of the new company. The transaction released NOK 361 million in cash for Aker, and an accounting gain of NOK 194 million was booked in the second quarter.
- Aker completed a tap issue of NOK 500 million in the AKER14 unsecured bond. The issue was priced at par, equal to 3 months NIBOR + 2.65 per cent p.a.
- Aker Energy completed the acquisition of Hess Ghana.
- Aker Solutions and Kvaerner announced a letter of intent for modification of the riser platform and the field center for the Johan Sverdrup development Phase II. The contract value is NOK 3.4 billion and will be split equally between the companies.
- Akastor completed the USD 75 million investment in perpetual preferred equity in Odfjell Drilling Ltd as part financing for the acquisition of the semisubmersible drilling rig Stena Midmax.
- Akastor’s portfolio company AKOFS Offshore signed a contract with Equinor for the provision of light well intervention services to be performed by AKOFS Seafarer. The contract value is USD 370 million over the initial five-year period.
- Akastor signed a final agreement to form a joint venture for the AKOFS Offshore business with Mitsui & Co. Ltd (“Mitsui”) and Mitsui O.S.K. Lines Ltd (“MOL”). The transaction will release USD 142.5 million in cash for Akastor at closing.
- Aker BP was awarded six new production licenses in Norway, of which two as operator, in the 24th licensing round. All the new licenses are located in the Barents Sea.
- Ocean Yield announced the investment in four 3,800 TEU container vessels on 12-year charters to CMB NV for USD 120 million.

Main contributors to gross asset value

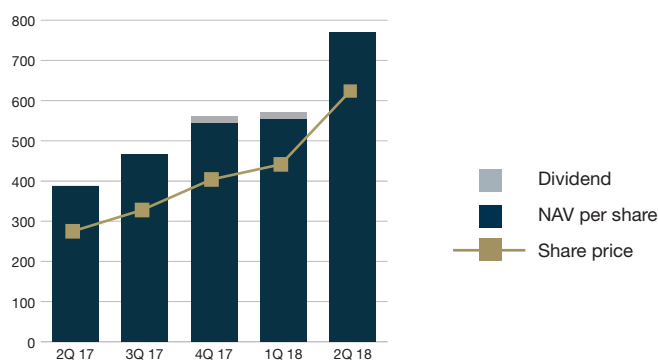
(NOK billion)

Representing 90 per cent of total gross asset value of NOK 66.3 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 second quarter, Aker created values for NOK 16 billion. NOK 14.7 billion (nearly NOK 200 per share) was added to our Net Asset Value and NOK 1.3 billion (NOK 18 per share) was paid in dividend to our shareholders. It is hard to find a quarter with better performance in Aker's 177-year industrial history. The development is the result of steady course and dedicated work over a number of years by Aker and our portfolio companies, supported by oil prices climbing towards USD 80 per barrel.

In the quarter, Aker's NAV increased to NOK 57.1 billion from NOK 42.4 billion three months earlier. In addition, we distributed a NOK 1.3 billion cash dividend. Combined that represents a value increase of NOK 16 billion, or 37.8 per cent in three months only. Once again, Aker BP was the main contributor to the value growth. I am, however, also pleased to see that all listed industrial holdings in our portfolio contributed positively to our performance in the quarter. Aker's share price, including dividends, was up 45.5 per cent, compared to 9.2 per cent for the reference index.

Quarterly results should always be considered in a longer term context. Since the re-listing in 2004, Aker has on average delivered 29 per cent total return annually to our shareholders.

Aker's active ownership agenda is a key factor explaining the significant returns delivered. My experience is that we succeed with our strategy to develop and grow great portfolio companies. Our method of work is to combine industrial and financial capabilities, organic growth and transactions, relentless focus on operational excellence and longer term strategic development. We execute our active ownership in close collaboration and interaction with the portfolio companies themselves. Alignment on strategic, financial and operational objectives have proved to be a prerequisite for our success.

By nature Aker is a long-term investor, but we can also move swiftly when opportunities emerge, proper preparations are made and alignment on strategic direction has been achieved. The development of Aker BP from a small exploration business to a fully-fledged E&P company with a market capitalisation north of NOK 100 billion is the result of the said factors, including series of well executed transactions, continuous focus on operational excellence and innovation, a great team and an active ownership through a first class collaboration between BP and Aker. Aker BP currently accounts for approximately two thirds of Aker's gross asset values and the attractive quarterly dividends paid is a main source of upstream cash flow to Aker.

Aker BP's ambition is to redefine large parts of the oil and gas value chain. New business models and alliances with suppliers are already showing tangible results. Through the collaboration with Cognite, Aker BP has gained access to a great team of programmers and data scientists. Together with oil and gas domain experts from Aker BP they develop software solutions, including a unique industrial platform that makes a significant amount of operational data (real time and historical) available in a split second for employees, partners and third-party application vendors. This facilitates analysis, innovation and visualization of Aker BP's data which again provides data to applications used to make the Aker BP operation more safe, efficient and profitable.

Our second largest upstream cash contributor, Ocean Yield, continues to deliver good results and an attractive cash dividend. Ocean Yield has been active in the first half of 2018, investing nearly USD 530 million in new ships on long-term contracts. The EBITDA backlog of USD 3.6 billion provides a solid foundation for distribution of attractive dividends also in the years to come. The quarterly profit and dividend is generated from a diversified portfolio which will consist of 55 vessels once all newbuildings have been delivered. The diversification strategy pursued over a number of years makes Ocean Yield less exposed to individual contracts.

For Aker's oil service companies, Aker Solutions, Akastor and Kvaerner, activity and backlog are picking up reflecting a more positive sentiment in oil and gas. More than three years focus on adjusting capacity, improving operational excellence, strengthening customer relationships and enhancing competitiveness have started to pay off. Aker Solutions is a prime example. Despite fierce competition and continued price pressure, the company continues to deliver good results due to strong project execution and relentless focus on continued improvement. Akastor and Kvaerner have also made good progress. Akastor completed in the second quarter the USD 75 million investment in preferred equity issued by Odfjell Drilling in addition to signing a final agreement to divest 50 per cent of the shares of AKOFS Offshore to Mitsui which will release more

than USD 140 million in cash to Akastor. Kvaerner, with Karl-Petter Løken as the new CEO, operates well by winning new contracts and executing projects as planned.

While calculating our net asset value, closing share prices as per the last trading day in the quarter are applied for listed holdings and the lowest of market value and historical cost is used for unlisted investments. Hence, upside opportunities in unlisted businesses will not be fully reflected in our quarterly financial figures. For that reason investors should always also keep an eye on the development in our unlisted portfolio companies such as Aker BioMarine, Aker Energy and Cognite, all value triggers only available through an investment in Aker.

Aker BioMarine has performed well during the first half of this year with both harvesting volumes and sales growing. Aker BioMarine is still in a period of growth supported by investments. As a part of that, the company will invest over a billion kroner in the world's most advanced krill harvesting vessel. In our group, Aker Biomarine punches above its weight in the important areas of innovation and sustainability, and other Aker companies are tapping into the knowledge built up in Aker Biomarine while putting sustainability even higher on their respective strategic agendas. Aker BioMarine's performance has also been recognized by European Business Awards organization which voted Aker BioMarine Europe's most innovative company.

Aker Energy is another company that is only available to investors through the Aker share. Currently, we are in the start-up phase and the Aker Energy team, now counting some 100 people at Fornebu and in Accra, are working with multiple work streams with support from Aker to prepare for a submission of the Plan of Operation and Development for the Deepwater Tano Cape Three Points block in the second half of 2018. However, rather than rushing an investment decision, we will spend the time and effort required to get the basics properly in place before moving the project into the next phase.

By establishing Cognite together with John Markus Lervik, Aker positioned itself in the exciting and fast growing software industry segment. Cognite continues to expand rapidly without compromising the quality of the team. As we speak, the team consists of approximately 100 people of whom roughly 2/3 are programmers and data scientists, more than 10 per cent have a PhD, and close to 10 per cent have won medals in informatics Olympics and World Championship in computer programming. The CEO and a number of employees are our co-shareholders in Cognite. In parallel with an ongoing issuance of shares to employees recently recruited, I have received the opportunity from Aker to buy two per cent of the shares in Cognite at the same market terms and conditions.

The portfolio of Cognite's industry partners continues to grow. Choosing clients with the capabilities and culture required to succeed has become a part of the everyday dialogue with John Markus. In the second quarter, Cognite was awarded an agreement with Wallenius Wilhelmsen, the leading global provider of logistics and shipping solutions for cars and trucks. By teaming up with Wallenius Wilhelmsen, Cognite enters a new, large and truly global industry segment. As a consequence, Cognite will also grow its presence in the important United States market. It will be exciting to follow the development of Cognite going forward in my capacity as both Chairman of the board and as a minority shareholder.

Aker is exposed to volatile industries. Hence, our performance will fluctuate with capital market sentiment and commodity prices. The strong value growth recently is, however, also a reminder of the importance to maintain a steady course and to stick to a consistent strategy throughout market changes. Countercyclical investments facilitated by a strong balance sheet are a foundation for that strategy.

I am proud of what we have achieved in recent years. My colleagues in Aker and in our portfolio companies deserve a lot of credit. The response from our investors is encouraging and a source of inspiration to do more. With our optionality, financial strength, a great team and M&A capabilities I remain optimistic about our future, both measured by industrial development and by shareholder value.

I wish you all a great summer holiday!



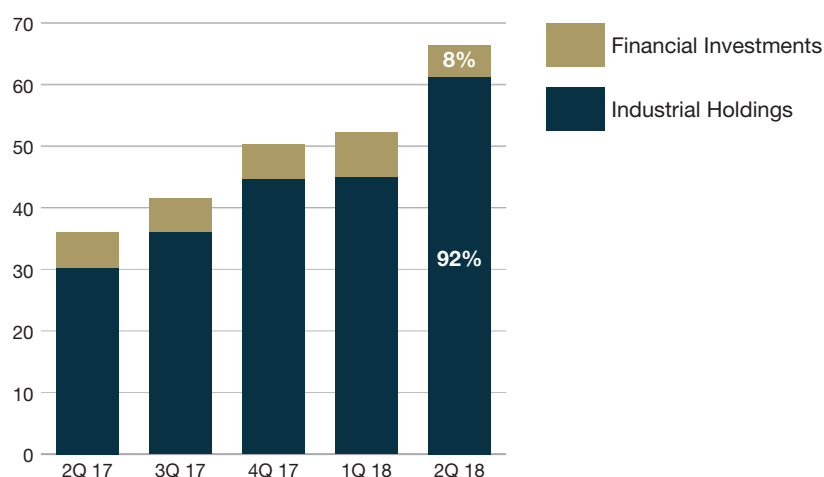
Øyvind Eriksen
President and CEO

Aker ASA and holding companies Assets and net assets value

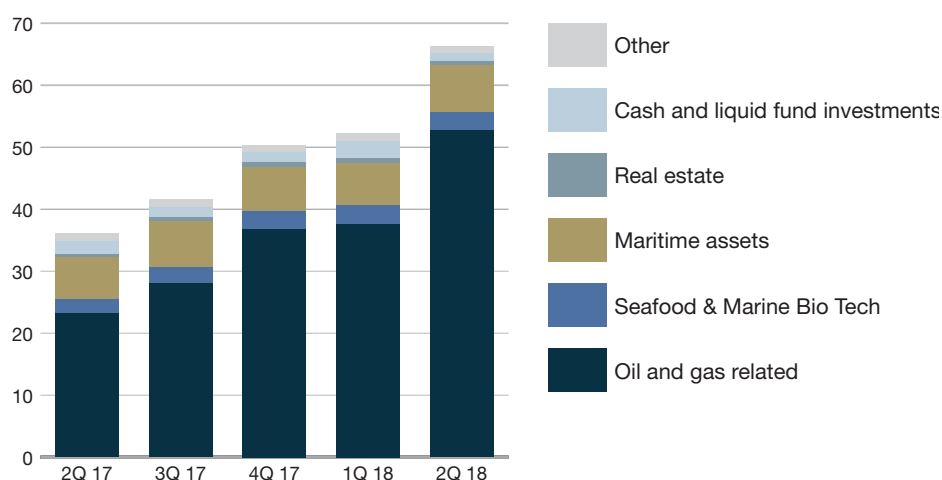
Net asset value (NAV) composition - Aker ASA and holding companies

	31.12.2017		31.03.2018		30.06.2018	
	NOK/share	NOK million	NOK/share	NOK million	NOK/share	NOK million
Industrial Holdings	600	44 560	604	44 916	825	61 246
Financial Investments	78	5 829	98	7 304	68	5 059
Gross assets	678	50 389	703	52 220	893	66 305
Total liabilities (4Q and 1Q before dividend allocations)	(116)	(8 618)	(132)	(9 794)	(124)	(9 200)
NAV (4Q and 1Q before dividend allocations)	562	41 771	571	42 425	769	57 105
Net interest-bearing receivables/(liabilities)		(5 608)		(5 284)		(6 772)
Number of shares outstanding (million)		74.296		74.306		74.269

Gross assets (NOK billion)



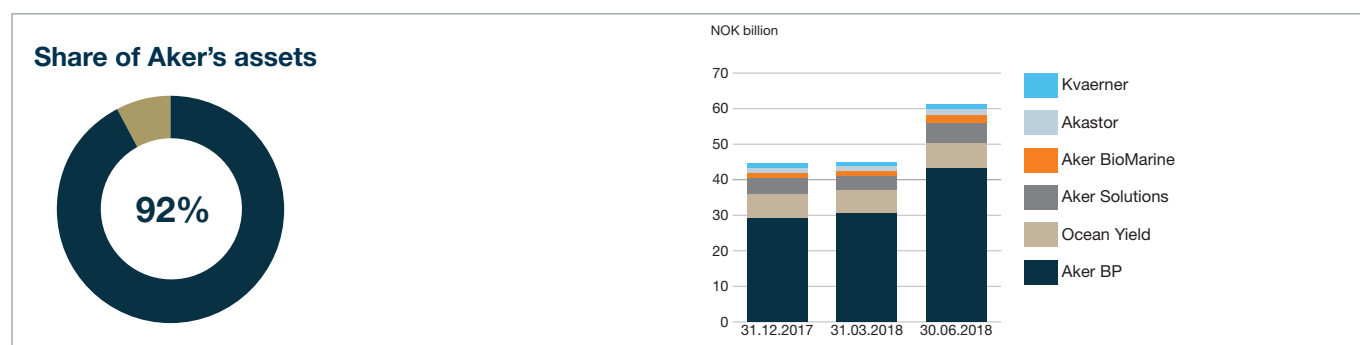
Gross assets per sector (NOK billion)



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 %	31.12.2017	31.03.2018	2Q 18			30.06.2018
		Value	Value	Net investments	Received dividends	Other changes	Value change
Aker BP	40.0	29 083	30 567	-	(362)	-	13 125
Ocean Yield	61.7	6 828	6 484	-	(152)	-	653
Aker Solutions	34.8	4 368	3 920	-	-	-	1 472
Aker BioMarine*	100.0	1 411	1 411	-	-	1 000	-
Akastor	36.7	1 649	1 533	-	-	-	268
Kvaerner	28.7	1 220	1 001	-	-	-	326
Total Industrial Holdings		44 560	44 916	-	(514)	1 000	15 844

*Reflected at book value

The total value of Aker's Industrial Holdings rose by NOK 16.3 billion in the second quarter to NOK 61.2 billion, mainly due to a NOK 15.8 billion positive value change of the listed holdings. Aker received NOK 514 million in dividend payments from Aker BP and Ocean Yield in the quarter. The value of Aker's Industrial Holdings stood at NOK 44.9 billion as of 31 March 2018 and NOK 44.6 billion as per year-end 2017.

All listed industrial holdings contributed with positive value development in the second quarter. Of the NOK 15.8 billion positive value change, Aker BP stood for NOK 13.1 billion, Aker Solutions for NOK 1.5 billion, Ocean Yield for NOK 653 million, Kvaerner for NOK 326 million and Akastor for NOK 268 million.

The book value of Aker's non-listed holding, Aker BioMarine, increased by NOK 1.0 billion to NOK 2.4 billion as Aker converted the majority of the outstanding receivable into shares in the company during the quarter.

Aker BP

Aker BP is a fully-integrated E&P company operating on the Norwegian Continental Shelf ("NCS") with a business model built on safe operations, lean principles, technological competence and industrial cooperation to secure long term competitiveness. The company continues to deliver solid operational performance, reporting an EBITDAX of USD 810 million in the second quarter. Production averaged 157.8 kboed, on par with prior quarter. In the quarter, Aker BP was awarded six new production licenses in the 24th licensing round, of which two as an operator. All the new licenses are located in the Barents Sea, further strengthening Aker BP's presence in the region. In May, Aker BP paid a dividend of USD 0.3124 per share, of which Aker received NOK 362 million.

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. In the second quarter, Ocean Yield announced the investment in four modern 3,800 TEU container vessels on 12-year contracts to CMB NV, providing further portfolio diversification. The purchase price was USD 120 million net of pre-paid charter hire. Year-to-date Ocean Yield has invested approximately USD 530 million (net of seller's credit) in new assets on long-term charters, and the fleet has increased to 55 vessels from 40 as of year-end 2017. During the quarter, Ocean Yield sold USD 50 million of the American Shipping Company bond, further improving its investment capacity. The company also completed the issuance of a new NOK 750 million unsecured bond loan. Following the bond issue, Ocean Yield exercised the call option on the unsecured bond OCY02 to repay the amount outstanding under the loan. Aker supports Ocean Yield's strategy of building a larger company over time through making value-accretive transactions and diversifying its portfolio further. Furthermore, a key priority in 2018 will be to reach a favourable outcome for FPSO Dhirubhai-1 as the current contract expires in September. As per the end of the quarter, Ocean Yield had an estimated EBITDA backlog of USD 3.6 billion and the average remaining contract tenor (weighted by EBITDA) was 11.3 years. The company continued to raise its dividend in the quarter, this time by USD 0.05 cents per share.

Aker Solutions

Aker Solutions is a global oil services company providing services, technologies, and product solutions within subsea and field design. Improving operational efficiency, reducing 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 beneficial for the company and its shareholders. In the second quarter, Aker Solutions reported NOK 439 million in EBITDA, and an order intake of NOK 5.7 billion supported by the award of a NOK 1.0 billion modification contract for Troll Phase 3 topside and the NOK 3.4 billion contract for modification of the riser platform and the field center for Johan Sverdrup (shared equally with Kvaerner). The backlog stood at NOK 37.0 billion as per the end of the second quarter.

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 realization of assets and to selectively consider investment opportunities, albeit in a disciplined manner. In the second quarter, Akastor announced that it had entered into a final agreement to form a joint venture for the AKOFS Offshore business with Mitsui and MOL, where each partner will acquire 25 per cent of the shares from Akastor. The transaction will release USD 142.5 million in cash for Akastor at closing. Akastor also announced that AKOFS Offshore had signed a contract with Equinor for light well intervention services on the NCS for the AKOFS Seafarer vessel with scheduled commencement in the first half of 2020. The contract value for the initial five-year period is approximately USD 370 million, and Equinor has the option to extend the contract with another three years. As a consequence of the contract, an impairment of NOK 322 million was made on the AKOFS Seafarer vessel. In May, Akastor completed the USD 75 million investment in perpetual preferred equity in Odfjell Drilling. Akastor continues to work closely with its portfolio companies to support cost saving programs, operational improvements and strategic initiatives to further enhance their competitiveness.

Aker BioMarine

Aker BioMarine is an integrated biotechnology company that supplies krill-derived ingredients to the consumer health and animal nutrition markets. The company reported a strong second quarter, resulting in revenues of USD 44 million and an EBITDA of USD 16 million, corresponding to a margin of 35.5 per cent. The market for omega-3 products, the key market for Aker BioMarine's Superba™ krill oil, continues to recover. In the quarter, Aker converted NOK 1.0 billion of the outstanding receivables into shares in Aker BioMarine to strengthen the company's balance sheet. Following the conversion, the total outstanding balance under the revolving credit facility provided by Aker was USD 19 million at the end of the second quarter. Aker maintains its positive long-term outlook for Aker BioMarine, and the market for krill-derived products.

Kvaerner

Kvaerner is an oil and gas-related EPC company, mainly focused on the NCS. Kvaerner reported an adjusted EBITDA of NOK 102 million in the second quarter. The lower EBITDA, compared with results in prior quarters, was due to early phase projects not recognising margin and limited impact of recognised bonuses and incentives. Operationally, Kvaerner continues to perform well and all projects are on track. In May, Karl-Petter Løken assumed the position as CEO. Improving the efficiency remains a core priority for the management in order to strengthen the competitiveness to position Kvaerner to secure new work beyond its current backlog. In the second quarter, Kvaerner reported an order intake of NOK 1.9 billion, which included NOK 1.7 billion of the NOK 3.4 billion contract for modification of the riser platform and the field center for Johan Sverdrup (shared equally with Aker Solutions) awarded by Equinor. The backlog ended at NOK 11.2 billion. The company maintains a solid financial position with NOK 3.0 billion of cash, in addition to a NOK 2.0 billion undrawn credit facility, allowing the company to explore strategic alternatives.

Results and Returns for Industrial Holdings¹⁾

Amounts in NOK million	Aker Solutions		Akastor		Kvaerner	
	2Q17	2Q18	2Q17	2Q18	2Q17	2Q18
Revenue	5 425	6 254	697	873	1 502	1 827
EBITDA	305	439	(7)	78	219	91
EBITDA margin (%)	5.6	7.0	(1.0)	8.9	14.6	5.0
Net profit continued operations	33	117	(229)	121	144	34
Closing share price (NOK/share)	37.71	57.02	13.75	17.90	10.20	17.18
Quarterly return (%) ³⁾	(27.1)	37.6	6.2	17.5	(5.6)	32.6

Amounts in USD million	Aker BP		Ocean Yield		Aker BioMarine	
	2Q17	2Q18	2Q17	2Q18	2Q17	2Q18
Revenue	595	975	82	95	30	44
EBITDA ²⁾	470	810	74	84	6	16
EBITDA margin (%)	79.1	83.1	90.4	88.7	19.0	35.5
Net profit continued operations	60	136	31	35	0	8
Closing share price (NOK/share)	123.50	300.80	65.25	71.10	N/A	N/A
Quarterly return (%) ³⁾	(9.1)	42.9	9.5	10.1	N/A	N/A

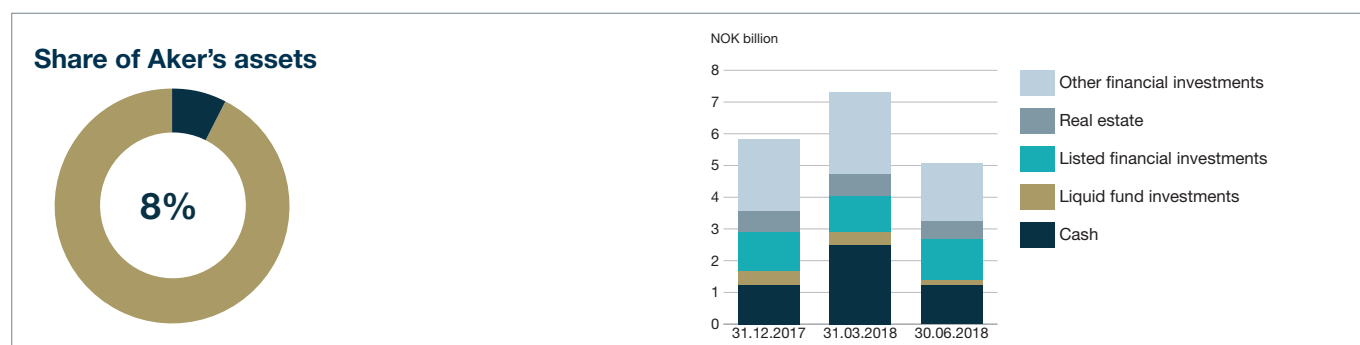
¹⁾ The figures refer to the results reported by the companies. Reference is made to the respective companies' quarterly reports for further details.

²⁾ For Aker BP, EBITDAX is used.

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

Aker – Segment information

Financial Investments



	31.12.2017		31.03.2018		30.06.2018	
	NOK/share ¹⁾	NOK million	NOK/share ¹⁾	NOK million	NOK/ share ¹⁾	NOK million
Cash	17	1 232	34	2 495	16	1 223
Liquid fund investments	6	442	5	407	2	164
Listed financial investments	16	1 220	15	1 128	17	1 296
Real estate	9	674	9	694	7	538
Other financial investments	30	2 261	35	2 579	25	1 838
Total Financial Investments	78	5 829	98	7 304	68	5 059

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 5.1 billion as of 30 June 2018, down from NOK 7.3 billion as per 31 March 2018 and NOK 5.8 billion as per year-end 2017.

Aker's **Cash holding** stood at NOK 1.2 billion at the end of the second quarter, down from NOK 2.5 billion as per the end of the prior quarter. The primary cash inflows in the quarter were NOK 544 million in received dividends, NOK 498 million in net proceeds from tap issuance of AKER14, NOK 361 million in cash release from the sale of real estate assets to FP Bolig, NOK 253 million in proceeds from sale of liquid fund investments and NOK 125 million in repayment of receivables. The primary cash outflows were NOK 1.3 billion in dividend payment, NOK 1.2 billion repayment of AKER11 bonds, NOK 224 million in loans issued to portfolio companies and NOK 167 million in operating expenses and net interest paid. Aker's cash holding stood at NOK 1.2 billion as of 31 December 2017.

Aker held NOK 164 million in **Liquid fund investments** at the end of the second quarter, down from NOK 407 million as per 31 March 2018 as Aker reduced its fund investments by NOK 253 million in the quarter. Liquid fund investments stood at NOK 442 million as per year-end 2017.

The value of **Listed financial investments** stood at NOK 1.3 billion as of 30 June 2018, compared to NOK 1.1 billion as of 31 March 2018 and NOK 1.2 billion as of 31 December 2017. The value of Aker's investment in Philly Shipyard decreased to NOK 358 million, compared to NOK 455 million in the prior quarter, while the value of Aker's direct and indirect investment in American Shipping Company was NOK 520 million at the end of the second quarter, compared to NOK 335 million as of 31 March 2018. Aker's shares in Solstad Farstad was valued at NOK 393 million as per 30 June 2018. This compares to NOK 316 million at the end of the first quarter.

Aker's investments in **Real estate** stood at NOK 538 million at the end of the second quarter, down from NOK 694 million three months earlier. The decrease is primarily explained by the transaction between Aker, Geveran and Joh Johansson Eiendom, where Aker sold real estate assets to FP Bolig. The transaction released NOK 361 million in cash for Aker, and an accounting gain of NOK 194 million was booked in the second quarter. The value of Aker's current real estate holdings mainly reflects the 37.55 per cent ownership in the residential real estate developer FP Bolig, other commercial properties and land areas at Fornebu and in Aberdeen, and a portfolio of late-stage residential projects in Norway. Aker's investments in real estate stood at NOK 674 million per year-end 2017.

Other financial investments amounted to NOK 1.8 billion at the end of the second quarter, down from NOK 2.6 billion as of 31 March 2018 and NOK 2.3 billion as per year-end 2017. Other financial investments consist of equity investments, receivables, and other assets. The decrease in the quarter is mainly explained by the NOK 1.0 billion loan conversion into shares in Aker BioMarine, partly offset by an increase in receivables, new investments and currency fluctuations as certain investments are denominated in USD. The value of Aker's receivables was NOK 845 million at the end of the second quarter, down from NOK 1.7 billion as per 31 March 2018.

Aker ASA and holding companies

Combined balance sheet

Amounts in NOK million	31.12.2017	31.03.2018	30.06.2018
Intangible, fixed, and non-interest bearing assets	295	273	279
Interest-bearing assets	1 503	1 721	875
Investments ¹⁾	19 578	19 559	20 667
Non interest-bearing current receivables	127	126	349
Cash	1 232	2 495	1 223
Assets	22 735	24 173	23 393
Equity	12 779	13 042	14 193
Non interest-bearing debt	1 613	1 632	329
Interest-bearing debt	8 343	9 500	8 871
Equity and liabilities	22 735	24 173	23 393
Net interest-bearing receivables (debt)	(5 608)	(5 284)	(6 772)
Equity ratio (%)	56	54	61

¹⁾ Aker ASA and holding companies prepares and presents its accounts in accordance with the Norwegian Accounting Act and generally accepted accounting principles (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 2017 annual report.

The total book value of assets was NOK 23.4 billion at the end of the second quarter, down from NOK 24.2 billion at per 31 March 2018. Book value of assets stood at NOK 22.7 billion per year-end 2017.

Intangible, fixed and non-interest bearing assets amounted to NOK 279 million as per 30 June 2018, on par with the prior quarter and year end 2017.

Interest-bearing assets decreased to NOK 875 million at the end of the second quarter from NOK 1.7 billion as per 31 March 2018. The decrease is primarily explained by the NOK 1.0 billion loan conversion into shares in Aker BioMarine, partly offset by an increase in receivables, including a NOK 110 million loan extended to Aker Energy. Interest-bearing assets stood at NOK 1.5 billion as per year-end 2017.

Investments stood at NOK 20.7 billion as per 30 June 2018, up from NOK 19.6 billion at the end of the first quarter. The increase is mainly explained by the NOK 1.0 billion loan conversion into shares in Aker BioMarine and reversed write-downs of the book values of Aker's direct investments in Aker Solutions, Akastor, American Shipping Company and Solstad Farstad, partly offset by the sale of liquid fund investments and reduced real estate exposure following the sale of assets to FP Bolig. Investments stood at NOK 19.6 billion as per year-end 2017.

Non interest-bearing current receivables stood at NOK 349 million at the end of the second quarter, up from NOK 126 million as per 31 March 2018. The increase is primarily due to value changes on the total return swaps related to American Shipping Company. Non interest-bearing current receivables stood at NOK 127 million as per 31 December 2017.

Aker's **Cash** decreased to NOK 1.2 billion at the end of the second quarter from NOK 2.5 billion three months earlier. Aker's cash stood at NOK 1.2 billion as per year-end 2017.

Equity increased to NOK 14.2 billion at the end of the second quarter from NOK 13.0 billion as per 31 March 2018. The increase in the second quarter is primarily due to Aker posting a profit before tax of NOK 1.2 billion. Equity stood at NOK 12.8 billion as per year-end 2017.

Non interest-bearing debt stood at NOK 329 million as of 30 June 2018, down from NOK 1.6 billion as per 31 March 2018 and per year-end 2017. The decrease is mainly explained by the payment of NOK 1.3 billion in dividend in May.

Interest-bearing debt fell to NOK 8.9 billion in the second quarter from NOK 9.5 billion three months earlier. The decrease is primarily explained by a NOK 1.2 billion repayment of the AKER11 bond loan, partly offset by a NOK 500 million tap issue of AKER14 and currency fluctuations as certain loans are denominated in USD and SEK. As per the end of the second quarter, Aker had NOK 6.0 billion in outstanding bond loans and NOK 2.8 billion in bank loans, net of capitalized loan fees. Interest-bearing debt stood at NOK 8.3 billion as per year-end 2017.

Aker ASA and holding companies

Combined income statement

Amounts in NOK million	2Q 17	1Q 18	2Q 18	1H 17	1H 18	Year 2017
Sales gain	-	-	194	-	194	-
Operating expenses	(54)	(68)	(62)	(118)	(130)	(244)
EBITDA	(54)	(68)	132	(118)	64	(244)
Depreciation	(4)	(4)	(4)	(7)	(8)	(14)
Value change	(392)	(179)	526	(258)	347	(289)
Net other financial items	249	516	519	693	1 035	1 380
Profit/(loss) before tax	(201)	266	1 173	310	1 438	833

Aker ASA and holding companies prepares and presents its accounts in accordance with the Norwegian Accounting Act and generally accepted accounting principles (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 2017 annual report.

The income statement for Aker ASA and holding companies shows a profit before tax of NOK 1.2 billion for the second quarter 2018. This compares to a profit before tax of NOK 266 million in the first quarter. The NOK 1.4 billion profit in the first half of 2018 compares to a NOK 310 million profit in the first half of 2017. As in previous periods, the income statement is mainly affected by value changes in share investments and dividends received.

The **sales gain** in the second quarter of NOK 194 million relates to the sale of real estate assets in the quarter.

Operating expenses in the second quarter were NOK 62 million compared to NOK 68 million in the prior quarter. Operating expenses for the first half of 2018 were NOK 130 million, compared to NOK 118 million in the first half of 2017.

Value change in the second quarter was positive NOK 526 million mainly reflecting the value increase of Aker's direct holding in Aker Solutions, Akastor, American Shipping Company and Solstad Farstad. The value change in the quarter compares to a negative value change of NOK 179 million in the first quarter. Value changes for the first half of 2018 and 2017 were positive NOK 347 million and negative NOK 258 million, respectively.

Net other financial items in the second quarter amounted to NOK 519 million, compared to NOK 516 million in the first quarter. Net other financial items are primarily impacted by dividends received, net interest expenses and by mark-to-market adjustments on foreign exchange positions and Aker's total return swaps related to American Shipping Company. Aker received NOK 544 million in dividends in the second quarter compared to NOK 521 million in the prior quarter. Net other financial items amounted to NOK 1.0 billion in the first half of 2018, compared to NOK 693 million in the first half of 2017.

The Aker Share

The company's share price increased to NOK 623 at the end of the second quarter 2018 from NOK 440.5 three months earlier. In addition, a NOK 18 dividend was paid to shareholders in May. The company had a market capitalisation of NOK 46.3 billion as per 30 June 2018.

As per 30 June 2018, the total number of shares in Aker amounted to 74 321 862 and the number of outstanding shares was 74 268 792. As per the same date, Aker held 53 070 own shares.

Group consolidated accounts

The Aker Group's consolidated accounts are presented from page 13 onwards. Detailed information on revenues and pre-tax profit for each of Aker's operating segments is included in note 10 on page 21 of this report.

Risks

Aker 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 liquidity buffer and by proactively planning for refinancing activities.

The companies in Aker's portfolio 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 an increase over the last two years, crude oil prices are still lower than observed in the period from 2011 to 2014 and volatility is high. This has impacted revenues for both oil and gas and oil services companies, which in turn may adversely affect the financial strength of some of Aker's portfolio companies' counterparties.

Aker's risk management, risks and uncertainties are described in the Annual Report for 2017.

Key events after the balance sheet date

There have not been any major events affecting Aker and the company's investments after the balance sheet date.

Outlook

Investments in listed shares comprised 90 per cent of the company's assets as per 30 June 2018. About 79 per cent of Aker's investments was associated with the oil and gas sector, 11 per cent with the maritime industry, seafood and marine biotechnology 5 per cent, cash and liquid fund investments represented 2 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, as well as operational performance.

Over the last four years, the oil service industry has been under pressure due to cutbacks in E&P spending which has led to a decline in activity and fewer projects have been sanctioned globally. At the same time, cost-cutting measures and increased operational efficiency across the industry have brought down break-even costs for offshore projects. In addition, the oil market is gradually balancing and oil prices have increased along with continued demand growth. Aker expects that this will lead to more projects being sanctioned and that spending will increase in the short to medium term. Nevertheless, Aker expects the overall activity level to remain subdued as E&P companies continue to take a cautious approach to new investments. Therefore, Aker's portfolio companies in the oil and gas sector will continue to increase competitiveness through increased productivity, efficiency and standardisation, improved technology offerings, and by exploring strategic partnerships and alliances. Aker remains positive about the outlook for oil and gas and will therefore continue to evaluate strategic alternatives and opportunities in the sector.

Aker's strong balance sheet and liquidity reserves enable the company to face unforeseen operational challenges and short-term market fluctuations, as well as to seize value-accretive investment opportunities. 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 investments.

Fornebu, 17 July 2018
Board of Directors and President and CEO

Aker ASA: Net Asset Value

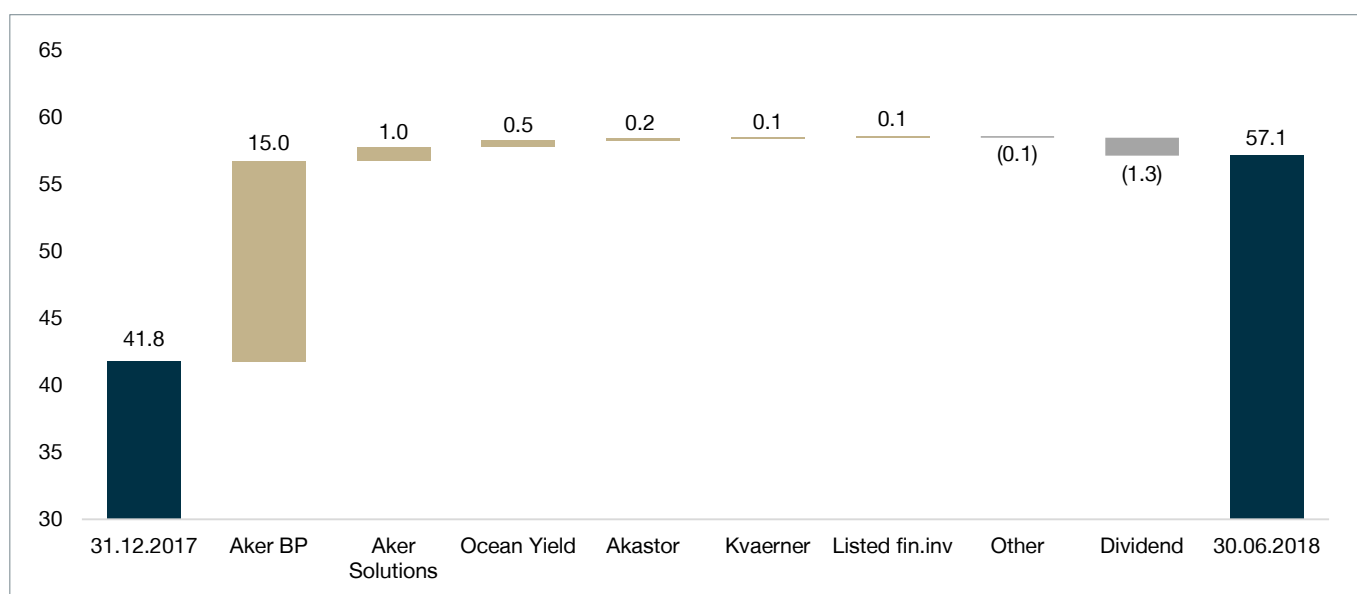
Reported values in NOK million	Number of shares per 30.06.18	Ownership capital per 30.06.18	Share of total assets per 30.06.18	Reported values per 30.06.18	Reported values per 31.03.18	Reported values per 31.12.17
Industrial Holdings						
Aker BP	144 049 005	40.0%	65.3%	43 330	30 567	29 083
Aker Solutions	94 565 293 ¹⁾	34.8% ¹⁾	8.1%	5 392	3 920	4 368
Akastor	100 565 293 ¹⁾	36.7% ¹⁾	2.7%	1 800	1 533	1 649
Kvaerner	77 233 531 ¹⁾	28.7% ¹⁾	2.0%	1 327	1 001	1 220
Ocean Yield	98 242 575	61.7%	10.5%	6 985	6 484	6 828
Aker BioMarine		100.0%	3.6%	2 411	1 411	1 411
Total Industrial Holdings			92.4%	61 246	44 916	44 560
Financial Investments						
Cash			1.8%	1 223	2 495	1 232
Liquid fund investments			0.2%	164	407	442
Real estate			0.8%	538	694	674
Listed financial investments			2.0%	1 296	1 128	1 220
<i>American Shipping Company (incl. TRS)²⁾</i>	11 557 022	19.1 / 49.9%	0.8%	520	335	345
<i>Philly Shipyard</i>	7 237 631	57.6%	0.5%	358	455	492
<i>Solstad Farstad</i>	58 496 302	20.1%	0.6%	393	316	353
<i>Cxense</i>	512 849	5.7%	0.0%	25	23	30
Receivables			1.3%	845	1 701	1 503
<i>Aker BioMarine</i>			0.2%	157	1 037	823
<i>Ocean Harvest Invest</i>			0.5%	361	364	404
<i>American Shipping Company</i>			0.1%	54	52	55
<i>Other</i>			0.4%	272	248	220
Other financial investments			1.5%	993	879	758
Total Financial Investments			7.6%	5 059	7 304	5 829
Gross Asset Value			100.0%	66 305	52 220	50 389
Interest-bearing liabilities				(8 871)	(9 500)	(8 343)
Other liabilities				(329)	(295)	(275)
Net Asset Value (before allocated dividend)				57 105	42 425	41 771
Number of outstanding shares				74 268 792	74 306 129	74 295 513
Net Asset Value per share (before allocated dividend)				769	571	562

¹⁾ Partly owned through Aker Kvaerner Holding AS, in which Aker ASA has a 70 per cent ownership interest. Additionally, Aker ASA has direct ownership interest in Aker Solutions ASA and Akastor ASA

²⁾ Aker ASA holds direct exposure to 11 557 022 shares in American Shipping Company ASA, equivalent to 19.07% of the shares and votes of the company, and financial exposure to 18 687 620 underlying shares through two total return swap agreements, equivalent to 30.83% of the share capital in the company

Aker ASA: Net Asset Value contribution YTD 2018

NOK billion



Financial calendar 2018

9 November 3Q 2018 report

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AKER NO in Bloomberg

AKER.OL in Reuters

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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 and impairment charges.
- **EBITDA margin** is EBITDA divided by revenue.
- **EBITDAX** is operating profit before depreciation, amortisation, impairment charges 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 equivalents 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 first half 2018

Consolidated income statement

Amounts in NOK million	Note	January-June		Year
		2018	2017	2017
		Restated*	Restated*	
Operating revenues	10	20 300	18 437	40 868
Operating expenses		(17 654)	(16 004)	(35 309)
Operating profit before depreciation and amortisation		2 645	2 433	5 559
Depreciation and amortisation	11	(1 055)	(1 125)	(2 209)
Impairment charges and other non-recurring items	11	(16)	(28)	(281)
Operating profit		1 575	1 280	3 069
Net financial items		(466)	(562)	(1 050)
Share of earnings in equity accounted companies	12	642	230	623
Profit before tax	10	1 751	948	2 643
Income tax expense		(205)	(218)	(850)
Net profit/loss from continuing operations		1 546	729	1 793
Discontinued operations:				
Profit and gain on sale from discontinued operations, net of tax	13	(252)	342	906
Profit for the period		1 294	1 071	2 699
Equity holders of the parent		1 086	626	1 517
Minority interests		208	446	1 182
Average number of shares outstanding (million)	8	74,3	74,3	74,3
Basic earnings and diluted earnings per share continuing business (NOK)		15,02	13,10	15,94
Basic earnings and diluted earnings per share (NOK)		14,62	8,41	20,43

*) See Note 13

Consolidated statement of comprehensive income

Amounts in NOK million	January-June		Year
	2018	2017	2017
Profit for the period	1 294	1 071	2 699
Other comprehensive income, net of income tax:			
Items that will not be reclassified to income statement:			
Defined benefit plan actuarial gains (losses)	-	(1)	(60)
Equity investments at FVOCI - net change in fair value	40	-	-
Items that will not be reclassified to income statement	40	(1)	(60)
Items that may be reclassified subsequently to income statement:			
Changes in fair value of financial assets	6	17	1
Changes in fair value cash flow hedges	(23)	144	340
Reclassified to profit or loss: changes in fair value of available-for-sale financial assets, translation and cash flow hedges	(36)	54	(50)
Currency translation differences	(633)	(134)	(240)
Change in other comprehensive income from equity accounted companies	(49)	(595)	(974)
Items that may be reclassified subsequently to income statement	(734)	(513)	(923)
Other comprehensive income, net of income tax	(694)	(514)	(983)
Total comprehensive income for the period	600	557	1 716
Attributable to:			
Equity holders of the parent	837	48	534
Minority interests	(237)	510	1 182
Total comprehensive income for the period	600	557	1 716

Consolidated balance sheet

Amounts in NOK million	Note	At 30.06 2018	At 30.06 2017	At 31.12 2017
Assets				
Non-current assets				
Property, plant & equipment	11	17 418	22 689	22 178
Intangible assets	11	10 096	9 418	9 482
Deferred tax assets		1 076	1 617	1 359
Investments in equity accounted companies	12	21 641	20 185	21 624
Interest-bearing long-term receivables		5 966	6 060	5 363
Other shares and non-current assets		2 199	1 393	1 672
Total non-current assets		58 397	61 361	61 679
Current assets				
Inventory, trade and other receivables		14 733	15 000	14 185
Calculated tax receivable		193	378	252
Interest-bearing short-term receivables		276	483	324
Cash and bank deposits		10 579	7 964	8 148
Total current assets		25 781	23 825	22 909
Assets classified as held for sale		3 508	533	-
Total assets		87 686	85 719	84 588
Equity and liabilities				
Paid in capital		2 331	2 331	2 331
Retained earnings and other reserves		18 309	18 373	18 824
Total equity attributable to equity holders of the parent	8	20 640	20 703	21 155
Minority interest		19 384	18 471	18 905
Total equity		40 025	39 174	40 059
Non-current liabilities				
Non-current interest-bearing liabilities	9	25 958	23 477	23 508
Deferred tax liabilities		481	289	377
Provisions and other long-term liabilities		2 180	2 520	2 320
Total non-current liabilities		28 619	26 287	26 205
Current liabilities				
Current interest-bearing liabilities	9	3 002	4 992	4 616
Tax payable, trade and other payables		15 976	15 107	13 670
Total current liabilities		18 978	20 100	18 286
Total liabilities		47 598	46 387	44 491
Liabilities classified as held for sale		63	158	37
Total equity and liabilities		87 686	85 719	84 588

Consolidated cash flow statement

Amounts in NOK million	Note	January-June		Year
		2018	2017	2017
			Restated*	Restated*
Profit before tax		1 751	948	2 643
Depreciation and amortisation		1 055	1 125	2 209
Other items and changes in other operating assets and liabilities		107	(2 406)	(2 438)
Net cash flow from operating activities		2 912	(333)	2 414
Proceeds from sales of property, plant and equipment	11	95	9	32
Proceeds from sale of shares and other equity investments		281	359	438
Disposals of subsidiary, net of cash disposed		861	(41)	868
Acquisition of subsidiary, net of cash acquired		-	(268)	(511)
Acquisition of property, plant and equipment	11	(810)	(2 061)	(3 456)
Acquisition of equity investments in other companies		(1 164)	(804)	(2 473)
Acquisition of vessels accounted for as finance lease		(875)	(398)	(398)
Net cash flow from other investments		351	1 784	2 029
Net cash flow from investing activities		(1 262)	(1 420)	(3 472)
Proceeds from issuance of interest-bearing debt	9	5 476	3 985	6 854
Repayment of interest-bearing debt	9	(3 915)	(5 556)	(8 701)
New equity		898	-	7
Own shares and purchase of minority interests		(20)	5	(10)
Dividends paid		(1 528)	(1 406)	(1 575)
Net cash flow from financing activities		911	(2 972)	(3 425)
Net change in cash and cash equivalents		2 562	(4 726)	(4 482)
Effects of changes in exchange rates on cash		(131)	(29)	(88)
Cash and cash equivalents at the beginning of the period		8 148	12 718	12 718
Cash and cash equivalents at end of period		10 579	7 964	8 148

*) See Note 13

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 2016	2 330	3 518	15 994	21 842	18 177	40 019
Profit for the year 2017	-	-	1 517	1 517	1 182	2 699
Other comprehensive income	-	(973)	(10)	(983)	-	(983)
Total comprehensive income	-	(973)	1 508	534	1 182	1 716
Dividends	-	-	(1 188)	(1 188)	(387)	(1 575)
Share-based payment transactions	-	-	2	3	-	3
Total contributions and distributions	-	-	(1 186)	(1 185)	(387)	(1 573)
Acquisition and sale of minority	-	-	(22)	(22)	(74)	(96)
Issuance of shares in subsidiary	-	-	-	-	7	7
Total changes in ownership without change of control	-	-	(22)	(22)	(67)	(89)
Transaction cost share issue in associated company	-	-	(15)	(15)	-	(15)
Balance at 31 December 2017	2 331	2 545	16 279	21 155	18 905	40 059
Impact of changes in accounting policies*	-	(287)	305	18	(3)	15
Balance at 1 January 2018	2 331	2 258	16 584	21 172	18 902	40 075
Profit for the period Jan - June 2018	-	-	1 086	1 086	208	1 294
Other comprehensive income	-	(249)	-	(249)	(445)	(694)
Total comprehensive income	-	(249)	1 086	837	(237)	600
Dividends	-	-	(1 338)	(1 338)	(190)	(1 528)
Own shares	-	-	(24)	(24)	-	(24)
Total contributions and distributions	-	-	(1 361)	(1 361)	(190)	(1 552)
Acquisition and sale of minority	-	-	-	-	4	4
Issuance of shares in subsidiary	-	-	(8)	(8)	906	898
Total changes in ownership without change of control	-	-	(8)	(8)	910	902
Balance at 30 June 2018	2 331	2 009	16 300	20 640	19 384	40 025

Balance at 31 December 2016	2 330	3 518	15 994	21 842	18 177	40 019
Profit for the period Jan - June 2017	-	-	626	626	446	1 071
Other comprehensive income	-	(578)	-	(578)	64	(514)
Total comprehensive income	-	(578)	625	48	510	557
Dividends	-	-	(1 188)	(1 188)	(218)	(1 406)
Share-based payment transactions	-	-	2	2	-	2
Total contributions and distributions	-	-	(1 187)	(1 186)	(218)	(1 405)
Acquisition and sale of minority	-	-	-	-	3	3
Total changes in ownership without change of control	-	-	-	-	3	3
Balance at 30 June 2017	2 331	2 941	15 432	20 703	18 471	39 174

*) See Note 4

Notes to the Aker Group condensed consolidated financial statements for the first half 2018

1. Introduction – Aker ASA

Aker ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the first half of 2018, ended 30 June 2018, 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 2017 and quarterly reports are available at www.akerasa.com.

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 2017.

These condensed consolidated interim financial statements were approved by the Board of Directors on 17 July 2018.

A number of standards, amendments to standards and interpretations are not yet effective for the period ended 30 June 2018, and have not been applied in preparing these consolidated financial statements. Below is an update to information provided in the last annual financial statement about the standards issued but not yet effective that may have a significant impact on the Group’s consolidated financial statements. The expected impacts as described below may change as clarifications are issued by the IASB or as practice develops in the industry.

4. Changes in accounting policies

With effect from 1 January 2018, Aker has implemented IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The effect of initially applying the new standards are explained below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 covers the recognition of revenue in the financial statements and related disclosure, and has replaced existing revenue recognition guidance including IAS 18 Revenue. Aker has implemented IFRS 15 retrospectively with the cumulative effect recognised in equity at the date of initial application. The implementation impact to the opening balance of equity as of January 1 2018 amounts to a reduction of NOK 121 million. As allowed by the standard, prior periods have not been restated and the standard has been applied retrospectively only to contracts that were not completed by January 1, 2018.

The following tables summarise the impact of adopting IFRS 15 in the Group’s condensed consolidated financial statements for the first half of 2018:

Impact on the condensed consolidated income statement for the first half 2018

Amounts in NOK million	As reported	Adjustments	Amounts without adoption of IFRS 15
Operating revenue	20 300	(488)	19 812
Operating expenses	(17 654)	428	(17 226)
Operating profit before depreciation and amortisation	2 645	(60)	2 585
Operating profit	1 575	(60)	1 515
Profit before tax	1 751	(60)	1 691
Income tax expense	(205)	14	(191)
Net profit/loss from continuing operations	1 546	(46)	1 500
Profit for the period	1 294	(46)	1 248

IFRS 16 Leases (effective from January 1, 2019)

The standard replaces IAS 17 Leases and the related interpretations. The new standard introduces a single, on-balance sheet lease accounting model for lessees, with optional exemptions for short-term leases and leases of low value items. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to current standard.

The Group is in the process of evaluating the impact on its consolidated financial statements and has identified the following main impacts:

- The Group anticipates that new assets and liabilities will be recognised for its operating lease agreements where the Group is a lessee. In addition, the nature and timing of expenses related to these leases will change when the straight-line operating lease expenses will be replaced by depreciation charge for lease assets and interest expenses for lease liabilities under IFRS 16.
- The Group does not anticipate significant impact for the Group’s finance leases.

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

3. Significant accounting principles

The group’s accounting principles are described in the Aker ASA annual financial statements for 2017. The group has with effect from 1 January 2018 implemented IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments. See note 4 for description.

Impact on the condensed consolidated balance sheet at 30 June 2018

Amounts in NOK million	As reported	Adjustments	Amounts without adoption of IFRS 15
Deferred tax assets	1 076	(7)	1 069
Current assets	25 781	(1 559)	24 222
Total assets	87 686	(1 566)	86 120
Total equity	40 025	75	40 100
Current liabilities	18 978	(1 641)	17 337
Total equity and liabilities	87 686	(1 566)	86 120

The details of the new significant accounting policies and the nature of significant changes to previous accounting policies for each of the major customer contracts and revenue type are set out below.

Type of contract/revenue	Nature of performance obligations	Significant accounting policies
Construction revenue	Under construction contracts, specialised products are built to a customer's specifications and the assets have no alternative use to the Group. If a construction contract is terminated by the customer, the Group has an enforceable right to payment for the work completed to date. The contracts usually establish a milestone payment schedule. The Group has assessed that these performance obligations are satisfied over time.	<p>Under IFRS 15, revenue from these construction performance obligations is recognised according to progress. The progress is measured using an input method that best depicts the Group's performance. The input method used to measure progress is determined by reference to the costs incurred to date relative to the total estimated contract costs.</p> <p>Variation considerations, such as incentive bonus or penalties, are included in construction revenue when it is highly probable that a significant revenue reversal will not occur. Disputed amounts and claims are only recognised when negotiations have reached an advanced stage, customer acceptance is highly likely and the amounts can be measured reliably.</p> <p>Contract modifications, usually in form of variation orders, are only accounted for when they are approved by the customers.</p> <p>Changes in progress measurement from IAS 11 were identified for some construction contracts due to the implementation of input method under IFRS 15. The implementation impacts of these changes are shown in the tables above.</p>
Sale of standard products	This revenue type involves sale of products or equipment that are of a standard nature, not made to the customer's specifications. Customers obtain control of these products usually when the goods are delivered to the customers according to the contract terms. Invoices are usually generated when the products are delivered. The Group has assessed that these performance obligations are satisfied at a point of time.	<p>Under IFRS 15, revenue from these performance obligations is recognised when the customers obtain control of the goods, which is essentially similar to the timing when the goods are delivered to the customers.</p> <p>The Group did not identify any implementation effect or significant impact on accounting policies related to these revenues.</p>
Service revenue	Service revenue is generated from rendering of services to customers. The customers simultaneously receive and consume the benefits provided by these services. The invoicing is usually based on the service provided at regular basis. Under some service contracts, the invoices are based on hours or days performed at agreed rates. The Group has assessed that these performance obligations are satisfied over time.	<p>Under IFRS 15, service revenue is recognised over time as the services are provided.</p> <p>The revenue is recognised according to progress, or using the invoiced amounts when the invoiced amounts directly correspond with the value of the services that are transferred to the customers. When measuring progress, the progress is normally measured using an input method, by the reference of costs incurred to date relative to the total estimated costs.</p> <p>The Group did not identify any implementation effect or significant impact on accounting policies related to these revenues.</p>

IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments Recognition and Measurement. The new standard has been implemented retrospectively with the cumulative effect recognised in equity at the date of initial application. The implementation impact on Aker's equity as at 1 January 2018 amounts to NOK 136 million. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for held to maturity investments, loans and receivables and available for sale financial assets. Under IFRS 9, a financial asset is classified on initial recognition as measured at amortised cost, fair value to other comprehensive income (FVOCI) debt investments, FVOCI equity investment or fair value through profit or loss (FVTPL).

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

Financial assets at 1 January 2018

Amounts in NOK million	Measurement category		Carrying amount	
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)
Other investments	Available for sale	Equity instrument at FVOCI	412	416
	Available for sale	Debt investment at FVOCI	392	392
	Available for sale	Fair value through profit or loss	617	617
Financial interest-bearing non-current assets	Available for sale	Debt investment at FVOCI	402	402
	Amortised cost	Amortised cost	4 961	4 961
Other non-current assets including long-term derivatives	Held for trading	Fair value through profit or loss	50	50
	Fair value through profit or loss	Fair value through profit or loss	99	99
	Amortised cost	Amortised cost	104	104
Trade receivables, other interest-free short-term receivables	Available for sale	Fair value through profit or loss	19	19
	Amortised cost	Amortised cost	6 078	6 078
Current derivatives	Held for trading	Fair value - hedging instrument	161	161
	Fair value - hedging instrument	Fair value - hedging instrument	198	198
Interest-bearing short-term receivables	Fair value through profit or loss	Fair value through profit or loss	69	69
	Available for sale	Amortised cost	10	10
	Amortised cost	Amortised cost	245	245
Cash and cash equivalents	Amortised cost	Amortised cost	8 148	8 148
Total financial assets			21 963	21 968

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

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

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

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

5. Acquisition of subsidiaries

Aker Energy AS ("Aker Energy") was founded in February 2018 and is owned 50 per cent by Aker ASA and 50 per cent by The Resource Group TRG AS. Based on an assessment under IFRS 10, Aker Energy is fully consolidated in the Aker Group.

On 1 June 2018, Aker Energy Ghana AS, a subsidiary of Aker Energy, completed the acquisition of Hess Ghana, the operator of the Deepwater Tano Cape Three Points block ("DWT/CTP") with a 50 percent participating interest in the license. Aker Energy will work closely with licence partners and authorities to submit a Plan of Development ("PoD") in second half of 2018.

The transaction, has a total cash consideration of USD 102 million, where USD 27 million was paid upon closing of the transaction and a further USD 75 million will be payable upon approval of the PoD for the DWT/CTP block.

The purchase price allocation presented at the time of this report is preliminary. The recognised amounts of assets and liabilities assumed at time of acquisition were as follows:

Amounts in NOK million	
Intangible assets - value of licenses	831
Total assets	831
Total liabilities	-
Total identifiable net assets at fair value	831
Goodwill arising on acquisition	-
Total consideration	831
Contingent consideration	(611)
Net cash consideration	219
Less cash and cash equivalents acquired	-
Acquisition, net of cash acquired	219

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.

9. Interest-bearing liabilities

Material changes in interest-bearing liabilities (current and non-current) during 2018:

Amounts in NOK million	Non-current	Current	Total
Interest-bearing liabilities as at 1 January 2018	23 508	4 616	28 124
New bonds in Aker ASA and holding companies	2 000	-	2 000
New bonds in Ocean Yield	750	-	750
New bonds in Aker Solutions	1 500	-	1 500
Drawn bank facility in Ocean Yield	503	-	503
Drawn bank facility in Akastor	691	-	691
Establishment fee, other new loans and changes in credit facilities	61	(29)	32
Total payment of interest-bearing liabilities	5 505	(29)	5 476
Repayment of bank facilities in Aker Solutions	-	(1 685)	(1 685)
Repayment of bonds in Aker ASA and holding companies	-	(1 300)	(1 300)
Repayment of bank facility in Ocean Yield	-	(510)	(510)
Other repayments	(134)	(287)	(420)
Total repayment of interest-bearing liabilities	(134)	(3 782)	(3 915)
Acquisition and sale of subsidiaries	(408)	-	(408)
Exchange rate differences and other changes	(2 514)	2 197	(318)
Interest-bearing liabilities as at 30 June 2018	25 958	3 002	28 960

6. 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 2017.

7. 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.

8. Share capital and equity

As of 30 June 2018 Aker ASA had issued 74 321 862 ordinary shares at a par value of NOK 28 per share. Total own shares were 53 070. Average outstanding number of shares is used in the calculation of earnings per share in all periods in 2017 and 2018.

At year-end 2017, the board of directors suggested a dividend of NOK 18.00 per share for 2017. The dividend distribution of NOK 1 338 million was approved at the Annual General Meeting in April 2018 and paid in May 2018.

10. Disaggregation of revenue and operating segments

Disaggregation of revenue

The following table shows revenue disaggregated by category. Figures for Jan-June 2018 are reported according to IFRS15 and figures for other periods according to IAS 11/18.

Operating revenue by category	January-June		Year
	2018	2017	2017
Amounts in NOK million		Restated*	Restated*
Construction contract revenue	9 821	10 661	22 610
Revenue from services	6 524	5 075	11 943
Leasing income	1 438	1 479	2 792
Other sales of goods	1 430	779	1 957
Other income	1 087	798	2 307
Discontinued operations	-	(355)	(742)
Total	20 300	18 437	40 868

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	January-June		Year
	2018	2017	2017
Amounts in NOK million		Restated*	Restated*
Industrial holdings			
Aker Solutions	11 737	10 598	22 461
Akastor	1 754	1 461	3 606
Ocean Yield	1 461	1 363	2 804
Aker BioMarine	628	487	1 038
Kvaerner	3 740	3 056	6 536
Eliminations	(472)	(418)	(950)
Total industrial holdings	18 847	16 547	35 495
Financial investments and eliminations	1 453	1 890	5 373
Aker Group	20 300	18 437	40 868

Profit before tax	January-June		Year
	2018	2017	2017
Amounts in NOK million		Restated*	Restated*
Industrial holdings			
Aker Solutions	331	143	399
Akastor	102	(394)	(686)
Aker BP (equity accounted, 40 per cent share)	942	435	909
Ocean Yield	576	635	1 238
Aker BioMarine	-	(32)	(139)
Kvaerner	204	278	697
Eliminations	(121)	(77)	(195)
Total industrial holdings	2 033	988	2 223
Financial investments and eliminations	(283)	(40)	420
Aker Group	1 751	948	2 643

*) See Note 13

11. Property, plant and equipment and intangible assets

Material changes in property, plant and equipment and intangible assets during 2018:

Amounts in NOK million	Property, plant and equipment	Intangible assets	Total
Balance at 1 January 2018	22 178	9 482	31 661
Other proceeds from sales of property plant and equipment	(95)	-	(95)
Total proceeds	(95)	-	(95)
Other acquisitions 1)	317	1 104	1 421
Acquisition of property, plant and intangible assets	317	1 104	1 421
Acquisition and sale of subsidiaries	(515)	-	(515)
Depreciation and amortisation continued operations	(869)	(186)	(1 055)
Depreciation and amortisation discontinued operations	(151)	(9)	(160)
Impairment continued operations	(1)	(15)	(16)
Impairment discontinued operations	(322)	-	(322)
Reclassification	(35)	-	(35)
Exchange rates differences and other changes	(346)	(116)	(462)
Balance at 30 June 2018	20 162	10 260	30 423
Classified as assets held for sale	(2 745)	(164)	(2 909)
Balance at 30 June 2018 adjusted for assets held for sale	17 418	10 096	27 514

1) Reconciliation to cash flow statement

Other acquisitions total	317	1 104	1 421
Contingent consideration	-	(611)	(611)
Cash effect	317	493	810

12. Investments in equity accounted companies

Material changes in associates and joint ventures in 2018.

Amounts in NOK million	Aker BP	Box Holding	Other	Total
Balance at 1 January 2018	18 815	1 548	1 261	21 624
Acquisitions/disposals	-	-	470	470
Share of profits/losses	942	97	(261)	778
Changes due to exchange differences and hedges	(87)	53	(14)	(49)
Dividends received	(716)	(90)	(38)	(844)
Other equity changes	(26)	-	(313)	(339)
Balance at 30 June 2018	18 927	1 608	1 105	21 641

Share of profits/losses of NOK 778 million in total, is partly recognised with NOK 137 million as other income and NOK 642 million as financial items.

13. Sale of subsidiaries and discontinued operations

Sale of subsidiaries

In April 2018, Aker sold real estate land areas at Fornebu. The sale resulted in a gain in Aker Group accounts of NOK 232 million. The disposal did not represent a separate major line of business, and is not presented as discontinued operations.

Discontinued operations within Akastor

On June 19, 2018, Akastor entered into a Share Purchase Agreement with MITSUI & CO., Ltd. ("Mitsui") and Mitsui O.S.K. Lines, Ltd. ("MOL") for divestment of 50 percent of its shares in AKOFS Offshore in order to form a joint venture. Following the Share Purchase Agreement, each of Mitsui and MOL will purchase 25 percent of the shares in AKOFS Offshore from Akastor, for a total consideration of USD 142.5 million. In addition, there are certain preferential rights in respect of the operations of AKOFS Seafarer, including guaranteed return to Mitsui and MOL and earn-out payments to Akastor in the first six years of operations. The transaction does not include the existing joint venture, Avium Subsea AS, between Akastor, Mitsui and MOL. The transaction is expected to be completed in the third quarter 2018, subject to

approval from competition authorities and customary closing conditions.

Following closing of the transaction, AKOFS Offshore will be restructured to include 100 percent ownership of Avium Subsea AS. AKOFS Offshore will then be classified as a joint venture for Akastor and accounted for using the equity method. The AKOFS Offshore operations, exclusive Avium Subsea AS, are classified as discontinued operations and as held-for-sale as of June 30, 2018. The comparative condensed consolidated income statement has been restated to show the discontinued operations separately from continuing operations.

In June 2018, AKOFS Offshore signed a contract with Equinor for provision of year round light well intervention services on the Norwegian continental shelf for a period of five years, with an option for further three years. The work will be performed by AKOFS Seafarer with a scheduled commencement in the first half of 2020. The cash flow forecast from the AKOFS Seafarer vessel has been reassessed as a result of the long term contract. As a consequence, an impairment of NOK 322 million was made in the second quarter.

Results classified as discontinued operations

Classified as discontinued operations in 2018:

Amounts in NOK million	January - June 2018			January - June 2017			Year 2017		
	Operations within Akastor	Other and elim	Aker Group	Operations within Akastor	Other and elim	Aker Group	Operations within Akastor	Other and elim	Aker Group
Operating revenues	534		534	355	-	355	742	-	742
Operating expenses, depreciation, amortisation and impairment	(834)	106	(728)	(467)	(21)	(488)	(900)	(40)	(940)
Financial items	(108)	-	(108)	(142)	137	(5)	(368)	265	(103)
Profit before tax	(408)	106	(302)	(254)	116	(138)	(526)	225	(301)
Tax expense	23	-	23	80	1	81	125	2	128
Net profit from operating activities	(385)	106	(279)	(174)	117	(57)	(401)	227	(174)
Gain on sale of discontinued operations	28	(4)	24	-	-	-	-	-	-
Net profit from discontinued operations	(357)	102	(255)	(174)	117	(57)	(401)	227	(174)

Classified as discontinued operations previous years:

Operations within Akastor	-	378	1 049
Operations within Kvaerner	4	21	31
Total profit from discontinued operations	(252)	342	906

Cash flow from discontinued operations

Amounts in NOK million	January - June 2018		January - June 2017		Year 2017	
	Operations within Akastor	Total	Operations within Akastor	Total	Operations within Akastor	Total
Net cash flow from operating activities	(2)	(2)	(242)	(242)	(322)	(322)
Net cash flow from investing activities	(21)	(21)	(19)	(19)	(42)	(42)
Net cash flow discontinued operations	(22)	(22)	(261)	(261)	(364)	(364)
Classified as discontinued operations previous years:						
Operations within Akastor	-	-	(116)	(116)	876	876
Operations within Kvaerner	14	14	(14)	(14)	(3)	(3)
Total from discontinued operations	(8)	(8)	(391)	(391)	509	509

14. Transactions with related parties

The Resource Group TRG AS ("TRG") issued in June 2018 a loan to Aker Energy AS (owned 50% by TRG) of NOK 110 million – on equal market terms and amount as a loan issued simultaneously by Aker Capital AS to Aker Energy AS.

There were no other significant transactions with related parties in first half 2018. See also note 32 in the group annual accounts for 2017.

15. Events after the balance sheet date

There have not been any major events after the balance sheet date.

Directors' responsibility statement

Today, the Board of Directors and the company's chief executive officer reviewed and approved the unaudited condensed interim consolidated financial statements and interim financial report as of 30 June 2018 and the first six months of 2018.

The interim consolidated financial statement has been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act.

To the best of our knowledge:

- The interim consolidated financial statement for the first six months of 2018 has been prepared in accordance with applicable accounting standards.
- The information disclosed in the accounts provides a true and fair portrayal of the Group's assets, liabilities, financial position, and profit as of 30 June 2018. The interim management report for the first six months of 2018 also includes a fair overview of key events during the reporting period and their effect on the financial statement for the first half-year of 2018. It also provides a true and fair description of the most important risks and uncertainties facing the business in the upcoming reporting period.

Fornebu, 17 July 2018
Aker ASA

Kjell Inge Røkke
Chairman

Finn Berg Jacobsen
Deputy Chairman

Anne Marie Cannon
Director

Kristin Krohn Devold
Director

Karen Simon
Director

Atle Tranøy
Director

Arnfinn Stensø
Director

Tommy Angeltveit
Director

Amram Hadida
Director

Øyvind Eriksen
President and CEO