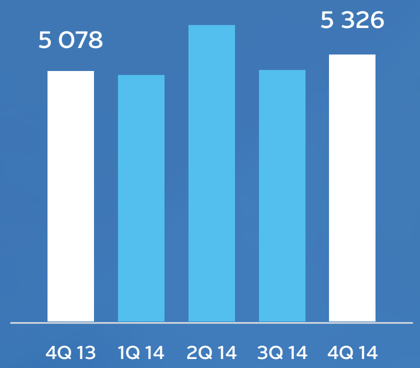
AKASTOR

2014 ANNUAL REPORT

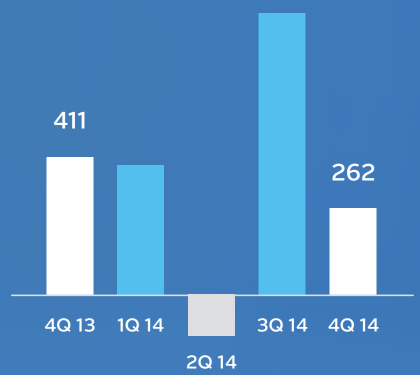
MHWirth	5 603
AKOFS Offshore	4 312
Other	1 052
Real Estate	543
KOP Surface Products	674
Fjords Processing	436
Frontica Business Solutions	374

NOK 13 billion
per 31 Dec 2014

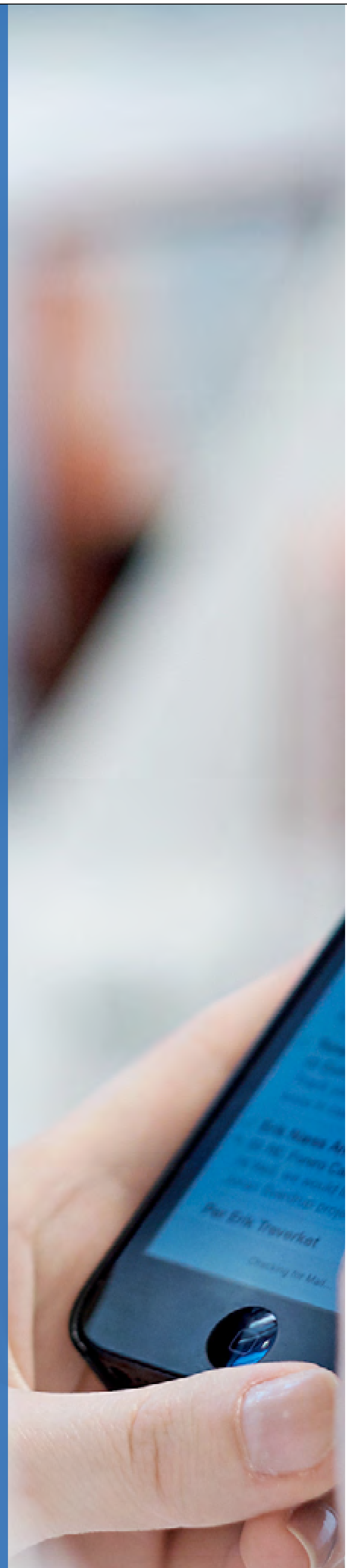
Revenue
NOK million



EBITDA
NOK million



KEY FIGURES	2014	2013
Orders and results continuing operations		
Order backlog 31 December *(NOK million)*	21 555	17 025
Order intake *(NOK million)*	25 254	18 011
Operating revenues *(NOK million)*	21 432	18 448
EBITDA *(NOK million)*	1 380	1 355
EBITDA-margin *(Percent)*	6.4	7.3
Net profit *(NOK million)*	(1 387)	(238)
Net profit incl. discontinued operations *(NOK million)*	2 493	1 124
Cash flow		
Cash flow from operational activities *(NOK million)*	488	3 078
Balance sheet		
Borrowings *(NOK million)*	5 028	11 316
Equity ratio *(Percent)*	38.4	29.8
Share		
Share price 31 December	21.60	108.40
Basic earnings per share *(NOK)*	9.13	4.11
Diluted earnings per share *(NOK)*	9.13	4.11
Employees continuing operations		
Total Employees including contracts 31 December *(Full time equivalents)*	7 609	7 482
HSE		
Lost Time Incident Frequency *(Per million worked hours)*	0.65	0.83
Total recordable incident frequency *(Per million worked hours)*	1.62	2.81
Sick leave rate *(Per million worked hours)*	2.7	2.5



01. THIS IS AKASTOR

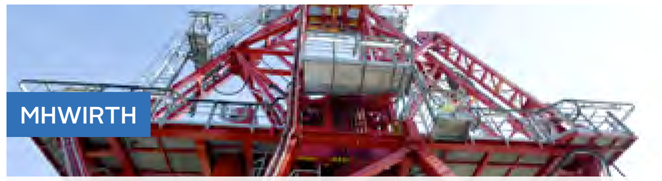
AKASTOR IN BRIEF

Akastor ASA (hereinafter referred to as Akastor) is an investment company based in Norway with a portfolio of companies in the oilfield services sector, in addition to real estate and other smaller-sized holdings. The portfolio companies of Akastor were organized as independent companies following the demerger of Aker Solutions ASA, in September 2014. Akastor was the surviving entity in the demerger, and subsequently has been established as an investment company with independent portfolio companies, responsible for all aspects of their own operations. Aker Kværner Holding AS, which is owned by Aker ASA and the Norwegian government, is the largest shareholder of Akastor with a shareholding of 40.27 percent. The shares of Akastor are traded on the Oslo Stock Exchange under the ticker AKA.

Akastor's portfolio companies had 2014 revenues of about NOK 21.4 billion, EBITDA of NOK 1.4 billion and approximately 7 600 employees worldwide.

Akastor operates a lean corporate center with 23 employees situated in Oslo, Norway. Akastor's aim is to develop and refine our portfolio companies as stand-alone enterprises, with the goal of maximizing the value potential of each entity. Akastor works to clarify the portfolio companies' business models, capitalize on their market positions, and strengthen underdeveloped areas of value creation. Akastor has a range of strategic, operational and financial value-creating measures at its disposal, including operational improvements and organic growth, acquisitions and divestments, and financial measures.

PORTFOLIO COMPANIES



MHWirth offers a full range of drilling equipment, drilling riser solutions and related products and services for the drilling market, primarily the offshore sector. The company had revenues of NOK 10.7 billion in 2014, and employs 4 200 people.

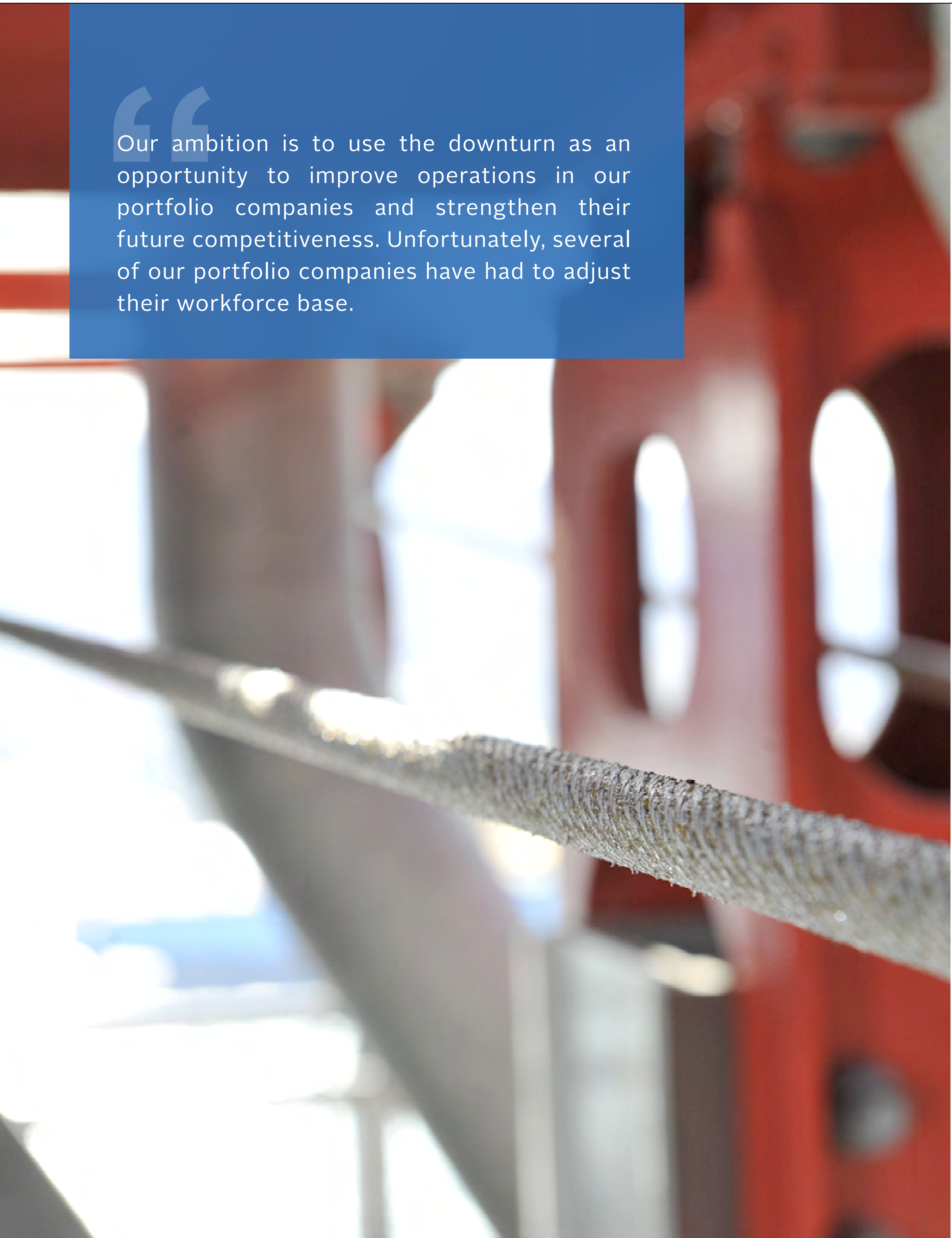
Frontica Business Solutions provides cost efficient corporate services that enable companies to become faster and more efficient. Frontica had revenues of NOK 5.8 billion in 2014, and has 1 350 employees.

AKOFS Offshore is a global provider of vessel based subsea well construction and intervention services to the oil and gas industry. It had revenues of NOK 1.5 billion in 2014, and employs 115 people.

Fjords Processing provides wellstream processing technology, equipment and expertise to the oil and gas industry. It had revenues of NOK 2.3 billion in 2014, and employs 600 persons.

KOP Surface Products offers a complete range of products for offshore and land-based surface production, including surface wellheads, Xmas trees, valves and actuators. The company had revenues of NOK 1.1 billion in 2014, employing 850 people.

Real Estate and other holdings include a portfolio of 8 real estate assets, all in Norway, 100 percent ownership of First Geo, 76 percent shareholding in STEP Oiltools, 50 percent stake in DOF Deepwater and 7.4 percent shareholding in Ezra.



"Our ambition is to use the downturn as an opportunity to improve operations in our portfolio companies and strengthen their future competitiveness. Unfortunately, several of our portfolio companies have had to adjust their workforce base.

02. CEO LETTER

POSITIONING FOR THE FUTURE

2014 was a special year for Akastor. After the split of Aker Solutions on September 29, Akastor has operated as a separate company. We are an oilfield services investment company with a flexible mandate for long-term value creation through active ownership. In spite of challenging market conditions the long term work with our portfolio companies is off to a good start.

Our long term approach
Akastor is the result of a decade-long journey of successful restructuring and M&A-activities in Aker-owned companies. During this period, we have gained valuable experience and built effective tools. This heritage is part of our DNA. We seek to create value through active ownership combining a range of strategic, operational and financial measures.

I also believe that one of the keys to successful active ownership is creating a strong alignment between owners and management. We are therefore working closely with the management in our portfolio companies in order to develop and execute value creation plans.

Challenging market environment
People in the different portfolio companies have a unique competence in the areas we operate in. This expertise is what makes me believe in a successful journey. Without the clever heads and hands of our employees, the companies would not be able to come up with all the good solutions for our customers. These solutions are the backbone of our businesses.

2014 was characterized by our industry adjusting to falling oil prices and reducing its cost base to adapt to uncertain energy and oil price-levels. There will be challenging times ahead. We have therefore focused on making sure our companies have a competitive cost base, so we can secure work for our businesses and for our employees going forward. Our ambition is to use the downturn as an opportunity to improve operations in our portfolio companies and strengthen their future competitiveness. Unfortunately, several of our portfolio companies have had to adjust their workforce base. I know this is very challenging for those affected by these changes. We take our responsibility, and will make sure the process is fair and predictable, even if it is painful.

In spite of this current downturn, I am confident that our businesses have the strength to deliver shareholder value, and generate employment for a lot of people in a long-term perspective.

Frank O Reite, CEO

"Akastor will seek to maximize value by combining strategic, operational and financial measures. Akastor will establish separate financing for each operational unit to increase the portfolio companies' flexibility and independence.

03. BOARD OF DIRECTORS' REPORT

Akastor ASA (Akastor) has operated as an oilfield services investment company since September 2014, following the split of Aker Solutions ASA into two separate companies. During 2014, a new corporate structure and governance model was put in place, as well as a new management team. A new board of directors has been established for Akastor and for each of its portfolio companies. Akastor has established a robust capital structure including financing facilities of NOK 4.5 billion. The Akastor portfolio of companies had a total capital employed of NOK 13 billion at the end of 2014.

Akastor's total revenue in 2014 increased by 16 percent, whilst EBITDA remained flat, mainly due to tougher market conditions for all portfolio companies during 2014. The order backlog amounted to NOK 21.6 billion at the end of 2014 compared to NOK 17 billion a year earlier. The order intake for 2014 was NOK 25.3 billion.

Company Overview

Akastor is an investment company based in Norway with a portfolio of industrial holdings, real estate and other holdings, all in varying stages of maturity. Akastor, in its present form, is a result of a separation of the oilfield services company, now known as Aker Solutions ASA. On September 29 2014, the Aker Solutions share was split, and Akastor and Aker Solutions became two separately listed entities.

Akastor, primarily focused on the oilfield services sector. The portfolio covers a range of industrial holdings in this sector, including:

- MHWirth, which provides drilling systems and lifecycle services
- Frontica Business Solutions, which provides corporate and staffing services to companies in the oil services industry
- AKOFS Offshore, vessel-based subsea well construction and intervention services
- Fjords Processing, which provides wellstream processing technology
- KOP Surface Products, which delivers surface oil and gas equipment
- Akastor Real Estate, which owns eight properties in Norway
- STEP Oiltools, a drilling waste management company
- First Geo, which delivers subsurface advice and products to E&P companies

Adding to this, Akastor also owns some financial investments such as shares in Ezra Holdings Ltd and DOF Deepwater AS.

Each Akastor portfolio company is organized as an independent business with its own board of directors, and a dedicated management team, fully responsible for all aspects of its operations. During 2014, new board of directors were established for all portfolio companies, consisting of dedicated Akastor key managers, and in some of the boards, external board representatives and employee representatives. This lays the foundation for good cooperation between Akastor, the portfolio company and its employees.

Akastor is based in Oslo with a core team of 23 employees. Akastor's portfolio companies have a total of 7 600 employees with activities in 30 countries at the end of 2014.

Strategy

Akastor is an investment company, based on a similar business philosophy as companies in the Private Equity sphere; advocating an independent approach for each portfolio company to optimize its development potential. Akastor aims to create long-term value for its shareholders through the active development of its portfolio companies as standalone businesses, while maintaining the flexibility to be opportunistic. Akastor will work closely with the companies' managements to make decisions on business development, acquisitions and divestments to maximize the value of each company. Each portfolio business will develop and execute independent value creation plans in cooperation with the Akastor investment team. As an owner, Akastor must understand the portfolio companies markets and challenges in depth, in order to evaluate current valuation versus future potential.

Akastor will seek to maximize value by combining strategic, operational and financial measures. Akastor will establish separate financing for each operational unit to increase the portfolio companies' flexibility and independence.

Akastor will hold portfolio companies as long as it can create additional value from its ownership. Capital discipline is a key focus. Akastor will only pursue new investments generating returns above the cost of equity. In the absence of new investments, Akastor will either return excess cash to shareholders, or re-invest into its current portfolio, if such an investment can increase value or speed up the delivery of the value creation plan.

Akastor holds companies at varying stages of maturity, and will base future M&A decisions on independent plans for each company, developed in close cooperation with each company's board of directors and management.

Market Outlook

The market outlook for 2015 is affected by the sharp decline in oil prices seen last year. E&P companies' increased focus on capital discipline and reduction of upstream investments are expected to persist throughout 2015. The oil & gas services segment observed significant delays and re-tendering through 2014, and the E&P companies are likely to postpone new developments and thus further prolong the current market downturn beyond 2015. We expect the market to be very challenging in 2015.

Akastor's order backlog was increased by the end of 2014 compared to 2013. Akastor still expects the market conditions to be demanding for all its portfolio companies in 2015. As an active owner, Akastor will, in the near-term, focus on adjusting its businesses to the current market conditions. In a longer-term perspective, the oilfield services market is expected to improve, and the focus of each investment manager is to work closely with the portfolio company to position the companies for growth in current and new markets.

Group Financial Performance

Akastor presents its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. All amounts relate to the consolidated financial statements for the group. The financial statement includes the full year accounts for all Akastor portfolio companies, including the period when they were business areas in Aker Solutions prior to the demerger. The numbers for 2013 are comparative numbers, based on the activity of the portfolio businesses in 2013. The amounts in the income statement related to disposed and demerged businesses have been re-presented as discontinued operations. However, the balance sheet in 2013 has not been restated for discontinued operations according to requirements in IFRS.

The main companies included in Akastor's consolidated accounts are the following: MHWirth, Frontica Business Solutions AKOFS Offshore, Fjords Processing and KOP Surface Products. In addition, a portfolio of eight real estate assets are included, as well as 100 percent ownership of First Geo, 76 percent shareholding in STEP Oiltools, 50 percent shareholding in DOF Deepwater and 7.4 percent shareholding in Ezra.

Income Statement

Operating revenue for 2014 rose 16 percent to NOK 21.4 billion. Earnings before interest, tax, depreciation and amortization (EBITDA) remained flat at NOK 1.38 billion. The revenue increased due to higher activity in AKOFS Offshore in 2014 compared to 2013 and increased revenue in Fjords Processing, KOP Surface Products and Real Estate and other holdings. Earnings in 2014 were impacted by reduced margins for MHWirth in key areas and due to low activity for the AKOFS vessel AKOFS Seafarer (previously named Skandi Aker). Net financial expenses fell to NOK 568 million in 2014 from NOK 583 million in the previous year. Net financial income rose from NOK 47 million in 2013 to NOK 119 million in 2014, mainly due to forex exchange gain.

Depreciation, amortization and impairments rose to NOK 2.1 billion from NOK 1.1 billion in the previous year. In 2014 Akastor recognized impairments of a total of NOK 1 001 million on assets and intangible assets in AKOFS Offshore. NOK 664 million in impairments is related to investments in the AKOFS Seafarer vessel. The impairment is based on the revised business case after the cancellation in June by Total in Angola of a two-year contract for the vessel. In addition, impairments of goodwill and other intangible assets of NOK 311 million were related to a revised business case for AKOFS Seafarer and Aker Wayfarer due to weaker market conditions for the business. The group had an operating loss of NOK 706 million, due to the above-mentioned impairments. Several other non-recurring items impacted the results, caused by a number of elements, primarily consisting of provisions related to onerous offices leases, cost from the MMO outplacement agreement and an income from realization of an investment in a real-estate project in Stavanger. The pre-tax loss for the year was negative NOK 1.65 billion, compared to negative NOK 0.2 billion the previous year.

The income tax benefit for 2014 rose from NOK 4 million in 2013 to NOK 266 million in 2014. The effective tax rate is influenced by several one-off items.

Earnings per share for continued operations were negative 5.09 in 2014, compared with negative NOK 0.87 a year earlier.

Discontinued operations include Mooring and Loading Systems (MLS), Well Intervention Services (WIS) and Aker Solutions (AKSO). Profit from discontinued operations was NOK 3 880 million, and includes the net profit from disposed and demerged businesses during 2014. The amount includes gains on sale of MLS and WIS of NOK 2 852 million.

Net profit for the year, including discontinued operations, rose to NOK 2.5 billion from NOK 1.1 billion in 2013. Earnings per share were NOK 9.13 in 2014, compared with NOK 4.11 a year earlier.

The board of directors has resolved to propose to the annual general meeting not to distribute ordinary dividend for 2014. This proposal is in line with previous communication.

Balance Sheet

Total assets of Akastor amounted to NOK 24.4 billion as of December 31, 2014, compared with NOK 47.9 billion at year-end 2013. The balance sheet in 2013 includes disposed and demerged businesses and is thus not comparable with 2014. For effects of disposals and demerger on the balance sheet, refer to note 5 in the consolidated accounts. The balance sheet for continuing operations is summarized in note 6 in the consolidated accounts. Total operating assets in portfolio companies have increased from NOK 21.1 billion in 2013 to NOK 23 billion in 2014, mainly explained by increase in current operating assets. Total non-current operating assets in portfolio companies increased by NOK 0.6 billion, however affected by several significant events. A financial lease of the vessel Aker Wayfarer was booked by NOK 1.5 billion and also impairments of vessels and goodwill in AKOFS Offshore was booked by NOK 1 billion.

Total operating liabilities in portfolio companies increased by NOK 0.9 billion, mainly explained by an increase in current operating liabilities. Gross debt decreased by NOK 6.3 billion reflecting a net 4.1 billion repayment of debt following the disposals in 2014, as well as the demerger of bonds of NOK 2.5 billion. A financial lease obligation of NOK 1.4 billion related to Aker Wayfarer increased gross debt.

Total equity amounted to NOK 9.4 billion by the end of 2014, compared to NOK 13.4 billion the year before. Due to the demerger of Aker Solutions, book equity was reduced by NOK 5.6 billion. The equity ratio was 38.4 percent as of December 31, 2014.

Cash flow

As of December 31, 2014, Akastor had cash of NOK 1.1 billion, a reduction from NOK 2.3 billion in 2013. The cash flow statement includes discontinued operations as long as these were part of Akastor group. The net cash flow from operating activities amounted to NOK 488 million, reduced from NOK 3.1 billion in 2013. The reduction reflects an increase in working capital, mainly due to an increase in MH Wirth.

Net cash flow from investment activities was NOK 4.5 billion compared to negative NOK 4.3 billion in 2013, increase is mainly due to proceeds of NOK 5.9 billion from sale of businesses. Investment activities also include capex investments of negative 1.9 billion compared to negative NOK 3.5 billion in 2013. Cash flow from other investment activities were positive by NOK 616 million, explained by repayment of a convertible bond in Ezra Ltd as well as disposal of various shareholdings. No new business acquisitions were carried out in 2014, however NOK 126 million was paid in deferred consideration on acquisitions in prior periods.

Net cash flow from financing activities amounted to negative NOK 5.3 billion, mainly explained by repayment of external debt as well as dividend payment of NOK 1.1 billion in 2014, unchanged from the year before.

Going Concern

The board confirms that the company is a going concern and that the annual accounts for 2014 were prepared on the going concern assumption.

The Akastor Portfolio

MHWirth
MHWirth is a global provider of drilling solutions and services. MHWirth has activity on five continents with presence in 14 countries. By the end of 2014, the company employed 4 237 people; half of the workforce was employed in Norway. The company's business is divided to three core areas: Large Projects, Drilling Equipment and Drilling Lifecycle Services. MHWirth is the largest The company's revenue rose by 12.5 percent during 2014, driven by Large Projects backlog and strong performance from the Drilling Lifecycle Services business. The EBITDA-margin dropped from 10.1 percent in 2013 to 8.8 percent in 2014, driven primarily by lower margins on Large Projects. Working capital (NCOA) increased from 18.6 percent of revenue in 2013 to 24.1 percent of revenue in 2014, driven by the Large Projects business. The offshore drilling market slowed down significantly in 2014 resulting in a number of prospects and tenders being cancelled or delayed. This slowdown impacted MHWirth's order intake, which ended down by 27 percent compared to 2013. Key Large Project orders in 2014 included two jackups, one floater and one large upgrade project. The order backlog was reduced by 26 percent during the year.

Key Figures

Amounts in NOK million	2014	2013
Operating revenue and Other income	10 681	9 493
EBITDA	941	959
EBIT	526	742
CAPEX	762	676
NCOA	2 573	1 767
Net capital employed	5 603	4 024
Order intake	6 941	9 511
Order backlog	9 566	13 004
Employees (FTE)	4 237	4 011

MHWirth is using the market slowdown to concentrate on operational excellence in order to be well positioned when the market returns. In this context, the company is working on both near-term and longer-term initiatives. The near term priority is cost base reduction in response to the decrease in order intake levels. As a part of this effort, on February 10, 2015, MHWirth announced a plan to downsize the global work force by approximately 500-750 people. The capacity reduction is estimated to give an annual cost reduction of NOK 500- 600 million at full run rate. Other cost reduction initiatives include cost negotiations with subcontractors and an ongoing evaluation of consolidation of operational sites and offices.

While making the adjustments necessary to face the current challenging market, MHWirth has launched a number of initiatives to increase efficiency and improve its competitive position. This work includes product standardization, streamlining of processes, targeted strengthening of customer relations and improved organizational effectiveness. The market is expected to be very challenging in 2015.

Frontica Business Solutions
Frontica Business Solutions is a provider of corporate services with operations in seven countries and delivery in 25 countries around the world. The company consists of three distinct business segments; recruitment and staffing, IT services and consultancy, and payroll and additional support services.

Key Figures

Amounts in NOK million	2014	2013
Operating revenue and Other income	5 753	5 680
EBITDA	315	287
EBIT	218	190
CAPEX	110	114
NCOA	(237)	(249)
Net capital employed	374	216
Order intake	8 196	5 766
Order backlog	2 620	87
Employees (FTE)	1 356	1 454

The staffing business is conducted under the trademark Frontica Advantage. Frontica stems from the shared services division of Aker Solutions, and has more than ten years of experience as a provider of services. Frontica was established as a separate business entity in 2014. The client base includes Kværner, Aker Solutions, Jacobs as well as companies owned by Akastor. Frontica is the second largest subsidiary within Akastor, based on sales.

Frontica had revenues of NOK 5 753 million in 2014, at the same level as in 2013. The EBITDA-margin increased during 2014. The EBITDA was NOK 315 million, an increase of 9.8 percent from 2013. The order backlog of NOK 2.6 billion represents the estimated value of the fixed contracts and frame agreements for Frontica.

Frontica is operating in three different markets, with different characteristics: IT outsourcing (ITO), business process outsourcing (BPO) and recruitment and staffing services. The general market outlook for Frontica within these three markets is deemed positive, with expected steady annual market growth. With customers seeking outsourcing models to a greater extent, increased industry specific specialization and greater flexibility in cost base, the company is positioned for growth.

The slow-down in the oil and gas market will most likely affect Frontica's customers and is expected to impact the revenue level in the short term, especially within recruitment and staffing services.

AKOFS Offshore

AKOFS Offshore is a provider of vessel-based subsea well construction and intervention services to the oil and gas industry. The company has a competent and diverse organization, covering all phases of the value chain from conceptual development to project execution and offshore operations. AKOFS Offshore operates three specialized offshore vessels, Skandi Santos, Aker Wayfarer and AKOFS Seafarer, employing 115 people.

The company's revenue rose by 70 percent in 2014, whilst EBITDA increased by NOK 168 million to NOK 175 million. The results reflect the high level of activity for the three AKOFS Offshore vessels during the first half of 2014, whilst the second half was characterized by lower activity and reduced margins after Total cancelled the 2 year firm Light Well Invention

Key Figures

Amounts in NOK million	2014	2013
Operating revenue and Other income	1 542	908
EBITDA	175	7
EBIT	(1 117)	(640)
CAPEX	5	611
NCOA	(73)	(216)
Net capital employed	4 312	3 647
Order intake	6 140	52
Order backlog	6 186	1 722
Employees (FTE)	115	127

contract for AKOFS Seafarer after 9 months of operations in June. This contract cancellation caused AKOFS Offshore to make an impairment of asset values related to AKOFS Seafarer and goodwill amounting to NOK 1 001 million in 2014.

During 2014 AKOFS Offshore signed a five-year extension of the contract with Petrobras for Skandi Santos (valid from March, 2015), and a new five-year contract (+5 year option) for Aker Wayfarer with the same client (vessel expected to be in operations from medio 2016). Both vessels will do subsea installation work outside Brazil, installing and testing of deepwater subsea Xmas trees and other production equipment.

The Aker Wayfarer vessel will be, as an effect of the Petrobras contract, converted to a subsea installation vessel. The conversion investment of around NOK 600 million will be financed through the vessel owner Ocean Yield. The vessel bareboat contract was renegotiated ahead of the offer made to Petrobras and signed following the contract award in Q3. As a result of the new charter contract, the vessel charter has according to IFRS been reclassified as financial lease (previously operational lease). According to IFRS, a financial lease shall be recognized as an asset and a liability at commencement of the lease term equal to the fair value of the vessel. The asset is therefore recognized at NOK 900 million. In addition, NOK 600 million is recognized as other non-current assets and represents the CAPEX obligation required to fulfil the Petrobras contract (topside and subsea equipment) that will be made prior to the operational commencement and financed by vessel owner Ocean Yield. The liability is recognized to NOK 1 372 million net of prepaid charter rates.

AKOFS Offshore exercised its option to acquire the Skandi Aker from DOF Subsea in 2014 for a total consideration of USD 122.5 million. The purchase was executed in February 2015. Following the transaction, the vessel was re-named AKOFS Seafarer.

AKOFS Seafarer was operating in Angola for Total as a Light Well Invention vessel from September 2013 and during the first half of 2014. Following the cancellation of the contract effectuated by Total, it was further employed on a short-term contract in the construction spot market during the second half of 2014. The SURF market is expected to be challenging going forward. This may affect both Aker Wayfarer and AKOFS Seafarer in 2015. However, medium to longer-term, AKOFS Offshore aims to redeploy the AKOFS Seafarer in the well intervention markets.

AKOFS Offshore had an order intake of NOK 6.1 billion for the full year of 2014, compared to NOK 52 million in 2013. This is mainly explained by the five-year extension of the contract with Petrobras for Skandi Santos, and the new five-year contract for Aker Wayfarer with the same client.

Following the first five years of successful operations in Brazil, Skandi Santos will be routinely dry-docked during Q1 2015. Consequently, the vessel is expected to be out of operations for about 30 days.

Due to the current weak market conditions in the E&P sector, both the subsea construction fleet and offshore drilling segment are in structural oversupply. AKOFS Offshore continues to see Brazil as a positive market for the services provided by the company going forward. Installation of Xmas trees, as well as related subsea production equipment, will be essential to the expected increase in Brazilian oil and gas production. However, market conditions can be affected by the current oil market as well as actions taken by Petrobras as a consequence of on-going corruption allegations against the company.

Fjords Processing

Fjords Processing provides wellstream processing technology, systems and services to the upstream oil and gas industry. The company delivers complete processing systems for both onshore and offshore installations. Fjords Processing delivers solutions across all oil, gas and water treatment segments. The company is headquartered in Oslo, Norway. It had 617 employees at the end of 2014, with representation in 17 countries on six continents.

Key Figures

Amounts in NOK million	2014	2013
Operating revenue and Other income	2 322	2 007
EBITDA	52	75
EBIT	25	52
CAPEX	62	42
NCOA	(157)	(50)
Net capital employed	436	409
Order intake	2 197	1 959
Order backlog	1 190	1 255
Employees (FTE)	617	628

Revenues of Fjords Processing rose by 15.7 percent in 2014. The EBITDA was reduced by 30.7 percent compared to the previous year. The reduced margin was caused by cost increases and delays on one specific project which will be delivered in 2015. Fjords Processing's order intake for 2014 increased by 12.2 percent compared to the previous year.

In August 2014, Fjords Processing established a position in the Korean market through a 50/50 joint venture with Kolon Water and Energy. Kolon Fjords Processing is focusing on delivering processing equipment to Korean EPC (engineering, procurement and construction) companies, and was awarded several strategically important contracts in the Korean EPC market in 2014.

Due to the current slow-down within the oil and gas space, Fjords is preparing for increased pressure on price and potential project delays going forward.

KOP Surface Products

KOP Surface Products is a global supplier of flow control equipment to the oil and gas industry. The main products are valves, wellheads and trees for offshore and land-based surface production. The company provides engineering, manufacturing, installation and life-of-field support services. KOP Surface Products has its headquarters in Singapore and its main manufacturing operations in Batam, Indonesia with a global network of service centers located in Singapore, Malaysia, India, Indonesia, Thailand, the United Arab Emirates, Nigeria and Vietnam. KOP Surface Products employed 854 people at the end of 2014. The company's key market is in Southeast Asia. During 2014 the company made the first moves to expand into the Middle East.

Key Figures

Amounts in NOK million	2014	2013
Operating revenue and Other income	1 119	873
EBITDA	156	88
EBIT	109	62
CAPEX	32	59
NCOA	375	288
Net capital employed	674	567
Order intake	1 052	990
Order backlog	659	570
Employees (FTE)	854	760

Revenue in KOP Surface Products rose by 28.2 percent in 2014, driven by demand for surface wellheads and trees in Asia. The EBITDA-margin for 2014 was 13.9 percent, compared to 10.1 percent in 2013. Both hardware and service revenues developed positively during the year. The high margin services contributed with the highest growth, hence, impacting the margin positively. As KOP Surface Products is predominantly a USD business, foreign exchange development contributed positively to the growth in NOK versus the previous year. In USD terms revenue rose by 19 percent year on year. Order intake was NOK 1 052 million for 2014 as a whole, giving a backlog of NOK 659 million at the end of the year. KOP Surface Products is exposed to the cyclicality in the oil and energy sector, seeing softening in demand and increased competition and will need to have a strong focus on cost reduction in 2015, in order to maintain its competitive position.

Real Estate and Other Holdings

Akastor Real Estate owns eight properties in Norway, with a book value of approximately NOK 1.0 billion. The properties yield revenue of about NOK 80 million, with a weighted duration of 16 years. The company also held a 17 percent stake in a syndicate with a share value of about NOK 30 million. In addition, the company manages a subletting portfolio and a few development projects. The other holdings are a 76 percent stake in the drilling waste products and services company Step Oiltools, 50 percent of DOF Deepwater, a 7.4 percent stake in Singapore-based offshore support solutions provider Ezra Holdings, the geological services firm First Geo, and investments in Aker Pension Fund Company and Aker Insurance Company. DOF Deepwater is a joint venture with DOF ASA, which owns and operates five anchor handling tug supply (AHTS) vessels – all currently on charter contracts.

Key Figures

Amounts in NOK million	2014	2013
Operating revenue and Other income	975	594
EBITDA	(260)	(62)
EBIT	(469)	(171)
CAPEX	128	122
NCOA	(58)	464
Net capital employed	1 595	3 073
Order intake	2 097	618
Order backlog	1 658	272
Employees (FTE)	430	502

Real Estate and Other Holdings delivered a negative EBITDA in 2014 of NOK –260 million, mainly due to onerous lease provisions for unutilized office buildings. The revenue increased by 71 percent to NOK 975 million in 2014 compared to NOK 569 million in 2013.

The order intake for real estate was high in 2014 as a result of taking lease contracts in the backlog.

Parent Company Results and Allocation of Net Profit

Akastor is the ultimate parent company in the Akastor group of companies and its business is the ownership of the portfolio of industrial holdings as set out above. Akastor has outsourced corporate functions to other companies within the group, mainly Akastor AS. However, assets and liabilities related to the Corporate Treasury function are held by Akastor ASA. Akastor had a net loss of NOK 80 million in 2014, down from a profit of NOK 2.9 billion in 2013. The main reason for the reduction is that no dividends from subsidiaries to Akastor have been distributed in 2014.

The parent company's dividend policy is to execute ad-hoc dividend distributions from sales proceeds received by the company through divestments or other realization of assets. The company does not intend to distribute regular or annual dividends. The board thereby proposes the following coverage of the loss:

Amounts in	NOK million
Dividend	0
Other equity	(80)
Total allocated	(80)

Subsequent events

The purchase of Skandi Aker was executed in February 2015. Following the transaction, the vessel has been re-named AKOFS Seafarer. The purchase price was USD 122.5 million, all financed with new bank debt.

A process in MHWirth has been initiated in February 2015, with an ambition to reduce the global work force to give a reduction of approximately 500 staff through downsizing and attrition. Furthermore, the number of hired in staff will be reduced accordingly with around 250 employees during the year.

Risk Management

Key Risk Mitigation process

Akastor and its portfolio companies are exposed to various risks, both financial and operational and interest rate risk, market risk, credit risk, and operational risk at the underlying company level. To manage and mitigate risks in Akastor, risk evaluation is an integral part of all business activities. Akastor actively supervises risk management in its portfolio companies through its participation on the board of directors of each company, and by defining requirements to the portfolio companies for risk management and mitigation processes and procedures.

Financial Risks

The group is exposed to a variety of financial risks: currency risk, interest rate risk, price risk, credit risk, M&A risk, liquidity risk and capital risk. The market risks affect the group's income or the value of financial instruments held. The objective of financial risk management is to manage and control financial risk exposures and thereby increase the predictability of earnings and minimize potential adverse effects on the group's financial performance. Akastor uses financial derivative instruments to hedge certain risk exposures and aims to apply hedge accounting whenever possible in order to reduce the volatility resulting from the periodic mark-to-market revaluation of financial instruments in the income statement.

Risk management is a focus area in every project within the Akastor portfolio of companies. It is the responsibility of the project managers, in cooperation with the Akastor Treasury, to identify, evaluate and hedge financial risks. The group has well-established principles for overall risk management, as well as policies for the use of derivatives and financial investments.

Integrity risks

Akastor requires all its portfolio companies to implement an Integrity Program to manage and mitigate integrity risks. This program is also implemented at Akastor level, and includes requirements in respect of training, due diligence, control of third parties and regulation of gifts and hospitality. Key components in the integrity program are education and awareness training. All Akastor managers and employee groups which may face integrity challenges are required to participate in class-room based integrity training. Hired-ins in high risk roles are also required to undertake integrity training, just as third party representatives receive integrity training specially prepared for them. A Code of Conduct e-learning program has been developed in 2014 and will be introduced to all employees in 2015. The requirement for all portfolio companies is to complete and report on the training within 6 months from employment or publication of a new training session.

Akastor has established a whistleblowing system in line with the company's Governance Policy. The whistleblowing system is open for all Akastor employees who wish to report a breach of the Code of Conduct, other internal guidelines or governing policies. All employees are required to report breaches of the Code of Conduct, and Akastor encourages reporting of any concerns around compliance with law and/or ethical standards. As of February 2015, Akastor received concession from the Norwegian Data Protection Authorities to run a whistleblowing channel which is also available for external parties. This will be implemented in 2015.

For further details on risk management and exposures, see Note 31.

Corporate Responsibility

Akastor's operating model reflects the fact that each of our companies are independent entities who operate different business models and therefore face different Corporate Responsibility risks and expectations from stakeholders. As a holding company, Akastor is responsible for setting the overall Corporate Responsibility priorities and providing the appropriate risk management framework and policies applicable for all holdings in the portfolio. In turn, each portfolio company is responsible for defining their own Corporate Responsibility strategy with relevant activities and where necessary supporting policies.

Akastor is also responsible for the maintenance and development of industrial relations and collaboration with unions. Historically, good industrial relations have played an important role in Aker Solutions, and maintaining these strong relations have proven to be one of the success criteria in developing the company over the years. This work will thus continue in Akastor going forward.

Akastor's Corporate Responsibility strategy is based on four main priorities that reflect areas considered crucial to our business, our stakeholders and within the oil-services industry:

- Respecting Human Rights
- Working against Corruption
- Caring for Health & Safety
- Reducing Impact on the Environment

The task for Akastor going forward is therefore to ensure the systematic implementation and integration of the priorities of the Corporate Responsibility strategy, Code of Conduct and Integrity policy across all portfolio companies and business units. For in-depth reporting on Akastor and each portfolio company's corporate responsibility work, including their HSE work, please refer to the Akastor Corporate Responsibility Report for 2014. The full report is available on the Akastor website www.akastor.com.

People and teams

Akastor had a total of 23 employees as of December 31, 2014, 47 percent of the employees are women. Akastor is committed to equal opportunity and non-discrimination. This commitment is described in the company's Code of Conduct, policies and agreements, and builds on a frame agreement signed with national and international trade unions in 2008. This agreement was renewed in 2013 and sets out fundamental labor rights and standards for general employment terms and employee relations, with specific focus on non-discrimination. Equal opportunities are fundamental for Akastor and its portfolio companies.

Akastor and the portfolio companies had a total 7 609 people as of December 31, 2014, the same level as the previous year. 28 percent of the employees are female, 72 percent are male. The male/female ratio in the portfolio companies were as follows:

	MHWirth	Frontica	Fjords	KOP	AKOFS
Female	19%	55%	27%	24%	12%
Male	81%	45%	73%	76%	87%

Whilst the male/female ratio is well balanced in Frontica Business Solutions, the other companies have a predominant male workforce. This is mainly due to reasons linked to history and industry tradition. Each portfolio company promotes equal opportunities by setting specific requirements for diversity in recruitment and people development, and by supporting programs dedicated to equal opportunity. Akastor fulfills the requirements of the Norwegian Public Liability Companies Act with regards to gender representation on the board of directors, , as four of eight Directors are women.

Sick leave in Akastor AS amounted to 2.8 percent of total working hours in 2014. For the full Akastor group workforce, sick leave amounted to 2.7 percent in 2014. Sick leave in the Akastor portfolio companies was relatively low. There were no fatal injuries in any of the portfolio companies, and the total recordable incident frequency was low. See figure below for details:

Health and Safety	MHWirth	Frontica	Fjords	KOP	AKOFS
Lost time Incident Frequency (LTIF) incl. sub-contractors	0.75	0.4	0	0	0 %
Total Recordable Incident Frequency (TRIF) incl. subcontractors	1.88	0.4	2.2	0	0 %
Fatalities incl. subcontractors	0	0	0	0	0
sick leave	3 %	3.9%	2%	0.6%	2.3%

There are further details on HSE available in the 2014 Corporate Responsibility report, available on www.akastor.com.

Environment

Akastor's portfolio companies ' activities pose a limited burden on the environment. During 2014 no unintentional discharges or emissions to the surrounding environment were recorded in any of the portfolio companies. Akastor works with all portfolio companies to promote responsible businesses, committed to sustainable development and high environmental standards. Akastor operates from its headquarters in Oslo and has negligible effect on the external environment. Each portfolio company has dedicated sustainability programs aiming to reduce the business' impact on the external environment by CO2 emission reductions, waste management, energy efficiency and recycling.

The Akastor portfolio companies report individually on their impact on the external environment. The new section 3-3c in the Norwegian Accounting Act requires that as of 1 June 2013, large companies account for their efforts to integrate corporate social responsibility in their business strategies and day-to-day operations.

Research, Innovation and Technology Development

NOK 640 million related to development activities have been capitalized in 2014, compared to NOK 804 million in 2013. In addition, research and development costs of NOK 112 million have been expensed during the year because the criteria for capitalization were not met (NOK 275 million in 2013). All amounts include Aker Solutions until the demerger.

All research, innovation and development initiatives are performed by the Akastor portfolio companies. The Akastor holding company performed no such activity in 2014.

Corporate governance

Corporate governance is a framework of values, responsibilities and governing documents to control the business and ensure sustainable value creation for shareholders over time. It is the responsibility of the board of directors of Akastor to ensure that the company implements sound corporate governance. The audit committee supports the board of directors in safeguarding that the company has internal procedures and systems in place to ensure that corporate governance processes are effective. Akastor's corporate governance principles are based on the Norwegian Code of Practice for Corporate Governance and are available on the company's website www.akastor.com.

Oslo, March 13, 2015 | Board of Directors of Akastor ASA

Øyvind Eriksen | Chairman

Lone Fønss Schrøder | Deputy Chairman

Kjell Inge Røkke | Director

Kathryn M. Baker | Director

Sarah Ryan | Director

Jannicke Sommer-Ekelund | Director

Stig Faraas | Director

Asbjørn Michailoff Pettersen | Director

Frank O. Reite | CEO

04. DECLARATION BY THE BOARD OF DIRECTORS AND CEO

The board and CEO have today considered and approved the annual report and financial statements for the Akastor group and its parent company Akastor ASA for the 2014 calendar year ended on December 31, 2014. The board has based this declaration on reports and statements from the group's CEO and/or on the results of the group's activities, as well as other information that is essential to assess the group's position which has been provided to the board of directors.

To the best of our knowledge:

- the 2014 financial statements for the group and parent company have been prepared in accordance with all applicable accounting standards
- the information provided in the financial statements gives a true and fair portrayal of the group and parent company's assets, liabilities, profit and overall financial position as of December 31, 2014
- the annual report provides a true and fair overview of:
- the development, profit and financial position of the group and parent company
- the most significant risks and uncertainties facing the group and the parent company

Oslo, March 13, 2015 | Board of Directors of Akastor ASA

Øyvind Eriksen | Chairman

Lone Fønss Schrøder | Deputy Chairman

Kjell Inge Røkke | Director

Kathryn M. Baker | Director

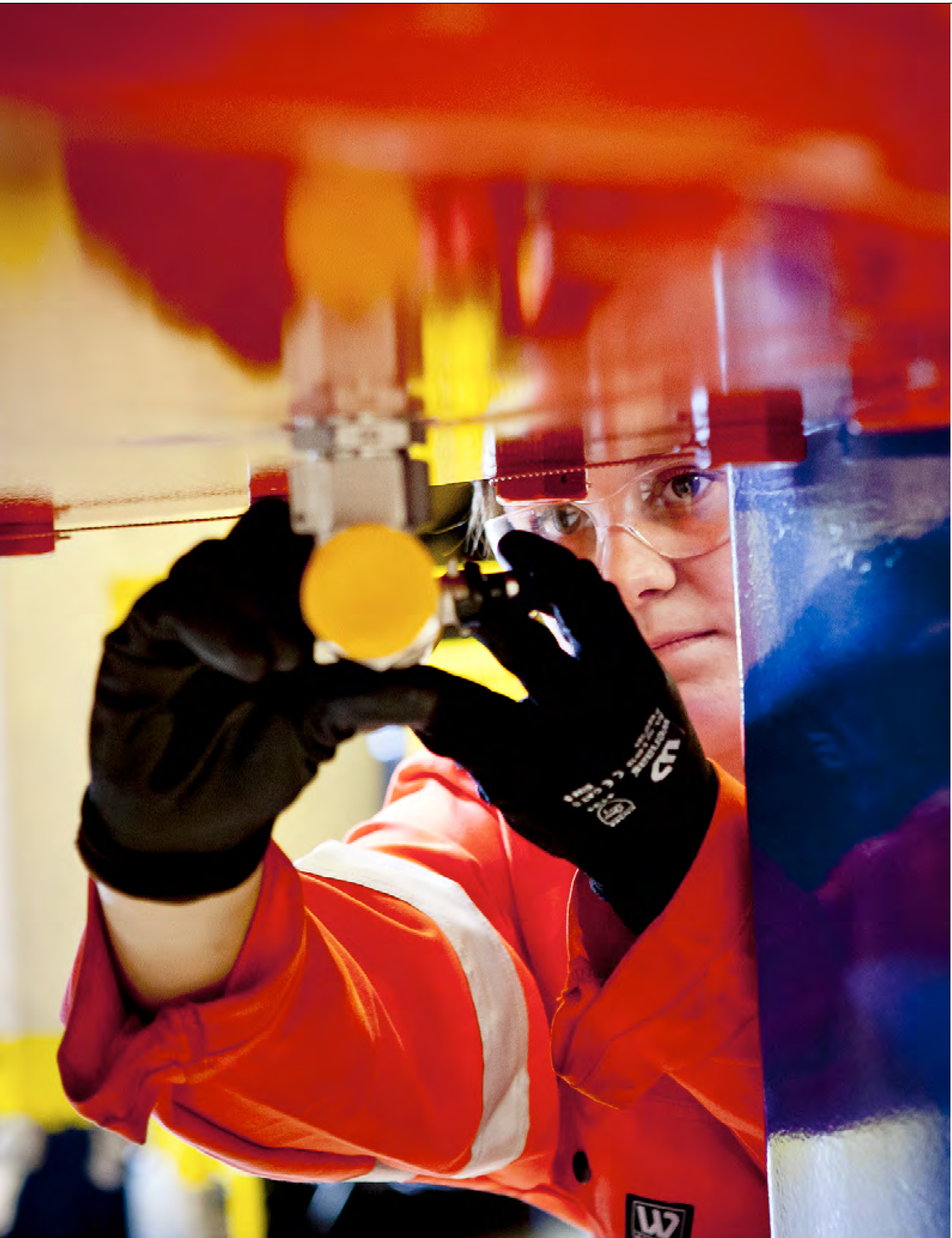
Sarah Ryan | Director

Jannicke Sommer-Ekelund | Director

Stig Faraas | Director

Asbjørn Michailoff Pettersen | Director

Frank O. Reite | CEO



05. CORPORATE GOVERNANCE STATEMENT

Corporate governance is a framework of values, responsibilities and governing documents to control the business and ensure sustainable value creation for shareholders over time. Sound corporate governance shall ensure that appropriate goals and strategies are adopted, that the strategies are implemented in a good manner and that the results achieved are subject to measurement and follow-up.

1. The Corporate Governance Report

Basis for this Report

The corporate governance principles of the group are laid down by the board of directors of Akastor ASA. The principles are based on the Norwegian Code of Practice for Corporate Governance dated October 30, 2014 (the «Code of Practice»), the regulations set out in the Continuing Obligations of stock exchange listed companies from Oslo Børs (the stock exchange in Oslo) and the relevant Norwegian background law such as the Norwegian Accounting Act and the Norwegian Public Limited Liability Companies Act. The Code of Practice may be found at www.nues.no and the Continuing Obligations of stock exchange listed companies may be found at www.oslobors.no. Norwegian laws and regulations are available at www.lovdata.no.

This report outlines how Akastor has implemented the Code of Practice. Deviations from the Code of Practice are addressed under the relevant sections. In general, the Akastor board only approves deviations that the board believes contributes to value creation for its shareholders.

In addition to the Code of Practice, the Norwegian Accounting Act section 3-3b stipulates that companies must provide a report on their policies and practices for corporate governance either in the annual report or in a document referred to in the annual report. Such report is integrated in the below corporate governance statement.[1)]

Governance Structure

On April 29, 2014, the board of directors announced their strategy for the development of the former Aker Solutions group, thereunder their intention to propose to the company's shareholders that the group be split into two companies. Following this proposal, the shareholders approved on August 12, 2014 a demerger pursuant to which the activities pertaining to Subsea, Umbilicals, Maintenance, Modifications and Operations and Engineering where spun-off into a new company which was stock listed at the Oslo Børs September 29, 2014. The new company adopted the Aker Solutions name and the AKSO ticker as of the first day of listing of the new company. As of the same date, the old Aker Solutions ASA changed its name to Akastor ASA, trading under the ticker AKA at Oslo Børs. All references to the company or the group in this statement refer to Akastor ASA and its portfolio of companies.

Akastor is an oil-services investment company with a portfolio of companies in the oilfield services industry, with a total capital employed value of approximately NOK 13 billion. The company has a flexible mandate for active ownership and long-term value creation. MHWirth is a leading supplier of drilling systems and drilling lifecycle services globally. Frontica Business Solutions provides cost efficient corporate services that enable companies to become faster and more efficient. AKOFS Offshore is a global provider of vessel based subsea well construction and intervention services to the oil and gas industry. Fjords Processing provides world-class well-stream

1) Below, the items in respect of which information must be disclosed according to section 3-3b of the Norwegian Accounting Act are specified, together with references to where such required information may be found:

1. *"A statement of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise chooses to comply with" can be found in the introduction section of this corporate governance statement.*
2. *"Information on where the recommendations and regulations mentioned in no. 1 are available to the public" can be found in the introduction section of this corporate governance statement.*
3. *"The reason for any non-conformance with recommendations and regulations mentioned in no. 1". The non-conformances are described in the relevant section where there are non-conformances, which are sections 6 and 14 respectively.*
4. *"A description of the main elements in the enterprise's, and for entities that prepare consolidated financial statements, if relevant also the Group's internal control and risk management systems linked to the financial reporting process" can be found in Section 10 of this corporate governance statement.*
5. *"Articles of Association which entirely or partly expand or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act" can be found in Section 6 of this corporate governance statement.*
6. *"The composition of the board of directors, the corporate assembly, the committee of shareholders' representatives and the control committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees" can be found in Section 8 and 9 of this corporate governance statement.*
7. *"Articles of Association governing the appointment and replacement of directors" can be found in Section 8 of this corporate governance statement.*
8. *"Articles of Association and authorizations empowering the board of directors to decide that the enterprise is to buy back or issue its own shares or equity certificates" can be found in Section 3 of this corporate governance statement.*

processing technology, equipment and expertise to the oil and gas industry. KOP Surface Products offers a complete range of products for offshore and land-based surface production, including surface wellheads, Christmas trees, valves and actuators. Other holdings include a portfolio of ten real estate assets, all in Norway, 100 percent of First Geo AS, 76 percent in STEP Oiltools, 50 percent of DOF Deepwater and 7.4 percent of the shares in Ezra.

It is the responsibility of the board of directors of Akastor ASA to ensure that Akastor and its portfolio of companies implements sound corporate governance. The board of directors evaluates this corporate governance statement on an annual basis. The board's audit committee also evaluates the corporate governance statement as well as other key policies and procedures pertaining to compliance and governance. Compliance with, and implementation of these corporate governance guidelines are continuously evaluated by the board and said committee; inter alia by way of the board being the decisive body for the company's defined management and reporting structure, which include regular reporting.

Policies and Procedures

Akastor has a total of 10 corporate policies providing business practice guidance within a number of key areas. These policy documents express the overall position of the group with regard to compliance, integrity and governance, for instance. Some of these are adopted already, while some are work in progress. The policies provide instructions and guidelines that apply to the portfolio companies as such and to individual employees in order to ensure that the group's operations are in compliance with internal and external regulatory framework. In addition, the portfolio companies are requested to implement their own policies specific to their business within areas like project execution, HSE and tendering.

Values and Code of Conduct

Akastor aims to develop and refine its portfolio of companies as stand-alone enterprises, with the goal of maximizing the value potential of each entity. The company works to clarify the business models of its portfolio companies, capitalize on their market positions and promote underdeveloped areas such as aftersales services for the equipment and systems delivered. The investment strategy is focused on the oilfield services sector and the current portfolio. Akastor has an opportunistic approach and will hold portfolio companies as long as it creates more value than alternative owners.

Akastor wishes to contribute to sustainable social development through responsible business practices. The company's Code of Conduct is a handbook that applies to all employees and provides guiding on what Akastor considers to be responsible ethical conduct. The Code of conduct give a framework for what is acceptable behaviour that should be reflected in every aspect of how business is conducted. The ethical guidelines and other policy documents of the group have been drafted on the basis of these basic corporate values.

Corporate Responsibility

Akastor takes an active approach to corporate responsibility. Corporate responsibility in Akastor is about making good business decisions, with minimum risk to reputation, brand and the future sustainability of our business. The main focus of corporate responsibility activities in Akastor, defined in our group-wide integrity policy, is to work against corruption, to respect human rights and to care for health, safety and the environment. All our portfolio companies are expected to ensure strong corporate responsibility in their operations.

Akastor is a member of Trace International, which supports our work against corruption. Akastor is also committed to follow the Global Framework Agreement (GFA) entered into by Aker with the trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna on 17 December 2012. The GFA builds on and continues the commitment from the previous framework agreements signed in 2008 and 2010, and outlines key responsibilities in relation to human and trade union rights. The parties commit themselves to achieving continuous improvements within the areas of working conditions, industrial relations with the employees of the Aker group of companies, health and safety standards at the workplace and environmental performance.

Further information in respect of the corporate social responsibility work of Akastor and its portfolio of companies can be found in the separate report published simultaneously as the company's annual report for 2014.

2. Business

The objectives of the company, as defined in its articles of association, are «to own or carry out industrial and other associated businesses, management of capital, and other functions for the group, and to participate in or acquire other businesses». The articles of association are available at the company's website www.akastor.com.

The principal strategies of the group are presented in the annual report. Each year, the board of directors evaluates the existing strategy and approves any significant changes to such, as well as goals and guidelines of the company, through a designated strategy process. Information concerning the financial position and principal strategies of the company, and any changes thereto is disclosed to the market in the context of the company's quarterly reporting and in designated market presentations as well as on the company's web site.

3. Equity and Dividends

Equity

The management and the board regularly monitor that the group's equity and liquidity are appropriate for its objectives, strategy and risk profile. The book equity of the group as per December 31, 2014 is NOK 9 378 million, which represents an equity ratio of 38.4 percent. The management of financial risk is further described in the annual report for 2014.

Dividend Policy

The board proposes the level of dividend payment to the general meeting who in turn is the decisive corporate body for dividend decisions.

Over time, Akastor's shareholders will receive a competitive return on their investment through a combination of cash dividends and increases in the share price. The ambition of the board of directors is to execute ad-hoc dividend distributions from sales proceeds received by the company through divestments or other realizations of assets. The company does not intend to distribute regular or annual dividends, but will consider dividends on an ongoing basis taking into consideration the company's M&A activities, expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility.

Authorizations for the board of directors

Proposals from the board of directors for future authorisations for share capital increases, share buy-backs or similar shall be for defined purposes, such as share purchase programs and acquisitions of companies, and shall remain in effect until the next annual general meeting.

The company's annual general meeting on April 10, 2014 resolved to authorize the board to purchase treasury shares up to an aggregate nominal value of NOK 45 484 000 (ten percent of the share capital). The resolution specified three purposes for utilization all of which were subject to separate voting under the general meeting: (i) purchase of treasury shares to be used as transaction currency in connection with acquisitions, mergers, demergers and other transfers of business, (ii) purchase of treasury shares to be sold and/or transferred to employees under share purchase programs for employees and (iii) purchase of treasury shares for the purpose of subsequent deletion of such shares.

The board's authorization to purchase treasury shares is valid for the period until the date of the annual general meeting of 2015, however in no circumstances beyond June 30, 2015. In total, 2 705 000 shares were bought by the company in 2014 for use in the share purchase program in 2014. As of December 31, 2014, the company holds 2 976 376 own treasury shares.

There are no current provisions in the Articles of Association of the company or power of attorney from the general meeting which grant the board of directors the mandate to issue or buy back in the company for the purposes of capital increases, or to distribute extraordinary dividends. However, it is the board's ambition to propose to the annual general meeting on April 8, 2015 that the board of directors is granted such authorizations.

Share Purchase Program for Employees

Since 2012 the company has had an annual share purchase programs for eligible employees. In the 2014 program, all employees in Norway and eight other countries were invited to buy shares for a maximum amount of NOK 60 000. To the extent possible under local law, the shares purchased by each employee were funded by a loan provided by the local employer company. The loan will be repaid by salary deductions over a period of 12 months.

In the 2014 program participants were offered a standard discount of NOK 1 500 for participation in addition to a price reduction of 25 percent on the share price. Management was also invited to take part in a separate management share program allowing eligible managers to purchase shares for an amount equal to 25 percent of their salary and with a discount of 25 percent on the share price.

The board of directors of Akastor ASA resolved in 2014 that Frank O. Reite, Chief Executive Officer of Akastor ASA (either personally or through his wholly-owned subsidiary Fausken Invest AS) could purchase up to 100 000 treasury shares yearly from the company under the management share purchase program of Akastor described above. Chief Financial Officer Leif H. Borge and Investment Director Karl Erik Kjelstad were authorized to buy up to 100 000 shares each under the management share purchase program for 2014 (either personally or through their wholly-owned subsidiaries).

Furthermore, the board resolved that Mr. Reite could purchase up to 100 000 additional treasury shares in 2014 at the price of 18.72 NOK per share (equivalent with the average share price for the first 20 days of trading following completion of the demerger of the Aker Solutions group on September 29, 2014, less a discount of 20 percent.

All shares purchased under the share programs described above were subject to a three year lock-up period under which the acquired shares may not be sold or otherwise disposed of. The sale of shares to employees pursuant to the programs were realized from treasury shares held at any given time, or by acquiring additional treasury shares pursuant to existing authorizations for the board of directors.

4. Equal Treatment of Shareholders and Transactions with Related Parties

The company has only one class of shares, and all shares carry equal rights. Existing shareholders shall have pre-emptive rights to subscribe for shares in the event of share capital increases, unless otherwise indicated by special circumstances. If the pre-emptive rights of existing shareholders are waived in respect of a share capital increase, the reasons for such waiver shall be explained by the board of directors. Transactions in own shares are effected via the Oslo Børs.

As of December 31, 2014, Aker ASA holds 70 percent of the shares of Aker Kværner Holding AS which holds 40.27 percent of the shares of Akastor. As per the same date, Aker ASA directly held 17 331 762 shares of Akastor, equivalent to 6.3 percent of the shares, as well as being exposed to 891 762 shares of Akastor through a total return swap arrangement. Proposition No. 88 (2006–2007) to Stortinget (the Norwegian

Parliament) contains more detailed information concerning the establishment of Aker Kværner Holding AS and the agreement between Aker ASA and the other shareholder of Aker Kværner Holding AS.

The board of directors is of the view that it is positive for Akastor that Aker ASA assumes the role of an active owner and is actively involved in matters of importance to Akastor and to all shareholders. The cooperation with Aker ASA offers Akastor access to special know-how and resources within strategy, transactions and funding. Moreover, Aker ASA offers network and negotiation resources from which Akastor benefits in various contexts. This complements and strengthens Akastor without curtailing the autonomy of the group. It may be necessary to offer Aker ASA special access to commercial information in connection with such cooperation. Any information disclosed to Aker ASA's representatives in such a context will be disclosed in compliance with applicable laws.

Applicable accounting standards and regulations require Aker ASA to prepare its consolidated financial statements to include accounting information of Akastor. As of January 1, 2014, Aker ASA is deemed to have control of Akastor pursuant to the revised accounting standard IFRS 10. Akastor is thus consolidated as a subsidiary in Aker ASA's accounts from this date. Subsequently, Aker Solutions ASA and Kværner ASA are deemed as related parties to Akastor for accounting purposes. In order to comply with these accounting standards, Aker ASA has in the past received, and will going forward receive, unpublished accounting information of Akastor. Such distribution of unpublished accounting information from Akastor to Aker ASA is executed under strict confidentiality and in accordance with applicable regulations on handling of inside information.

Aker ASA, Kværner ASA and Aker Solutions ASA (or their subsidiaries) are however not deemed, within the meaning of the Public Limited Liability Companies Act, to be a related party of Akastor. The board of directors and the executive management team of Akastor are nevertheless very conscious that all relations with these companies, shall be premised on commercial terms and structured in line with arm's length principles.

In the event of any material transactions between the company and shareholders, directors, senior executives, or related parties thereof, which do not form part of the ordinary course of the company's business, the board of directors shall arrange for an independent assessment. The same shall, generally speaking, apply to the relationship between Akastor and Aker ASA related companies.

Akastor has prepared guidelines as part of its rules of procedure for the Chief Executive Officer and board of directors ensuring that directors and the Chief Executive Officer notify the board of directors if they have any material direct or indirect personal interest in any agreement concluded by the group. The guidelines stipulate that the board members and the Chief Executive Officer shall not participate in the preparation, deliberation, or resolution of any matters that are of such special importance to themselves, or any of their related parties, so that the board member in question must be deemed to have a prominent personal or financial interest in such matters. The relevant board member or the Chief Executive Officer shall raise the issue of his or her competence whenever there may be cause to question it, and are the primary responsible for adopting the correct decision as to whether he or she should step down from participating in the discussion of the matter at hand.

In general, as further stipulated in Akastor's principles for related party transactions, directors of Akastor should be cautious in participating in the consideration of issues where a potential conflict of interest or conflict of role may arise, undermining the confidence in the decision process. Such person may not participate in board discussions of more than one company that is part of the same related party agreement, unless the companies have common interests. These assessments will be carried out on a case-by-case basis; in most events, and as a starting point, by the relevant board members themselves, but often also in cooperation with internal and/or external legal counsel. For instance, board member Kjell Inge Røkke, who is an indirect shareholder of both Aker ASA and Akastor as well as chairman of the board of Aker ASA will, as a ground rule, not participate in the board's discussions of matters that concern commercial relationships between Akastor and Aker ASA related companies as his relative indirect ownership interests in Aker ASA exceed his ownership interests in Akastor. Also, chairman of the board Øyvind Eriksen is the CEO and shareholder of Aker ASA, but external legal counsel has concluded that such shareholding, as a ground rule, is not significant enough to, under normal circumstances, imply that he is under an obligation to automatically step down from such discussions.

The above principles will normally also be applied if Akastor contracts with other companies in which said board members hold direct or indirect ownership interests that exceed, in relative terms, their ownership interests in Akastor.

If ground for incapacity is concluded, the relevant board member will, as a ground rule, prior to the relevant board meeting, not be granted access to any documentation prepared to the board of directors for the deliberation of the agenda item in question.

In general, Akastor applies a strict norm as far as competence assessments are concerned. In cases where the chairman of the board of directors does not participate in the deliberations, the deputy chairman of the board of directors chairs the meeting.

As far as the other officers and employees of Akastor are concerned, transactions with related parties and conflicts of interest are comprehensively addressed and regulated in the group's Code of Conduct.

The Related parties note to the consolidated financial statements contains information on the most significant transactions between Akastor and companies within the Aker ASA group.

5. Freely Negotiable Shares

The shares are listed on the Oslo Børs and are freely transferable. No transferability restrictions are laid down in the articles of association.

6. General Meetings

Attendance, Agenda and Voting
The company encourages shareholders to attend the general meetings. It is also the intention to have representatives of the board of directors as well as the chairman of the nomination committee and the company's auditor to attend the general meetings. Notices convening general meetings, including comprehensive documentation relating to the items on the agenda, including the recommendation of the nomination committee, are made available on the company's website no later than 21 days prior to the general meeting. The articles of association of the company stipulate that documents pertaining to matters to be deliberated by the general meeting shall only be made available on the company's website, and not normally be sent physically by post to the shareholders unless required by statute.

The following matters are typically decided at the annual general meeting, in accordance with the articles of association of Akastor ASA and Norwegian background law:

- Election of the nomination committee and stipulation of the nomination committee's fees;
- Election of shareholder representatives to the board of directors;
- Election of the external auditor and stipulation of the auditor's fee;
- Approval of the annual accounts and the board of directors' report, including distribution of dividend.
- Other matters which, by law or under the articles of association, are the business of the annual general meeting.

The deadline for registering intended attendance is as close to the general meeting as possible, but not shorter than five days before the meeting. Shareholders who are unable to attend may vote by proxy. Moreover, information concerning both the registration procedure and the filing of proxies is included in the notice convening the general meeting and on the registration form. The company also aims to structure, to the extent practicable, the proxy form such as to enable the shareholders to vote on each individual item on the agenda.

Chairman
The articles of association stipulate that the general meetings shall be chaired by the chairman of the board of directors or a person appointed by said chairman. According to the Code of Practice the board should however «make arrangements to ensure an independent chairman for the general meeting». Thus, the articles of Akastor ASA deviate from the Code of Practice in this respect. This has its background in a long-lasting tradition in Akastor. Having the chairman of the board chairing the general meeting also simplifies the preparations for the general meetings significantly.

Election of Board Members
It is a priority for the nomination committee that the board of directors shall work in the best possible manner as a team, and that the background and competence of the board members shall complement each other. As a consequence, the board of directors will propose that the shareholders are invited to vote on the full board composition proposed by the nomination committee as a group, and not on each member separately. Hence, Akastor deviates from the Code of Practice stipulating that one should make «appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's corporate bodies».

Physical Attendance and Electronic Voting
It is a priority for the general meeting to be conducted in a sound manner, with all shareholder votes to be cast, to the extent possible, on the basis of the same information. The company has thus far not deemed it advisable to recommend the introduction of an electronic attendance, i.e. arranging for general meetings to be held as physical meetings with online coverage allowing for shareholders to participate via web. The company will contemplate the introduction of such arrangements on an on-going basis in view of; inter alia, the security and ease of use offered by available systems. Shareholders will have the opportunity to cast votes electronically in advance of general meetings (however, not during the meeting).

Minutes
Minutes of general meetings will be published as soon as practicable on the announcement system of the Oslo Børs, www.newsweb.no (ticker: AKA), and on the company's own website, www.akastor.com.

7. Nomination Committee

The articles of association stipulate that the company shall have a nomination committee. The nomination committee shall have no less than three members, who shall normally serve for a term of two years. The current members of the nomination committee are Leif-Arne Langøy (chairman), Gerhard Heiberg, Trond Brandsrud and Mette Wikborg. The members Leif-Arne Langøy and Mette Wikborg are elected up until the annual general meeting 2015, while Gerhard Heiberg and Trond Brandsrud are elected up until the annual general meeting 2016. Langøy is deputy chairman of the board in TRG Holding AS and The Resource Group TRG AS, as well as chairman of the board of Kværner ASA. Trond Brandsrud is CFO of Aker ASA. No members of the nomination committee are employed by, or board members of, Akastor. The majority of the members of the nomination committee are independent of both Akastor's board of directors and the executive management of the company.

The committee's recommendations (relating to particularly members of the board of directors and their remuneration) shall address how the new board candidates will attend to the interests of the shareholders in general and fill the requirements of the company, including with respect to competence, capacity and independence.

The composition of the nomination committee shall reflect the interests of all shareholders and ensure independence from the board of directors and the executive management. The members and the chairman of the nomination committee are appointed by the general meeting, which also determines the remuneration of the committee.

The annual general meeting 2010 adopted guidelines governing the duties of the nomination committee. According to these guidelines, the committee shall emphasize that candidates for the board have the necessary experience, competence, and capacity to perform their duties in a satisfactory manner. A reasonable representation with regard to gender and background should also be emphasized.

The chairman of the nomination committee has the overall responsibility for the work of the committee. In the exercise of its duties, the nomination committee may contact, among others, shareholders, the board, management, and external advisors. The nomination committee shall also ensure that its recommendations are endorsed by the largest shareholders.

Information concerning the nomination committee and deadlines for making suggestions or proposing candidates for directorships will be made available on the company's website, www.akastor.com when there are candidates up for election. For the annual general meeting 8 April 2015, none of the directors are up for election.

8. Composition and Independence of the Board of Directors

Composition

It has been agreed with the employees that the company shall have no corporate assembly. Hence, the board appoints its own chairman, cf. the Public Limited Liability Companies Act section 6-1(2), unless the chairman is appointed by the general meeting. The proposal of the nomination committee will normally include a proposed candidate for appointment as chair of the board of directors. The board of directors appoints its own deputy chair. According to the Public Limited Liability Companies Act, the directors are appointed for a term of two years at a time unless otherwise stated in the company's articles of association. The articles of association of Akastor ASA stipulate that directors may be elected for a period of one to three years.

The right of the employees to be represented and participate in decision making is safeguarded through expanded employee representation on the board of directors of both Akastor ASA and in a number of the group's portfolio companies.

The articles of association stipulate that the board of directors shall comprise six to twelve persons, one third of whom shall be elected by and amongst the employees of the group. In addition, up to three shareholder-appointed alternates may be appointed. The board of directors comprised eight members as per September 29, 2014, five of whom were elected by the shareholders and three of whom were elected by and among the employees. The company encourages the board members to hold shares of the company. The shareholdings of the board members as of December, 31 2014 will be set out in the Management remunerations note to the consolidated annual statements in the annual report for 2014. In addition to Øyvind Eriksen's and Kjell Inge Røkke's indirect ownership of shares in the company, also the directors Lone Fønss Schrøder, Jannicke Sommer-Ekelund and Asbjørn Michailoff Pettersen are currently shareholders in Akastor ASA. The board composition, including the board meeting attendance and information about the board members' background and expertise will be detailed in the annual report for 2014.

The appointment of employee representatives to the board of directors is conducted as prescribed by the Public Limited Companies Act and the Representation Regulations. The board of directors has appointed a designated appointment committee charged with implementing the appointment of such employee representatives.

Independence

A majority of the board members elected by the shareholders are independent of the executive personnel and important business associates. None of the executive personnel of the company are members of the board of directors.

The composition of the board of directors aims to ensure that the interests of all shareholders are attended to, and that the company has the know-how, resources, and diversity it needs at its disposal. Among the five shareholder-elected board members, three of such (Sarah Ryan, Lone Fønss Schrøder and Kathryn M. Baker) are deemed independent from the company's largest indirect shareholder, Aker ASA.

9. The Work of the Board of Directors

Procedures

The board adopts an annual plan for its work. Furthermore, there are rules of procedure for the board of directors, which govern areas of responsibility, duties and the distribution of roles between the board of directors, the chairman of the board of directors and the Chief Executive Officer. The rules of procedure for the board of directors also include provisions on convening and chairing board meetings, decision making, the duty and right of the Chief Executive Officer to disclose information to the board of directors, the duty of confidentiality, etc. According to the company's articles of association, each of the board members elected by the shareholders will serve for a period of one to three years pursuant to further decision by the general meeting. This to provide the nomination committee with the flexibility to propose varying terms of service for the candidates.

Meetings

The board of directors will hold board meetings whenever needed, but normally six to twelve times a year. The need for extraordinary board meetings may typically arise because the internal authorization structure of the company requires the board of directors to deliberate and approve material tenders to be submitted by the company. Whilst the deadlines for such submission often change, it is difficult to fit this into the calendar of ordinary board meetings.

The board of directors held ten ordinary board meetings in 2014, and in addition, two extraordinary board meetings were held. The total attendance rate at board meetings for 2014 was 94 percent.

The Matters Discussed in the board

The Chief Executive Officer prepares cases for deliberation by the board of directors in cooperation with the chairman of the board. Weight is attached to having matters prepared and presented in such a way that the board of directors is provided with an adequate basis for its deliberations. The board of directors has overall responsibility for the management of Akastor and shall, through the Chief Executive Officer, in cooperation with the chairman of the board, ensure that its activities are organized in a sound manner. The board of directors shall adopt plans and budgets for the business, and keep itself informed of the financial position of, and development within, Akastor. This encompasses the annual planning process of Akastor, with the adoption of overall goals and strategic choices for the group, as well as financial plans, budgets, and forecasts for the group and the portfolio companies. The board of directors performs annual evaluations of its work and its know-how.

Audit Committee

Akastor will have an audit committee comprising two to four of the board members. The audit committee currently comprise the directors Lone Fønss Schrøder (chair), Kathryn M. Baker and Asbjørn Michailoff Pettersen. The audit committee is independent from the management.

At least one of the members of the audit committee shall have either formal qualifications within accounting or auditing, or relevant experience and skills within the same. Both members Fønss Schrøder and Baker have such relevant experience and skills. The audit committee has a mandate and a working method that complies with statutory requirements. The audit committee mandate forms an integrated part of the rules of procedures for the board of directors. The committee will participate, on behalf of the board of directors, in the quality assurance of guidelines, policies, and other governing instruments pertaining to Akastor. The audit committee performs a qualitative review of the quarterly and annual reports of Akastor. Significant judgment calls (uncertain estimates) made in the financial statements in the quarter are reviewed by the audit committee. The audit committee further supports the board of directors in safeguarding that the company has sound risk management and internal controls over financial reporting. The audit committee reviews the status on internal controls on an annual basis.

In order to safeguard appropriate processes and assessments, the board's audit committee shall also review major M&A transactions as well as related party transactions which are not part of the company's ordinary course of business, unless such related party transactions are immaterial.

Akastor currently has no remuneration committee as the experiences from having such showed more merit in discussing matters comprised by this committee's mandate with all board members present. As of 31 December 2014, there are no other board committees than the audit committee. The board does not envisage appointing any further board committees in 2015.

10. Risk Management and Internal Control

Governing principles

The board of directors shall ensure that Akastor has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The audit committee supports the board of directors in safeguarding that the company has internal procedures and systems that ensure good corporate governance, effective internal controls and proper risk management, particularly in relation to financial reporting. The Chief Financial Officer reports directly to the audit committee on matters relating to financial reporting, financial risks and internal controls.

Akastor has implemented an internal system for reporting serious matters such as breaches of ethical guidelines and violations of the law. In 2015, it is the ambition of the company that such reporting system will also be made available to external parties on www.akastor.com.

Risk Management

The board of directors carries out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

Akastor employs a decentralised model for allocating managerial responsibility under which the portfolio companies are required to establish their own risk management and control systems. Akastor's representatives on boards of directors seek to ensure that the portfolio companies follow the principles of sound corporate governance.

Akastor manages risk through an internal framework both on a corporate and portfolio company level comprising guidelines, policies and procedures intended to ensure good business operations and provide unified and reliable financial reporting. Some of these are adopted already, while some are work in progress. The board of directors has adopted an authorisation matrix that forms part of its governing documents where authority is delegated to the Akastor Chief Executive Officer. Furthermore, authorization matrices are adopted for each of the group's portfolio companies, pursuant to which the Akastor Chief Executive Officer delegates authority to the boards and CEOs of the respective portfolio companies, which again adopts authorization matrices for the portfolio organizations. Special expenditure approval procedures have also been developed.

The board receives and reviews risk reports prepared by the management. The management's risk reporting is based on the total level of insight obtained through regular reporting and the close cooperation that Akastor has with the portfolio companies, including from Akastor's investment directors and board representatives. The management of operational risk primarily occurs in the underlying portfolio companies, although Akastor acts as an active driver through its involvement in the boards.

Akastor's management holds review meetings with the management of the different portfolio companies. The purpose of the meetings is to conduct an in-depth review of the development of each portfolio company, focusing on operations, risk management, market conditions, the competitive situation and strategic issues. These meetings provide a solid foundation for Akastor's assessment of its overall financial and operational risk.

Prior to the board's review of risk reporting, the audit committee reviews the reported risks and associated risk-reducing measures. The audit committee also reviews the company's in-house reporting systems and internal control and risk management, and prepares the board's review of financial reporting.

Financial Reporting
The corporate financial reporting division reports to the Chief Financial Officer and is responsible for the external reporting process and the internal management reporting process. This also includes assessing financial reporting risks and internal controls over financial reporting in the group. The internal management reporting consists of both financial and operational information.

The consolidated external financial statements are prepared in accordance with IFRS and IAS standards as approved by the EU. The existing policies and standards governing the annual and quarterly financial reporting in the group, including the Akastor accounting principles, are available on the Akastor intranet for Akastor employees.

Clearing meetings are held with the management teams of the portfolio companies in connection with the annual closing of accounts and may also be held in connection with quarterly financial reporting. For the 2014 financial year, clearing meetings were held in October 2014 and January 2015. The main purpose is to ensure high-quality financial reporting. Such meetings focus on important items involving estimation and judgment, non-balance-sheet items, new or modified accounting principles and other topics relevant to the respective portfolio companies. The external auditor is present in the clearing meetings. In addition, there are regular business review and board meetings in the portfolio companies which ensures reporting from the portfolio companies to the corporate management.

Regular reports for Akastor ASA and the portfolio companies are submitted to the board of directors. The quarterly business update contains key financial numbers, M&A, financing, status of value creation plans, compliance, risk management and share price information for the Akastor group. Further, it contains key financial numbers, key operational topics, status on value drivers as well as key market information for the main portfolio companies. The monthly business update contain high level financial and operational information for the Akastor group, as well as key highlights for the main portfolio companies.

11. Remuneration of the Board of Directors

The remuneration of the board of directors will reflect its responsibilities, know-how and time commitment, as well as the complexity of the business. The remuneration will be proposed by the nomination committee, and is not performance-related or linked to options in Akastor. More detailed information about the remuneration of individual board members will be provided in the Management remunerations note to the consolidated financial statements for the group in the annual report for 2014. Neither the board members, nor companies with whom they are affiliated, should accept specific paid duties for Akastor beyond their directorships. If they nevertheless do so, the board of directors shall be informed and the reward shall be approved by the board of directors. No remuneration shall be accepted from anyone other than the company or the relevant group company in connection with such duties.

12. Remuneration of Executive Personnel

The board of directors has adopted designated guidelines for the remuneration of executive management pursuant to the provisions of Section 6-16a of the Public Limited Liability Companies Act. The guidelines were adopted by the general meeting April 10, 2014. The board of director's statement on the remuneration of executive personnel for 2014/2015 will be a separate appendix to the agenda for the annual general meeting on April 8, 2015.

Akastor has no option schemes or option programs for the allotment of shares to employees. The Chief Executive Officer determines the remuneration of executive management on the basis of the guidelines laid down by the board of directors. All performance-related remuneration within the group will be made subject to a cap.

13. Information and Communication

The company has adopted a designated investor relations policy which covers, among other things, guidelines for the company's contact with shareholders other than through general meetings. Extracts from the policy is available on the company's website.

The company's reporting of financial and other information is based on openness and the equal treatment of all securities market players. The long-term purpose of the IR function is to ensure access for the company to capital on competitive terms, whilst at the same time ensuring that the shareholders are provided with the most correct pricing of the shares that can be achieved. This shall take place through the correct and timely distribution of price-sensitive information, whilst ensuring, at the same time, that the company is in compliance with applicable rules and market practices. Reference is also made to the above discussion concerning the flow of information between Akastor and Aker ASA in connection with their cooperation within, inter alia, strategy, transactions, and funding.

All stock exchange announcements and press releases are made available on the company's website, and stock exchange announcements are also available on www.newsweb.no. All information sent to the shareholders is posted on the company's website at the same point of time. The company holds open presentations in connection with the reporting of financial performance, and these presentations are broadcasted live via the internet. The financial calendar of the company will be made available on the company's website.

14. Take-overs

The overriding principle for Akastor is equal treatment of shareholders. In a bid situation, the board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business actitivities are not disrupted unnecessarily. In a take-over situation, the board will have a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

Aker ASA has undertaken to retain control of Aker Kværner Holding AS for a minimum of ten years from June 2007. The board of directors has not deemed it appropriate to adopt specific guidelines for takeover situations for as long as the ownership cooperation context within Aker Kværner Holding AS remains intact. This is a deviation from the Code of Practice.

15. Auditors

The external auditor annually presents a plan for the performance of the audit work to the audit committee. In addition, the auditor provides the board of directors with a written confirmation to the effect that the independence requirement is met annually. The auditor attends all audit committee meetings, and the auditor has reviewed any material changes to the accounting principles of the company, or to the internal controls of the company, with the audit committee. The external auditor also attends the board meeting where the annual financial statements are reviewed and approved, normally in March. The board of directors holds a minimum of one annual meeting with the auditor without any executive personnel being in attendance.

The board's audit committee stipulates guidelines on the scope for using the auditor for services other than auditing, and makes recommendations to the board of directors concerning the appointment of the external auditor and the approval of the auditor's fees. Fees payable to the auditor, separated into those relating to auditing and those relating to other services, are specified in the Other operating expenses note to the consolidated financial statements for the group. For the approval of the auditor's fees by the annual general meeting, the fees are specified into those relating to auditing and those relating to other services in the proposed resolutions to the general meeting.

The external auditor has issued a statement to the chair of the audit committee confirming its independence.

06. FINANCIALS AND NOTES

AKASTOR GROUP

Akastor Group | Consolidated income statement

For the year ended December 31

Amounts in NOK million	Note	2014	Restated[1] 2013
Operating revenue	7	21 155	18 388
Other income	7	277	60
Total revenue and other income		21 432	18 448
Materials, goods and services	37	(12 742)	(10 230)
Salaries, wages and social security costs	8	(5 104)	(4 819)
Other operating expenses	10	(2 206)	(2 044)
Operating expenses before depreciation, amortization and impairment		(20 052)	(17 093)
Operating profit before depreciation, amortization and impairment		1 380	1 355
Depreciation and amortization	14, 15, 16	(922)	(749)
Impairment	14, 15, 16	(1 164)	(370)
Operating profit (loss)		(706)	235
Finance income	11	119	47
Finance expenses	11	(568)	(583)
Profit (loss) on foreign currency forward contracts	11	(372)	84
Profit (loss) from equity-accounted investees	18	(126)	(25)
Profit (loss) before tax		(1 653)	(242)
Income tax expense	12, 37	266	4
Profit (loss) from continuing operations		(1 387)	(238)
Profit from discontinued operations (net of income tax)	5, 37	3 880	1 362
Profit for the period		2 493	1 124
Profit for the period attributable to:			
Equity holders of the parent company	37	2 482	1 114
Non-controlling interests		11	10
Profit for the period		2 493	1 124

[1] *Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to Note 37.*

	Note	2014	2013
Earnings per share (NOK)	13, 37		
Basic earnings per share		9.13	4.11
Diluted earnings per share		9.13	4.11
Earnings per share continuing operations (NOK)	13, 37	(5.09)	(0.87)
Basic earnings per share		(5.09)	(0.87)
Diluted earnings per share			

Akastor Group | Consolidated statement of comprehensive income

For the year ended December 31

Amounts in NOK million	Note	2014	2013
Profit for the period		2 493	1 124
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges, effective portion of changes in fair value		(942)	495
Deferred tax of cash flow hedges, effective portion of changes in fair value		254	(134)
Cash flow hedges, reclassification to income statement		345	(134)
Deferred tax of cash flow hedges, reclassification to income statement		(99)	40
Total change in hedging reserve, net of tax		(442)	267
Change in fair value reserve	19	(168)	49
Currency translation differences - foreign operations		939	973
Total items that may be reclassified subsequently to profit or loss, net of tax		329	1 289
Items that will not be reclassified to profit or loss:			
Remeasurement gain (loss) net defined benefit liability	27	(70)	25
Deferred tax of remeasurement gain (loss) net defined benefit liability		19	(7)
Total items that will not be reclassified to profit or loss, net of tax		(51)	18
Total other comprehensive income, net of tax		278	1 307
Total comprehensive income for the period, net of tax		2 771	2 431
Attributable to:			
Equity holders of the parent company		2 750	2 427
Non-controlling interests		21	4
Total comprehensive income for the period		2 771	2 431

Akastor Group | Consolidated statement of financial position

For the year ended December 31

Amounts in NOK million	*Note*	Dec 31, 2014	Restated[1] Dec 31, 2013	Restated[1] Dec 31, 2012
Assets				
Non-current assets				
Property, plant and equipment	14	**6 469**	9 457	10 041
Investment property	15	**707**	358	-
Deferred tax assets	12	**214**	600	570
Intangible assets	16	**3 122**	8 242	6 884
Non-current interest-bearing receivables	17	**131**	159	672
Other non-current operating assets		**691**	162	168
Equity-accounted investees	18	**264**	440	283
Other investments	19	**347**	645	569
Total non-current assets		**11 945**	20 063	19 187
Current assets				
Current tax assets	12	**43**	106	68
Inventories	21, 37	**1 785**	2 419	2 360
Trade and other receivables	22	**7 178**	17 586	16 524
Derivative financial instruments	32	**2 199**	1 544	441
Current interest-bearing receivables	17, 37	**205**	511	421
Cash and cash equivalents	23	**1 075**	2 345	1 214
Assets classified as held for sale	5, 37	**-**	3 367	-
Total current assets		**12 485**	27 878	21 028
Total assets		**24 430**	**47 941**	**40 215**
Equity and liabilities				
Equity				
Issued capital	24	**162**	455	455
Treasury shares		**(2)**	(3)	(6)
Other capital paid in		**1 534**	1 534	1 534
Reserves		**742**	192	(1 121)
Retained earnings	37	**6 942**	11 036	10 961
Total equity attributable to the equity holders of the parent company		**9 378**	13 214	11 823
Non-controlling interests		**-**	161	157
Total equity		**9 378**	13 375	11 980
Non-current liabilities				
Non-current borrowings	25	**4 720**	7 420	6 683
Employee benefits obligations	27	**473**	748	805
Deferred tax liabilities	12, 37	**483**	2 057	1 828
Other non-current liabilities	26	**285**	356	415
Total non-current liabilities		**5 961**	10 581	9 731
Current liabilities				
Current borrowings	25	**308**	3 896	1 008
Current tax liabilities	12	**97**	38	37
Provisions	28	**395**	872	1 173
Trade and other payables	29	**6 429**	17 409	16 012
Derivative financial instruments	32	**1 861**	834	274
Liabilities classified as held for sale	5, 37	**-**	936	-
Total current liabilities		**9 090**	23 985	18 504
Total liabilities		**15 051**	34 566	28 235
Total liabilities and equity		**24 430**	**47 941**	**40 215**

[1] *Certain amounts shown here do not correspond to the 2012 and 2013 financial statements and reflect adjustments made, refer to Note 37.*

Oslo, March 13, 2015 | Board of Directors of Akastor ASA

Øyvind Eriksen | Chairman

Lone Fønns Schrøder

Kjell Inge Røkke

Kathryn Moore Baker

Sarah Elizabeth Ryan

Jannicke Sommer-Ekelund

Stig Willy Faraas

Asbjørn Michailoff Pettersen

Frank Ove Reite | CEO

Akastor Group | Consolidated statement of changes in equity

For the year ended December 31

Amounts in NOK million	*Note*	Share capital	Treasury shares	Other capital paid in	Retained earnings	Hedging reserve[1]	Currency translation reserve[1]	Remeasurement gain (loss) net defined benefit obligations	Fair value reserve[1]	Total parent company equity holders	Non-controlling interests	Total equity
Equity as of January 1, 2013		455	(6)	1 534	10 961	144	(1 157)	(227)	119	11 823	157	11 980
Restatement		-	-	-	(37)	-	-	-	-	(37)	-	(37)
Restated equity as of January 1, 2013		**455**	**(6)**	**1 534**	**10 924**	**144**	**(1 157)**	**(227)**	**119**	**11 786**	**157**	**11 943**
2013												
Profit for the period		-	-	-	1 114	-	-	-	-	1 114	10	1 124
Other comprehensive income		-	-	-	-	267	979	18	49	1 313	(6)	1 307
Total comprehensive income		**-**	**-**	**-**	**1 114**	**267**	**979**	**18**	**49**	**2 427**	**4**	**2 431**
Transactions with equity holders												
Dividend	24	-	-	-	(1 082)	-	-	-	-	(1 082)	-	(1 082)
Treasury shares	24	-	3	-	180	-	-	-	-	183	-	183
Employee share purchase program	8, 24	-	-	-	(100)	-	-	-	-	(100)	-	(100)
Total transactions with equity holders		**-**	**3**	**-**	**(1 002)**	**-**	**-**	**-**	**-**	**(999)**	**-**	**(999)**
Equity as of December 31, 2013		**455**	**(3)**	**1 534**	**11 036**	**411**	**(178)**	**(209)**	**168**	**13 214**	**161**	**13 375**
2014												
Profit for the period		-	-	-	2 482	-	-	-	-	2 482	11	2 493
Other comprehensive income		-	-	-	-	(442)	929	(51)	(168)	268	10	278
Total comprehensive income		**-**	**-**	**-**	**2 482**	**(442)**	**929**	**(51)**	**(168)**	**2 750**	**21**	**2 771**
Transactions with equity holders												
Demerger of New Aker Solutions		(293)	2	-	(5 428)	388	(105)	(1)	-	(5 437)	(182)	(5 619)
Dividend	24	-	-	-	(1 115)	-	-	-	-	(1 115)	-	(1 115)
Treasury shares	24	-	(1)	-	(59)	-	-	-	-	(60)	-	(60)
Employee share purchase program	8, 24	-	-	-	26	-	-	-	-	26	-	26
Total transactions with equity holders		**(293)**	**1**	**-**	**(6 576)**	**388**	**(105)**	**(1)**	**-**	**(6 586)**	**(182)**	**(6 768)**
Equity as of December 31, 2014		**162**	**(2)**	**1 534**	**6 942**	**357**	**646**	**(261)**	**-**	**9 378**	**-**	**9 378**

[1] *See note 24 Capital and reserves for more information.*

Akastor Group | Consolidated statement of cash flow

For the year ended December 31

Amounts in NOK million	Note	2014	Restated[1] 2013
Cash flow from operating activities			
Profit for the period - continuing operations		**(1 387)**	(237)
Profit for the period - discontinued operations		**3 880**	1 362
Profit for the period		**2 493**	1 125
Adjustments for:			
Income tax expense		**167**	502
Net interest cost and unrealized currency (gain) loss		**347**	1 054
(Profit) loss on foreign currency forward contracts		**436**	(262)
Depreciation, amortization and impairment	14, 15, 16	**2 392**	1 872
(Profit) loss on disposals and non-cash effects		**(2 956)**	(66)
(Profit) loss from equity-accounted investees		**51**	24
Total adjustments		**2 997**	4 249
Changes in operating assets		**(1 578)**	(191)
Cash generated from operating activities		**1 353**	4 058
Interest paid		**(696)**	(796)
Interest received		**136**	149
Income taxes paid		**(312)**	(333)
Dividends received		**7**	-
Net cash from operating activities		**488**	**3 078**
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash acquired		**(126)**	(1 136)
Acquisition of property, plant and equipment	14	**(1 302)**	(2 651)
Payments for capitalized development	16	**(639)**	(821)
Proceeds from sale of subsidiaries, net of cash	5	**5 948**	-
Proceeds from sale of property, plant and equipment	14, 15	**15**	39
Proceeds from sale of equity-accounted investements		**124**	20
Acquisition of equity-accounted investments		**(11)**	-
Proceeds from other investments		**21**	29
Proceeds from repayment of interest-bearing receivables		**513**	293
Payment related to increase in interest-bearing receivables		**(42)**	(25)
Net cash from investing activities		**4 499**	**(4 252)**
Cash flow from financing activities			
Proceeds from borrowings		**3 770**	4 182
Repayment of borrowings		**(7 963)**	(901)
Repurchase of treasury shares	24	**(60)**	(100)
Proceeds from employees share purchase program	24	**26**	183
Contribution from non-controlling interests		**6**	-
Dividends to shareholders	24	**(1 115)**	(1 082)
Net cash from financing activities		**(5 336)**	**2 282**
Effect of exchange rate changes on cash and bank deposits		**142**	23
Net increase (decrease) in cash and bank deposits		**(206)**	1 131
Demerger of New Aker Solutions[2]		**(1 064)**	-
Cash and cash equivalents at the beginning of the period		**2 345**	1 214
Cash and cash equivalents at the end of the period	23	**1 075**	**2 345**
Of which is restricted cash		**39**	34

[1] *Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to Note 37.*

[2] *Refer to Note 5 for more information about the demerger.*

Note 1 | Corporate information

Akastor ASA (the Company) is a limited liability company incorporated and domiciled in Norway and whose shares are publicly traded. The registered office is located at Fjordalléen 16, Oslo. The ultimate parent company is The Resourcec Group TRG AS.

On 26 September, 2014, the demerger of Akastor was completed and Aker Solutions Holding ASA ("New Aker Solutions"), a subsidiary of Akastor ASA established for the purposes of the demerger, was listed on the Oslo Stock Exchange on September 29, 2014. At the same time Aker Solutions ASA changed name to Akastor ASA.

The consolidated financial statements of Akastor ASA and its subsidiaries (collectively, the group and separately as group companies) for the year ended 31 December 2014 were approved by the board of directors and CEO on 13 March 2015. The consolidated financial statements will be authorised by the Annual General Meeting on 8 April 2015.

The group is an oil-services investment company with a portfolio of industrial holdings, real estate and other investments. Akastor is listed on the Oslo Stock Exchange under the ticker AKA. Information on the group's structure is provided in Note 34. Information on other related party relationships of the group is provided in note 35.

Note 2 | Basis for preparation

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of December 31, 2014.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis on each reporting date:

- Derivative financial instruments are measured at fair value.
- Available-for-sale financial assets are measured at fair value.
- Contingent consideration assumed in business combinations are measured at fair value.
- Net defined benefit (asset) liability is recognized at fair value of plan assets less the present value of the defined benefit obligation.

Functional and presentation currency

These consolidated financial statements are presented in NOK, which is Akastor ASA's functional currency. All financial information presented in NOK has been rounded to the nearest million (NOK million), except when otherwise stated. The subtotals and totals in some of the tables in these consolidated financial statements may not equal the sum of the amounts shown due to rounding.

When the functional currency in a reporting unit is changed, the effect of the change is accounted for prospectively.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although management believes these assumptions to be reasonable, given historical experience, actual amounts and results could differ from these estimates. The items involving a higher degree of judgement or complexity, and items where assumptions and estimates are material to the consolidated financial statements, are disclosed in note 4 Accounting estimates and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Demerger of Akastor

Several transactions occurred in 2014 in order to demerge Akastor and reorganize the Aker Solutions businesses under the ownership of Aker Solutions Holding ASA (renamed to Aker Solutions ASA). The transactions primarily involved demergers of companies, transfer of shares in subsidiaries and sale of assets. Unsettled balances are presented as interest-bearing payables and receivables to related parties in the financial statements. All transactions related to the restructuring were completed in 2014. See note 34 for overview of group companies in Akastor after the demerger.

The demerger of Akastor is a transaction under common control outside the scope of IFRS 3 Business Combinations and IFRS 17 Distribution of non-cash assets to owners. Akastor has established the accounting policy to account for such transactions at book value and accordingly no gain is recognized in Net profit from discontinued operations.

In preparation of the continuing operations the following key allocations between Akastor and New Aker Solutions were made up until the date of the demerger:

Corporate and other shared costs

Continuing operations include direct expenses as well as allocations arising from certain shared expenses including office facilities, and management fees covering costs related to corporate services provided centrally, such as tax, legal, treasury, compliance, business development, insurance, staffing, risk management, IT support and corporate accounting services. Allocations are made based upon an appropriate allocation method depending upon the nature of the costs. Headcount, square meters and revenues are some of the variables used to perform such allocations.

Allocation of finance costs

Financial items from group finance arrangements have been allocated based on capital employed. Akastor believes that while the basis for allocating such costs is reasonable for prior periods, the amounts may not be representative of the finance costs necessary for Akastor to operate as a separate stand-alone entity.

Changes in accounting policies

Except for the changes below, the group has consistently applied the accounting policies set out in Note 3 Accounting principles to all periods presented in theses consolidated financial statements.

The group adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities
- Amendments to IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

None of these standards have materially impacted the group's financial statements upon implementation and previous years have not been restated. However, adoption of IFRS 10 have affected the group's financial statements indirectly through Aker ASA's revised assessment that they have control of Kvaerner ASA, Akastor ASA and new Aker Solutions ASA under the new standard. Following this change, Kvaerner and new Aker Solutions ASA will be reported as a related party of Akastor as from 2014.

Note 3 | Accounting principles

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date of which control ceases.

Business combinations

Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date of which control is transferred to the group.

The group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less
- the net recognized amount (generally at fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the income statement. Transaction costs, other than those associated with the issue of debt or equity securities incurred in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. Changes in the fair value of the contingent consideration from acquisition of a subsidiary or non-controlling interest for transactions will be recognized in Other income as gains or losses.

When the group has entered into put options with non-controlling shareholders on their shares in that subsidiary, the anticipated acquisition method is used. The agreement is accounted for as if the put option had already been exercised. If the put option expires unexercised, then the liability is derecognized and the non-controlling interest is recognized.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Loss of control

On the loss of control, the group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any resulting gain or loss is recognized in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

Investments in associates and jointly controlled entities

The group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 percent of the voting power of another entity. A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather to its assets and obligations for its liabilities. Jointly controlled entities are those entities over whose activities the group has joint control, established by contractual agreement requiring unanimous consent of the ventures for strategic, financial and operating decisions.

Interests in associates and jointly controlled entities are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit and loss and other comprehensive income of the equity-accounted investees. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and further losses are not recognized except to the extent that the group incurred legal or constructive obligations or has made payments on behalf of the investee.

The purpose of the investment determines where the profits and losses arising from the investment is presented in the income statement. When entities are formed to share risk in executing a project or are closely related to Akastor's operating activities, the share of the profit or loss is reported as part of Other income in operating profit. Share of the profit or loss on financial investments is reported as part of Financial items.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition. Management must be committed to the sale or distribution, which should be expected to qualify for recognition as a completed sale or distribution within one year from the date of classification.

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

No reclassifications are made for years prior to the year non-current assets or disposal groups are first classified as a held for sale or distribution.

Discontinued operations

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

In the consolidated income statement income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Eliminations include inter-segment revenues and interests from discontinued operations only to the extent that these revenues represent operations that will not be continued in future periods.

The statement of cash flow includes the cash flow from discontinued operations. Cash flows attributable to the operating, investing and financing activities of discontinued operations are presented in the notes to the extent these represent cash flows with third parties.

Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate on that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the exchange rates on the date the fair value was determined.

Investments in foreign operations

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates. The results and financial position of all the group entities that have a functional currency different from the group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities, including goodwill and fair value adjustments, for each balance sheet presented are translated at the closing rate on the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates for the year, calculated on the basis of 12 monthly rates.

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are included in comprehensive income as a currency translation reserve. These translation differences are reclassified to the income statement upon disposal of the related operations or when settlement is likely to occur in the near future.

Exchange differences arising on a non-current monetary item where settlement in the near future is not probable forms part of the net investment in that entity. Such exchange differences are recognized in comprehensive income.

Financial assets, financial liabilities and equity

Financial assets and liabilities in the group consists of investments in other companies, trade and other receivables, interest-bearing receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings.

The group initially recognizes borrowings and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

Other investments
Other investments include equity securities where the group has neither control nor significant influence, usually represented by less than 20 percent of the voting power. The investments are categorised as available-for-sale financial assets and are recognized initially at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit and loss. Impairment losses are recognized in the income statement when the decrease in value is significant or prolonged.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

Trade and other receivables
Trade receivables are recognized at the original invoiced amount, less an allowance made for doubtful receivables. Other receivables are recognized initially at fair value. Trade and other receivables are valued at amortized cost using the effective interest rate method. The interest rate element is disregarded if insignificant, which is the case for the majority of the group's trade receivables.

Current interest-bearing receivables
Current interest bearing receivables include bonds, securities and mutual funds with short-term maturity. These assets are designated upon initial recognition as at fair value through profit and loss.

Non-current interest-bearing receivables
Interest bearing receivables include loans to related parties and other receivables with fixed or determinable payments that are not quoted in an active market. Such financial assets are recognized initially at fair value and subsequent measurement at amortized cost using the effective interest method, less any impairment losses.

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

Trade and other payables
Trade payables are recognized at the original invoiced amount. Other payables are recognized initially at fair value. Trade and other payables are valued at amortized cost using the effective interest rate method. The interest rate element is disregarded if it is insignificant, which is the case for the majority of the group's trade payables.

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

Share capital
Ordinary shares are classified as equity. Repurchase of share capital is recognized as a reduction in equity and is classified as treasury shares.

Derivative financial instruments
The group uses derivative financial instruments such as currency forward contracts and currency swaps to hedge its exposure to foreign exchange risks arising from operational, financial and investment activities. These derivative financial instruments are accounted for as cash flow hedges since future highly probable cash flows are hedged (rather than committed revenues and expenses). The group also has embedded foreign exchange derivatives which have been separated from their ordinary commercial contracts. Derivative financial instruments are recognized initially at fair value. Derivatives are subsequently measured at fair value, and changes in fair value is accounted for as described below.

Cash flow hedges
Hedging of the exposure to variability in cash flows that is attributable to a particular risk or a highly probable future cash flow is defined as a cash flow hedge. The effective portion of changes in the fair value is recognized in other comprehensive income as a hedge reserve. All foreign exchange exposure is hedged, of which about 80 percent qualifies for hedge accounting. The gain or loss relating to the ineffective portion of derivative hedging instruments is recognized immediately in the income statement within finance income and expense. Amounts accumulated in hedge reserves are reclassified to the income statement in the periods when the hedged item is recognized in the income statement.

Hedge accounting is discontinued when the hedge no longer qualifies for hedge accounting. Disqualification occurs when the hedging instrument expires, is sold, terminated or exercised, or when a forecast transaction is no longer expected or the hedge is no longer effective. When a hedge is disqualified the cumulative gain or loss that was deferred in the hedge reserve is recognized immediately in the income statement unless it relates to a future cash flow that is likely to occur, but don't classify for hedge accounting, in which the accumulated hedge reserve remains in other comprehensive income until the hedged cash flow is recognized in income statement.

Net investment hedges
A hedge of a net investment in a foreign operation is accounted for similarly to cash flow hedges. Gains or losses arising from the hedging instruments relating to the effective portions of the net investment hedges are recognized in other comprehensive income as translation reserves. These translation reserves are reclassified to the income statement upon disposal of the hedged net investments, offsetting the translation differences from these net investments. Any ineffective portion is recognized immediately in the income statement within net financial items. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

Embedded derivatives
An embedded derivative is any contract embedded in a host contract which meets the definition of a derivative. Under certain conditions the embedded derivative must be separated from its host contract and the derivative is then to be recognized and measured as any other derivative in the financial statements. Embedded derivatives must be separated when the settlement for a commercial contract is denominated in a currency different from any of the major contract parties' own functional currency, or that the contract currency is not considered to be commonly used for the relevant economic environment defined as the countries involved in the cross-border transaction. Changes in the fair value of separated embedded derivatives are recognized immediately in the income statement. All foreign currency exposure is hedged, so the hedging instrument to the embedded derivative will also have corresponding opposite fair value changes in the income statement.

Financial income and expense
Financial income and expense includes interest income and expense on financial assets and liabilities, foreign exchange gains and losses, dividend income and gains and losses on derivatives. Interest income and expenses includes calculated interest using the effective interest method, in addition to discounting effects from assets and liabilities measured at fair value. Gains and losses on derivatives include effects from derivatives that do not qualify for hedge accounting and embedded derivatives, in addition to the ineffective portion of qualifying hedges.

Revenue recognition
Construction contracts
Construction contract revenues are recognized using the percentage of completion method. Stage of completion is determined by the method that measures reliably the work performed. Depending on the nature of the contract, the two main methods used by Akastor to assess stage of completion are:

- Technical completion, or
- contract costs incurred to date compared to estimated total contract costs.

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognized only to the extent of costs incurred that are expected to be recoverable. The revenue recognized in one period will be the revenues attributable to the period's progress and the progress to date effect of any changes to the estimated final outcome. Losses on contracts are fully recognized when identified.

Contract revenues include variation orders and incentive bonuses when it is probable that they will result in revenue that can be measured reliably. Disputed amounts and claims are only recognized when negotiations have reached an advanced stage, customer acceptance is highly likely and the amounts can be measured reliably. Options for additional assets are included in the contract when exercised by the buyer. In the rare circumstances that the option is a loss contract, the full loss is recognized when it is probable that the options will be exercised.

See note 4 Accounting estimates and judgements for further description of recognition of construction contract revenue.

Goods sold and services rendered
Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, which is usually when goods are shipped to customers. Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date or is invoiced based on hours performed at agreed rates. The stage of completion is normally assessed based on the proportion of costs incurred for work performed to date compared to the estimated total contract costs. No revenue is recognized if there is significant uncertainty regarding recovery of consideration due.

Lease income
Revenue from time charters and bareboat charters are recognized daily over the term of the charter. The company does not recognize revenue during days that the vessel is off-hire. Other rental income from operating leases, mainly related to investment properties and office leases, is recognized as revenue on a straight-line basis over the term of the relevant lease.
Lease income is in included operating service revenue.

Other income
Gains and losses resulting from acquisition and disposal of businesses which do not represent discontinued operations are included in Other income within operating profit. Such gains may result from the remeasurement of a previously held interest in the acquired entity. Changes in the fair value of the contingent consideration from acquisition of a subsidiary or non-controlling interest are recognized in Other income as gains or losses.

Share of profit from associated companies and jointly controlled operations, to the extent that these investments are related to the group's operating activities, are included in Other income within operating profit, as well as gains and losses related to the sale of operating assets.

Expenses
Construction contracts
Contract costs include costs that relate directly to the specific contract and allocated costs that are attributable to general contract activity. Costs that cannot be attributed to contract activity are expensed. Tender costs are capitalized when it is probable that the company will obtain the contract. All other bidding costs are expensed as incurred. See note 4 Accounting estimates and judgements for further description of recognition of construction contract costs.

Lease payments
Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Any lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Income tax
Income tax in the income statement for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or in comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends, recognized at the same time as the liability to pay the related dividend.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Goodwill not deductible for tax purposes
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit

- Differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Construction work in progress

Construction work in progress represents the aggregate amount of costs incurred and recognized profits, less the sum of recognized losses and progress billings. The presentation in the balance sheet of the construction work in progress depends on the financial status of the individual projects. All projects with net amounts due from customers are summarised in the balance sheet and presented as an asset, and all projects with net amounts due to customers are summarised and presented as a liability in the balance sheet. Advances are presented separately as such advances represent payments from customers in excess of the work performed.

Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment

Trade and other receivables

Provision is made when there is objective evidence that the group will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. The impairment is recognized in financial items to the extent that it is caused by the insolvency of the customer.

Available-for-sale financial assets

Equity investments classified as available-for-sale are considered to be impaired when there is a significant (more than 20 percent) or prolonged (more than 6 months) decline in fair value of the investment below its cost. Any subsequent increase in value on available-for-sale assets is considered to be a revaluation and is recognized in other comprehensive income.

Other financial assets

The recoverable amount of receivables carried at amortized cost are calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (the effective interest rate computed at initial recognition of the financial assets). Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

Non-financial assets

The carrying amounts of the group's assets, other than employee benefit assets, inventories, deferred tax assets and derivatives are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the asset's recoverable amount is estimated. Cash-generating units (CGU) containing goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually.

The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in the income statement.

An impairment loss recognized in respect of CGU is allocated first to goodwill and then to the other assets in the unit (group of units) on a pro rata basis.

An impairment loss on goodwill is not reversed. An impairment loss on other assets is reversed if there has been a change in the estimates used to determine the recoverable amount, and the change can be objectively related to an event occurring after the impairment was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized in the balance sheet when the group has a present obligation as a result of a past event that can be estimated reliably and it is probable that the group will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a market based pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the liability-specific risks. The unwinding of the discount is recognized as a finance cost.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognizes any impairment loss on the assets associated with the contract.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, borrowing costs on qualifying assets, production overheads and the estimated costs of dismantling and removing the assets and restoring the site on which they are located.

If components of property, plant and equipment have different useful lives, they are accounted for as separate components.

Subsequent costs

The group capitalizes the cost of a replacement part or a component of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are expensed as incurred.

Depreciation

Depreciation is normally recognized on a straight-line basis over the estimated useful lives of property, plant and equipment. The production unit method is used for depreciation in limited circumstances when appropriate.

Investment property

Investment properties are properties held either to earn rental income or for capital appreciation, or for both. These properties are not used in production, deliveries of goods and services, or for administrative purposes. Investment properties are measured at cost applying the same principles as for property, plant and equipment (see description above).

Financial leases

Leases where the group assumes substantially all the risks and rewards of ownership are classified as finance leases. At the beginning of the leasing period, finance leases are recognized at the lower of the fair value of the lease's asset and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as other non-current liabilities except for first year instalment which is recognized as current liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest of the remaining balance of the liability. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term

Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Business combinations.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

When the group disposes of an operation within a CGU or group of CGUs to which goodwill has been allocated, a portion of the goodwill is included in the carrying amount of the operation when determining the gain or loss on disposal. The portion of the goodwill allocated is measured based on the relative values of the operation disposed of and the portion of the CGU retained at the date of partial disposal, unless it can be demonstrated that another method better reflects the goodwill associated with the operation disposed of. The same principle is used for allocation of goodwill when the group reorganizes its businesses.

Research and development

Expenditures on research activities undertaken with the prospect of obtaining new scientific or technical knowledge and understanding is recognized in the income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized include the cost of materials, direct labour overhead costs that are directly attributable to preparing the asset for it intended use and capitalized interest on qualifying assets. Other development expenditures are recognized in the income statement as an expense as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

Other intangible assets

Acquired intangible assets are measured at cost less accumulated amortization and impairment losses.

Subsequent expenditures

Subsequent expenditures on capitalized intangible assets are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are expensed as incurred.

Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortized from the date they are available for use.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

Defined benefit plans

The group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield at the balance sheet date on government bonds or high-quality corporate bonds with maturities consistent with the terms of the obligations.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the income statement.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the income statement. The group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015; however the group has not applied the following new or amended standards expected to be of relevance in preparing these consolidated financial statements.

- IFRS 15 Revenue Recognition was issued in May 2014. The standard is effective from January 2017 pending EU endorsement. The new standard is expected to significantly impact Akastor's financial statements however the extent to which the standard will impact Akastor's revenue recognition has not yet been assessed.
- IFRS 9 Financial instruments becomes mandatory for the group's 2018 consolidated financial statements, pending EU approval. The new standard can change the classification and measurement of financial assets. The group does not plan to adopt this standard early and the extent of the impact has not been determined.
- Amendment to IAS 28 becomes mandatory for the groups 2016 consolidated financial statements, pending EU approval. The amendment is dealing with the sale or contribution of assets between an investor and its associate or joint venture. The extent of the impact has not yet been determined.

Note 4 | Accounting estimates and judgements

Estimates and judgements are continually reviewed and are based on historical experiences and expectations of future events. The resulting accounting estimates will, by definition, seldom accurately match actual results, but are based on the best estimate at the time. Estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

The percentage-of-completion method is used to account for construction contracts. This method requires estimates of the final revenue and costs of the contract, as well as measurement of progress achieved to date as a proportion of the total work to be performed.

The main uncertainty when assessing contract revenue is related to recoverable amounts from variation orders, claims and incentive payments which are recognized when, in the group's judgement, it is probable that they will result in revenue and are measurable. This assessment is adjusted by management's evaluation of liquidated damages to be imposed by customers typically relating to contractual delivery terms. In many projects there are frequent changes in scope of work resulting in a number of variation orders. Normally the contracts with customers include procedures for presentation of and agreement of variation orders. At any point in time, there will be unapproved variation orders and claims included in the project revenue where recovery is assessed as probable and other criteria are met. Even though management has extensive experience in assessing the outcome of such negotiations, uncertainties exist.

Remaining project costs depend on productivity factors and the cost of inputs. Weather conditions, the performance of subcontractors and others with an impact on schedules, commodity prices and currency rates can all affect cost estimates. Experience, systematic use of the project execution model and focus on core competencies reduce, but do not eliminate, the risk that estimates may change significantly. A risk contingency is included in project cost based on the risk register that is prepared for every project.

Progress measurement based on costs has an inherent risk related to the cost estimate as described above. In situations where cost is not seen to properly reflect actual progress, alternative measures such as hours or physical progress are used to achieve more precise revenue recognition. The estimation uncertainty during the early stages of a contract is mitigated by a policy of normally not recognizing revenue in excess of costs on large lump sum projects before the contract reaches 20 percent completion. However, management can on a project-by-project basis give approval of earlier recognition if cost estimates are certain, typically in situations of repeat projects, proven technology or proven execution model.

Warranties

A provision is made for expected warranty expenditures. The warranty period is normally two years. Based on experience, the provision is often set at one percent of the contract value, but can also be a higher or lower amount following a specific evaluation of the actual circumstances for each contract. Both the general one percent provision and the evaluation of project specific circumstances are based on experience from earlier projects. Factors that could affect the estimated warranty cost include the group's quality initiatives and project execution model. Reference is made to note 28 Provisions for further information about provisions for warranty expenditures on delivered projects.

Financial lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Property, plant and equipment and intangible assets

At every balance sheet date, the group considers whether there are indications of impairment on the book values of long-term assets. If such indications exist, a valuation is performed to assess whether or not the asset should be written down for impairment. Such valuations will often have to be based on estimates of future results for a number of cash generating units. References are made to note 14 Property, plant and equipment and note 16 Intangible assets.

Goodwill

In accordance with the stated accounting policy, the group tests annually whether goodwill has suffered any impairment or more frequently if impairment indicators are identified. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and are consistent with the market valuation of the group. Further details about goodwill and impairment reviews are included in note 16 Intangible assets.

Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required to determine the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Provisions for anticipated tax audit issues are based on estimates of eventual additional taxes.

Income tax expense is calculated based on reported income in the different legal entities. Deferred income tax expense is calculated based on the differences between the assets' carrying value for financial reporting purposes and their respective tax basis that are considered temporary in nature. The total amount of income tax expense and allocation between current and deferred income tax requires management's interpretation of complex tax laws and regulations in the many tax jurisdictions where Akastor operates.

Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the near future, planned transactions or planned tax optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability, and such change may affect the results for each future reporting period.

Tax authorities in different jurisdictions may challenge calculation of taxes payable from prior periods. Such processes may lead to changes to prior periods' taxable income, resulting in changes to income tax expense in the period of change. During the period when tax authorities may challenge the taxable income, management is required to make estimates of the probability and size of possible tax adjustments. Such estimates may change as additional information becomes known. Further details about income taxes are included in note 12 Tax.

Fair value measurement of contingent and deferred consideration

Contingent and deferred consideration resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the deferred and contingent consideration meets the definition of a derivative and thus, a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Onerous contracts

The group has entered into several non-cancellable leases for office space which may result in surplus lease space. An obligation for the discounted future payments, net of expected rental income, will in these cases be provided for. Key assumptions in determining the obligations are primarily related to expected market rental growth, void periods and risk-adjusted discount rates.

Pension benefits

The present value of the pension obligations depends on a number of factors determined on the basis of actuarial assumptions. These assumptions include financial factors such as the discount rate, expected salary growth, inflation and return on assets as well as demographical factors concerning mortality, employee turnover, disability and early retirement. Assumptions about all these factors are based on the situation at the time the assessment is made. However, it is reasonably certain that such factors will change over the very long periods for which pension calculations are made. Any changes in these assumptions will affect the calculated pension obligations with immediate recognition in other comprehensive income. Further information about the pension obligations and the assumptions used are included in note 27 Employee benefits - pension.

Legal claims

Given the scope of the group's worldwide operations, group companies are inevitably involved in legal disputes in the course of their activities. Provisions have been made to cover the expected outcome of the disputes in so far as negative outcomes are likely and reliable estimates can be made. However, the final outcome of these cases will always be subject to uncertainties, and resulting liabilities may exceed recorded provisions.

Note 5 | Disposal of subsidiaries and demerger of New Aker Solutions

Disposals and dermerger reported as discontinued operations

Disposal of Mooring and Loading systems business

On October 30, 2013, Akastor agreed to sell its mooring and loading systems business (MLS) to Cargotec. The unit, known for the Pusnes brand name, provides mooring equipment, loading and offloading systems, as well as deck machinery for the global offshore and shipping markets. The division employs about 370 people in Europe, Asia and the Americas and has its main office in Arendal, Norway. The transaction was completed on January 30, 2014.

The amounts in the income statement has been re-presented as discontinued operations. MLS was presented as held for sale in the balance sheet at December 31, 2013.

Disposal of Well-Intervention Services businesses

On November 22, 2013, Akastor agreed to sell its well intervention services businesses (WIS) to EQT. The business provided services that optimize flows from oil reservoirs and its main markets were in the UK and Norway. The division had about 1,500 employees in Europe, Asia, the US and the Middle East. The transaction was completed on January 9, 2014.

The agreement includes an earn-out provision where Akastor will receive 25 percent of any internal rate of return exceeding 12 percent a year on EQT's equity investment.

The amounts in the income statement has been re-presented as discontinued operations. WIS was presented as held for sale in the balance sheet at December 31, 2013.

Demerger of New Aker Solutions

On September 26, 2014, the demerger of Aker Solutions was completed and on September 29, 2014 Aker Solutions Holding ASA ("New Aker Solutions"), a subsidiary of Akastor ASA established for the purposes of the demerger, was listed on the Oslo Stock Exchange. The New Aker Solutions includes activities in the following areas of operation: Subsea, Umbilicals, Maintenance, Modifications and Operations (MMO) and Engineering.

The New Aker Solutions is presented as discontinued operations and held for distribution from July 16, 2014 and the amounts in the income statement have ben re-presented as discontinued operations. According to IFRS 5 no depreciations and amortizations shall be made from the time the held for sale-criteria is met. No gain has been recognized as this is a transaction under common control accounted for at book values.

Combined results from discontinued operations

Amounts in NOK million	2014	2013
Revenue	24 007	32 403
Operating expenses	(22 432)	(30 538)
Financial items	(118)	(21)
Profit before tax	**1 457**	**1 844**
Tax expense	(429)	(482)
Net profit from operating activities	**1 028**	**1 362**
Gain on sale of discontinued operations	2 852	-
Tax expense on gain on sale of discontinued operations	-	-
Net gain from discontinued operations	**2 852**	**-**
Net profit from discontinued operations	**3 880**	**1 362**
Profit from discontinued operations attributable to owners of Akastor	3 867	1 351
Profit from continuing operations attributable to owners of Akastor	(1 387)	(238)

Earnings per share of discontinued operations

Amounts in NOK	2014	2013
Basic earnings per share from discontinued operations	14.21	4.98
Diluted earnings per share from discontinued operations	14.21	4.97

Combined cashflow from discontinued operations

Amounts in NOK million	2014	2013
Net cash from operating activities	589	3070
Net cash from investing activities	4 574	(2 168)
Net cash from financing activities	142	(110)
Effect on cashflow	**5 305**	**792**

Disposal of other subsidiares

Disposal of K2 Hotellbygg AS

On June 4, 2014 Akastor sold the 93 percent shareholding in K2 Hotellbygg AS. The consideration was NOK 175 million and resultet in a gain of NOK 113 million recognized in Other income. The disposal does not represent a separate major line of business, and is not presented as discontinued operations.

Cash effect from disposals and demerger

Amounts in NOK million	
Consideration received, settled in cash	6 204
Cash and cash equivalents disposed of	(256)
Proceeds from disposal of subsidiaries, net of cash	**5 948**
Cash demerger New Aker Solutions	(1 064)
Net cash effect	**4 884**

Effect of all disposals and demerger on the financial position of Akastor

Amounts in NOK million	
Intangible assets	(6 621)
Property, plant and equipment	(5 177)
Other non-current assets	(325)
Current assets	(16 833)
Cash	(1 320)
Non-current liabilities	5 610
Current liabilities	16 942
Net assets and liabilities	**(7 724)**

Note 6 | Operating segments

Basis for segmentation

Following the split of Aker Solutions, Akastor have five reporting segments which are the strategic business units of the group. The strategic business units are managed separately and offer different products and services due to different market segments and different strategies for their projects, products and services:

- MH Wirth is a supplier of drilling systems and drilling lifecycle services globally. The company offers a full range of drilling equipment, drilling riser solutions and related products and services for the drilling market, primarily the offshore sector
- AKOFS Offshore is a global provider of vessel-based subsea well construction and intervention services to the oil and gas industry, covering all phases from conceptual development to project execution and offshore operations.
- Fjords Processing provides wellstream processing technology, equipment and expertise to the upstream oil and gas industry. The company delivers solutions for separation of oil and gas.
- KOP Surface Products is a global supplier of flow control equipment to the oil and gas industry. The main products are valves, wellheads and trees for offshore and land-based surface production.
- Frontica Business Solutions provides a range of corporate services to companies in the oil services industry.

Further, Akastor owns a portfolio of real estate assets, all in Norway. Other investments include mainly 76 percent in Step Oiltools, 50 percent of DOF Deepwater AS, 100 percent in First Geo AS, 7.4 percent of the shares in Ezra Holdings Ltd and 93 percent of Aker Pensjonskasse AS. These are included in Real Estate and other holdings.

Measurement of segment performance

Segment performance is measured by operating profit before depreciation, amortization and impairment (EBITDA) and operating profit (EBIT), as included in the internal management reports that are reviewed by the group's Executive Management Group (the chief operating decision maker). Segment profit, together with key financial information as described below, gives the CEO relevant information in evaluating the results of the operating segments and is relevant in evaluating the results of the segments relative to other entities operating within these industries. Inter-segment pricing is determined on an arm's length basis.

The accounting policies of the reportable segments are the same as described in note 2 Basis of preparation and note 3 Accounting principles, except for hedge accounting. When contract revenues and contract costs are denominated in a foreign currency, the subsidiary hedges the exposure against Corporate Treasury and hedge accounting is applied independently of whether the hedge qualify for hedge accounting in accordance with IFRS. The correction of the non-qualifying hedges to secure that the consolidated financial statements are in accordance with IFRS is made as an adjustment at corporate level. This means that the group's segment reporting reflect all hedges as qualifying even though they may not qualify in accordance with IFRS.

Hedge transactions not qualifying for hedge accounting represent an accounting gain gain of NOK 25 million to EBITDA (loss of NOK 47 million in 2013) and a loss under financial items of NOK 103 million (gain of NOK 84 million in 2013). This is recognized as a group adjustment under Real estate and other holdings.

Information about reportable segments

The segment information in the tables in this note has been restated for prior periods.

2014

Amounts in NOK million	*Note*	MHWirth	Frontica Business Solutions	AKOFS Offshore	Fjords Processing	KOP Surface	Real Estate & other holdings	Elimina-tions	Total
Income statement									
Total external revenue and other income		10 634	4 868	1 542	2 317	1 119	952	-	**21 432**
Inter-segment revenue		47	885	-	4	-	23	(960)	**-**
Total operating revenue and other income		**10 681**	**5 753**	**1 542**	**2 322**	**1 119**	**975**	**(960)**	21 432
Operating profit (loss) before depreciation, amortization and impairment		**941**	**315**	**175**	**52**	**156**	**(260)**	**-**	1 380
Depreciation and amortization	14, 15, 16	(332)	(97)	(292)	(26)	(42)	(133)	-	**(922)**
Impairment	14, 15, 16	(83)	-	(1 001)	-	(4)	(76)	-	**(1 164)**
Operating profit (loss)		**526**	**218**	**(1 117)**	**25**	**109**	**(469)**	**-**	(706)
Profit (loss) from equity-accounted investees[1)]		**-**	**-**	**-**	**4**	**-**	**(55)**	**-**	(51)

1) NOK 75 million is recognized in Other income.

Amounts in NOK million	*Note*	MHWirth	Frontica Business Solutions	AKOFS Offshore	Fjords Processing	KOP Surface	Real Estate & other holdings	Elimina-tions	Total
Assets									
Current operating assets		7 951	1 017	301	1 062	637	442	(206)	**11 204**
Non-current operating assets		3 738	701	4 552	635	328	1 861	-	**11 815**
Operating assets		**11 689**	**1 718**	**4 852**	**1 697**	**966**	**2 303**	**(206)**	23 019
Liabilities									
Current operating liabilities		5 379	1 255	374	1 219	262	500	(206)	**8 782**
Non-current operating liabilities		708	89	167	41	29	208	-	**1 242**
Operating liabilities		**6 087**	**1 343**	**540**	**1 261**	**291**	**708**	**(206)**	10 024
Net current operating assets[1)]		2 573	(237)	(73)	(157)	375	(58)	-	**2 422**
Net capital employed[2)]		5 603	374	4 312	436	674	1 595	-	**12 995**
Cash flow									
Cash flow from operating activities		(52)	297	(167)	34	113	(326)	-	**(101)**
Acquisition of property, plant and equipment		(511)	(110)	(5)	(24)	(22)	(128)	-	**(800)**
Payments for capitalized development		(233)	-	-	(37)	(9)	-	-	**(280)**
Order intake (unaudited)		6 941	8 196	6 140	2 197	1 052	2 097	(1 369)	**25 254**
Order backlog (unaudited)		9 566	2 620	6 186	1 190	659	1 658	(324)	**21 555**
Employees incl. contracts		4 237	1 356	115	617	854	430	-	**7 609**

2013

Amounts in NOK million	*Note*	MHWirth	Frontica Business Solutions	AKOFS Offshore	Fjords Processing	KOP Surface	Real Estate &other holdings	Elimina-tions	Total
Income statement									
Total external revenue and other income		9 384	4 713	906	2 001	871	572	-	**18 448**
Inter-segment revenue		108	967	2	5	2	22	(1 106)	**-**
Total operating revenue and other income		**9 493**	**5 680**	**908**	**2 007**	**873**	**594**	**(1 106)**	18 448
Operating profit (loss) before depreciation, amortization and impairment		**959**	**287**	**7**	**75**	**88**	**(61)**	**-**	1 355
Depreciation and amortization	14, 15, 16	(217)	(97)	(280)	(24)	(26)	(107)	-	**(751)**
Impairment	14, 15, 16	-	-	(367)	1	-	(2)	-	**(368)**
Operating profit (loss)		**742**	**190**	**(640)**	**52**	**62**	**(170)**	**-**	235
Profit (loss) from equity-accounted investees		**3**	**-**	**-**	**-**	**-**	**(29)**	**-**	(25)
Assets									
Current operating assets		5 889	910	451	1 128	737	983	(286)	**9 811**
Non-current operating assets		3 108	544	4 068	483	302	2 747	-	**11 251**
Operating assets		**8 997**	**1 454**	**4 518**	**1 611**	**1 038**	**3 730**	**(286)**	21 062
Liabilities									
Current operating liabilities		4 123	1 159	666	1 178	449	519	(286)	**7 807**
Non-current operating liabilities		851	79	205	24	22	138	-	**1 319**
Operating liabilities		**4 974**	**1 238**	**871**	**1 202**	**471**	**657**	**(286)**	9 127
Net current operating assets[1)]		1 767	(249)	(216)	(50)	288	464	-	**2 003**
Net capital employed[2)]		4 024	216	3 647	409	567	3 073	-	**11 935**
Cash flow									
Cash flow from operating activities		386	180	(242)	(105)	96	(455)	-	**(141)**
Acquisition of property, plant and equipment		(478)	(114)	(607)	(16)	(44)	(122)	-	**(1 380)**
Payments for capitalized development		(251)	-	-	(26)	(15)	-	-	**(292)**
Order intake (unaudited)		9 511	5 766	52	1 959	990	618	(884)	**18 011**
Order backlog (unaudited)		13 004	87	1 722	1 255	570	272	114	**17 025**
Employees incl. contracts		4 011	1 454	127	628	760	502	-	**7 482**

1) Net current operating assets (NCOA) is defined as accounts receivable, accruals, inventories, prepaid expenses including prepaid tax and other operating current assets less accounts payable, accrued expenses, advances from customers, payable tax and other operating current liabilities.

2) Net capital employed is defined as goodwill, intangible assets, fixed assets, investments, other non-current operating assets, deferred tax assets and NCOA less pension and deferred tax liabilities as well as other non-current operating liabilities.

Reconciliations of information on reportable segments to IFRS measures

Amounts in NOK million	*Note*	2014	2013
Assets			
Total segment assets		**23 225**	21 348
Demerger of New Aker Solutions and disposal of subsidiaries	5	**-**	23 864
Cash and cash equivalents	23	**1 075**	2 345
Short-term financial assets	17	**205**	511
Long-term receivables	17	**131**	159
Elimination of intra-group assets		**(206)**	(286)
Consolidated assets		24 430	**47 941**
Liabilities			
Total segment liabilities		**10 230**	9 413
Demerger of New Aker Solutions and disposal of subsidiaries	5	**-**	14 123
Short-term interest-bearing liabilities	25	**308**	3 896
Other long-term liabilities	25	**4 720**	7 420
Elimination of intra-group liabilities		**(206)**	(286)
Consolidated liabilities		15 051	**34 566**

Other material items

Amounts in NOK million	Cash flow from operating activities 2014	2013	Acquisition of property, plant and equipment 2014	2013	Payments for capitalized development 2014	2013
Total segments	**(101)**	(141)	**800**	1 380	**280**	292
Demerger of New Aker Solutions and disposal of subsidiaries	**589**	3 219	**502**	1 271	**359**	529
Consolidated totals	**488**	**3 078**	**1 302**	**2 651**	**639**	**821**

Major customers

Revenue from one customer to all segments represents approximately NOK 4.2 billion (NOK 4.3 billion in 2013) of the group's total revenue. Revenue from another customer to the segments MHWirth and Fjords Processing represents approximately NOK 2.1 billion (NOK 2.3 billion in 2013) of the group's total revenue.

Geographical information

Geographical revenue is presented on the basis of the geographical location of the selling entity. Non-current segment assets and capital expenditures are based on the geographical location of the assets. No single country has revenues or non-current assets higher than 10 percent of the group except Norway.

Amounts in NOK million	Operating revenue and other income 2014	2013	Non-current assets 2014	2013	Capital expenditure 2014	2013
Norway	**13 668**	11 523	**8 087**	7 740	**462**	875
Europe	**2 977**	2 615	**1 571**	1 577	**111**	190
North America	**1 159**	1 078	**736**	604	**29**	34
South America	**501**	472	**751**	246	**252**	22
Asia	**2 054**	1 620	**1 279**	1 167	**203**	510
Australia	**878**	856	**50**	22	**9**	5
Other	**195**	284	**154**	55	**14**	35
Total	**21 432**	**18 448**	**12 627**	**11 411**	**1 080**	**1 672**

Note 7 | Operating revenue and other income

Amounts in NOK million	Note	2014	2013
Construction revenue		**8 653**	7 450
Service revenue		**10 282**	8 916
Product revenue		**2 024**	1 852
Other operating revenue		**131**	139
Rental income from investment property	15	**65**	30
Total operating revenue		**21 155**	**18 388**
Decrease (increase) in contingent considerations from business combinations		**103**	35
Gain on disposal of subsidiaries	5	**113**	-
Deferred gain on disposal of real estate	18	**71**	-
Profit (loss) from equity-accounted investees	18	**4**	-
Accounting gain (loss) on disposals of assets		**(14)**	25
Total other income		**277**	**60**

Note 8 | Salaries, wages and social security costs

Amounts in NOK million	Note	2014	2013
Salaries and wages including holiday allowance		**4 200**	3 928
Social security tax/National insurance contribution		**528**	549
Pension cost	27	**165**	148
Other employee costs		**211**	194
Salaries, wages and social security costs		**5 104**	**4 819**

Loans to employees are shown in note 17 Interest-bearing receivables. No guarantees are granted to any employee.

Share purchase program for employees

Akastor's share purchase program in 2014 gave eligible employees the opportunity to purchase shares of up to NOK 60 000 with a reduction of 25 percent in addition to NOK 1 500. To the extent possible under local law, the shares purchased by each employee were funded by a loan provided by the local employer company. The loan is repaid by salary deductions over a period of 12 months. In total 567 employees from nine countries participated in the share purchase program.

Management was also invited to take part in a separate manager share program allowing eligible managers to purchase shares for an amount equal to 25 percent of their salary with a reduction of 25 percent on the share price. In total 27 employees from three countries participated in the manager share purchase program.

All shares purchased under the programs described above are subject to a three year lock-up period under which the acquired shares may not be sold or otherwise disposed of.

See also note 36 Management remunerations for more details about share purchase program for Akastor's executive management.

Note 9 | Operating leases

Group as lessee

Total non-cancellable operating lease commitments

Amounts in NOK million	2014	2013[1]
Contracts due within one year	**729**	1 366
Contracts running from one to five years	**2 174**	3 603
Contracts running for more than five years	**602**	2 761
Total	**3 505**	**7 730**

[1] The amounts in 2013 include discontinued operations

Minimum sublease income to be received in the future amounts to NOK 4 million (NOK 32 million in 2013) and relates mainly to sublease of office buildings.

Lease and sublease payments recognized in the income statement

Amounts in NOK million	2014	2013[1]
Minimum lease payments	**1 141**	1 284
Contingent rents	**-**	32
Sublease income	**(3)**	(5)
Total	**1 138**	**1 311**

[1] The amounts in 2013 are presented for continuing operations only

The group has operating lease costs for buildings that relate to rentals on a large number of locations worldwide. The leases typically run for a period of 12-15 years, with an option to renew the lease at market conditions.

Vessel lease costs relate to operations in AKOFS Offshore, and include AKOFS Seafarer and Skandi Santos for the full year and Aker Wayfarer for nine months until the vessel was recognized as finance lease, refer to note 25 Borrowings for more information. The AKOFS Seafarer vessel was acquired in February 2015. Skandi Santos lease contract runs for a period of 5 years, with an option to renew 5 times of 1 year each. The contract is in its first year of option.

The group also has operating lease costs related to IT equipment, cars and inventory. These leases have an average life of 3-5 years with no renewal option included in the contracts.

Group as lessor

Total non-cancellable operating lease income

Amounts in NOK million	2014	2013[1]
Contracts due within one year	**799**	655
Contracts running from one to five years	**2 928**	347
Contracts running for more than five years	**1 958**	343
Total	**5 685**	**1 345**

[1] The amounts in 2013 include discontinued operations

Lease income recognized in the income statement

Operating lease income relates mainly to the vessel Skandi Santos, AKOFS Seafarer and Aker Wayfarer, investment properties, offices leases to Aker Solutions and to the rental business in Step Oiltools.

Note 10 | Other operating expenses

Other operating expenses amount to NOK 2.2 billion in 2014 (NOK 2.0 billion in 2013). The expenses include operating lease costs (see note 9 Operating leases), travelling expenses, audit fees and other expenses mainly related to premises, electricity and maintenance.

Fees to KPMG

	Akastor ASA		Subsidiaries		Total	
Amounts in NOK million	2014	2013	2014	2013	2014	2013
Audit	**4**	4	**12**	9	**16**	13
Other assurance services[1]	**18**	-	**1**	3	**19**	3
Tax services	**-**	-	**1**	1	**1**	1
Other non-audit services	**1**	-	**1**	2	**2**	2
Total	**23**	**4**	**15**	**15**	**38**	**19**

[1] *NOK 18 million relates to services provided related to the demerger of the group. The amount has been recharged to New Aker Solutions.*

Note 11 | Finance income and expenses

Amounts in NOK million	2014	2013
Profit (loss) on foreign currency forward contracts	**(372)**	84
Interest income on bank deposits measured at amortized cost	**43**	37
Net foreign exchange gain	**64**	5
Other finance income	**12**	5
Finance income	**119**	47
Interest expense on financial liabilities measured at amortized cost	**(341)**	(526)
Finance charges under finance leases	**(57)**	-
Interest expense on financial liabilities measured at fair value	**(8)**	(13)
Net foreign exchange loss	**(9)**	(26)
Impairment on available for sale assets	**(97)**	-
Other financial expenses	**(56)**	(18)
Finance expenses	**(568)**	(583)
Net finance expenses recognized in profit and loss	**(821)**	(452)

See note 33 Financial instruments for information of the finance income and expense generating items.

Foreign currency forward contracts

Some foreign exchange hedge transactions do not qualify for hedge accounting under IFRS, primarily because a large number of internal hedge transactions are grouped and netted before external hedge transactions are established. These derivatives are mainly foreign exchange forward contracts. The corresponding contracts to the derivatives are calculated to have an equal, but opposite effect, and both the derivatives and the hedged items are reported as financial results. The net amount therefore reflects the difference in timing between the non-qualifying hedging instrument and the future transaction (economically hedged item).

The loss in 2014 includes NOK 269 million related to tender hedges that were stopped (0 in 2013) and a loss of NOK 103 million related to hedges not qualifying for hedge accounting.

The exposure from foreign currency embedded derivatives is economically hedged, but cannot qualify for hedge accounting and is therefore included in net foreign exchange gain/loss. Hedge accounting and embedded derivatives are explained in note 32 Derivative financial instruments.

Note 12 | Tax

Income tax expense

Amounts in NOK million	2014	2013
Current tax expense		
Current year	**(214)**	(131)
Adjustments for prior years	**8**	2
Total current tax expense	**(206)**	(129)
Deferred tax expense		
Origination and reversal of temporary differences	**482**	(55)
Change in tax rate	**1**	22
Write down of tax loss and deferred tax assets	**(60)**	(25)
Recognition of previously unrecognized tax losses	**49**	3
Tax effect on group contributions to companies in Aker Solutions	**-**	188
Total deferred tax (expense) income	**472**	**133**
Total tax (expense) income	**266**	**4**

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the corporate income tax rate of 27 percent in Norway. This is a change from the previous period from 28 percent due to a change in the corporate tax rate in Norway

Amounts in NOK million	2014		2013	
Profit (loss) before tax, continuing operations	**(1 653)**		(242)	
Tax income (expense) using the company's domestic tax rate	**446**	**27.0 %**	68	28.0 %
Tax effects of:				
Permanent differences[1]	**(57)**	**(3.4 %)**	(22)	(9.1 %)
Prior year adjustments (current tax)	**8**	**0.5 %**	2	0.8 %
Prior year adjustments (deferred tax)	**-**	**0.0 %**	(13)	(5.4 %)
Previously unrecognized tax losses used to reduce payable tax	**(3)**	**(0.2 %)**	5	2.1 %
Previously unrecognized tax losses used to reduce deferred tax	**49**	**3.0 %**	3	1.2 %
Deferred tax from write down (or reversal) of tax loss or deferred tax assets	**(60)**	**(3.6 %)**	(25)	(10.3 %)
Change in tax rates[2]	**1**	**0.1 %**	22	9.1 %
Differences in tax rates from 27 percent (28 percent in 2013)	**(21)**	**(1.3 %)**	(10)	(4.1 %)
Effect of functional currency different from currency in tax reporting[3]	**(87)**	**(5.3 %)**	-	0.0 %
Other	**(10)**	**(0.6 %)**	(26)	(10.7 %)
Income tax expense (income), continuing operations	**266**	**16.1 %**	**4**	**0.2 %**

[1] *Relates mainly to profit (loss) from equity accounted investees, profit (loss) recognized on various tax-exempted investments and impairment of goodwill.*
[2] *Relates mainly to change in corporate income tax rate from 28 percent to 27 percent in Norway.*
[3] *Relates to AKOFS Offshore which changed functional currency from NOK to USD during 2014*

Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
Amounts in NOK million	2014	2013	2014	2013	2014	2013
Property, plant and equipment	**85**	56	**(453)**	(610)	**(368)**	(554)
Pensions	**135**	244	**-**	(29)	**135**	215
Projects under construction	**-**	-	**(552)**	(2 041)	**(552)**	(2 041)
Tax loss carry-forwards	**448**	807	**-**	-	**448**	807
Intangible assets	**31**	-	**(133)**	(322)	**(102)**	(322)
Provisions	**204**	282	**-**	-	**204**	282
Derivatives	**12**	66	**(163)**	(201)	**(151)**	(135)
Other	**126**	304	**(9)**	(13)	**117**	291
Total before set offs	**1 041**	1 759	**(1 310)**	(3 216)	**(269)**	(1 457)
Set off of tax	**(827)**	(1 159)	**827**	1 159	**-**	-
Total	**214**	**600**	**(483)**	**(2 057)**	**(269)**	**(1 457)**

Change in net recognized deferred tax assets and liabilities

Amounts in NOK million	Property, plant and equipment	Pensions	Projects under construction	Tax loss carry-forwards	Intangible assets	Provisions	Derivatives	Other	Total
Balance as of January 1, 2013	**(522)**	**223**	**(1 828)**	**573**	**(230)**	**306**	**78**	**142**	**(1 258)**
Recognized in profit and loss	(91)	12	(276)	263	(19)	1	(114)	163	(61)
Recognized in equity	-	(10)	-	-	-	-	(96)	-	(106)
Additions through business combinations	2	-	(3)	(12)	(80)	-	-	(1)	(94)
Currency translation differences	(1)	4	-	2	(8)	(6)	-	-	(9)
Reclassification to held for sale[1]	58	(14)	66	(19)	15	(19)	(3)	(13)	71
Balance as of December 31, 2013	**(554)**	**215**	**(2 041)**	**807**	**(322)**	**282**	**(135)**	**291**	**(1 457)**
Demerger of new Aker Solutions[2]	114	(137)	1 509	(704)	202	(204)	75	(97)	**758**
Disposal of subsidiaries	22	-	-	-	-	-	-	-	**22**
Recognized in profit and loss	102	(8)	(20)	297	31	87	(67)	50	**472**
Recognized in equity	(13)	61	-	(1)	1	-	(38)	(1)	**9**
Currency translation differences	(39)	4	-	49	(14)	39	14	(126)	**(73)**
Balance as of December 31, 2014	**(368)**	**135**	**(552)**	**448**	**(102)**	**204**	**(151)**	**117**	**(269)**

[1] *Amount represent balances as of December 31, 2013*
[2] *Amount represent balances as of January 1, 2014*

Tax loss carry-forwards and unrecognized deferred tax assets
Expiry date of unrecognized tax loss carry-forwards

Amounts in NOK million	2014	2013
Expiry in 2018	**144**	149
Expiry in 2019 and later	**138**	38
Indefinite	**113**	64
Total	**395**	251

Unrecognized other assets are NOK 5 million in 2014 (NOK 71 million in 2013).
Tax losses are recognized in the balance sheet to the extent that forecasts and realistic expectations about results show that Akastor will be able to use the tax losses before they expire.

Note 13 | Earnings per share

Akastor ASA holds 2 976 376 treasury shares at year end 2014 (1 955 611 shares in 2013). Treasury shares are not included in the weighted average number of ordinary or diluted shares.

Amounts in NOK million	2014	Restated 2013
Profit (loss) attributable to ordinary shares (NOK million)	**2 482**	1 114
Profit (loss) attributable to ordinary shares from continuing operations (NOK million)	**(1 398)**	(248)

Basic earnings per share
The calculation of basic earnings per share is based on the profit (loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

	2014	2013
Issued ordinary shares as of January 1	**274 000 000**	274 000 000
Weighted average number of issued ordinary shares for the year adjusted for treasury shares	**271 830 726**	271 162 152
Basic earnings per share (NOK)	**9.13**	**4.11**
Basic earnings per share for continuing operations (NOK)	**(5.09)**	**(0.87)**

Diluted earnings per share
The calculation of diluted earnings per share is based on profit (loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effect of rights to receive bonus shares in connection with the employee share purchase program and all dilutive potential ordinary shares.

Amounts in NOK million	2014	2013
Weighted average number of issued ordinary shares for the year adjusted for treasury shares	**271 830 726**	271 162 152
Expected effect of right to receive bonus shares	**-**	225 076
Weighted average number of ordinary shares outstanding (diluted) for the year	**271 830 726**	271 387 228
Diluted earnings per share (NOK)	**9.13**	**4.11**
Diluted earnings per share for continuing operations (NOK)	**(5.09)**	**(0.87)**

Note 14 | Property, plant and equipment

The table below includes discontinued operations until these met the criteria to be classified as held for sale or distribution.

Amounts in NOK million	*Note*	Buildings and sites	Vessels	Machinery, equipment, software	Under construction	Total
Historical cost						
Balance as of January 1, 2013		1 951	3 433	6 945	1 674	14 003
Additions through business combinations		13		80	17	110
Additions[1]		260	426	963	913	2 562
Transfer from assets under construction		299	-	968	(1 267)	-
Disposals and scrapping		(13)	(2)	(244)	-	(259)
Currency translation differences		38	-	321	46	405
Reclassification to assets held for sale[3]	5	(94)	-	(2 742)	(43)	(2 879)
Balance as of December 31, 2013		**2 454**	**3 857**	**6 291**	**1 340**	**13 942**
Additions[1,2]		76	2	384	853	**1 315**
Financial lease	35	-	900	-	-	**900**
Reclassification to investment properties	15	(622)	-	(214)	(62)	**(898)**
Transfer from assets under construction		105	-	680	(785)	**-**
Disposals and scrapping		(25)	(32)	(104)	(7)	**(168)**
Demerger of New Aker Solutions	5	(1 138)	-	(3 803)	(529)	**(5 470)**
Currency translation differences		124	544	345	144	**1 157**
Balance as of December 31, 2014		**974**	**5 271**	**3 579**	**954**	**10 778**
Accumulated depreciation and impairment						
Balance as of January 1, 2013		(476)	(273)	(3 585)	-	(4 334)
Depreciation for the year		(110)	(264)	(889)	-	(1 263)
Impairment		-	(5)	(4)	(361)	(370)
Disposals and scrapping		61	1	156	-	218
Currency translation differences		(15)	-	(144)	(19)	(178)
Reclassification to assets held for sale[3]	5	26	-	1 416	-	1 442
Balance as of December 31, 2013		**(514)**	**(541)**	**(3 050)**	**(380)**	**(4 485)**
Depreciation for the year[4]		32	(281)	(729)	-	**(978)**
Impairment		-	(690)	(59)	-	**(949)**
Reclassification to investment properties	15	136	-	40	-	**176**
Disposals and scrapping		24	53	2	-	**79**
Currency translation differences		(34)	(270)	(96)	(82)	**(482)**
Demerger of New Aker Solutions	5	148	-	1 982	-	**2 130**
Balance as of December 31, 2014		**(208)**	**(1 729)**	**(1 910)**	**(462)**	**(4 309)**
Book value as of December 31, 2013		**1 940**	**3 316**	**3 241**	**960**	**9 457**
Book value as of December 31, 2014		**766**	**3 542**	**1 669**	**492**	**6 469**
Of which financial lease as of December 31, 2013		-		8	-	8
Of which financial lease as of December 31, 2014		-	889	4	-	893

[1] *Includes NOK 25 million of capitalized borrowing costs in 2014, of which NOK 8 million is related to discontinued operations (NOK 7 million in 2013). The average capitalization rate was 4.4 percent (6 percent in 2013)*
[2] *Includes additions of NOK 509 million related to discontinued operations in 2014 (NOK 1 271 million in 2013), see note 5 for more information*
[3] *Well Intervention Services and Mooring and Loading Services were classified as held for sale in 2013, see note 5 for more information*
[4] *Includes depreciations amd impairment of NOK 234 million related to discontinued operations (NOK 644 million in 2013), see note 5 for more information*

Commitments

By the end of December 2014 Akastor has entered into contractual commitments for the acquisition of property, plant and equipment amounting to NOK 163 million (NOK 588 million in 2013), mainly related to the new MHWirth plant under construction in Brazil. Akastor had also entered into contractual commitments related to two vessels in AKOFS Offshore. Capital expenditure committments related to Aker Wayfarer of NOK 250 million will be payable during 2015 and 2016. In addition, Akastor exercized the purchase option for the vessel AKOFS Seafarer early 2014 and the transaction took place in February 2015 for a purchase price of USD 122.5 million, see note 38 Subsequent events.

Depreciation

Estimates for useful life, depreciation method and residual values are reviewed annually. Assets are mainly depreciated on a straight-line basis over their expected economic lives as follows:

Machinery, equipment and software	3 - 15 years
Buildings	8 - 30 years
Sites	No depreciation

Impairment

Impairment in AKOFS Offshore

In 2014, an impairment charge of NOK 664 million was recognized related to investments in the AKOFS Seafarer vessel. The impairment is based on a revised business case after the cancelation in June by Total in Angola of a two-year contract for the vessel, as well as a generally weaker market that has created uncertainty about the value of the vessel. In addition, NOK 26 million was charged as impairment related to Aker Wayfarer vessel based on the revised business case reflecting the lower activity in the subsea contraction market.

In 2013, AKOFS Offshore booked an impairment of NOK 361 million related to the investments in the Cat B rig. In 2012 Aker Solutions and Statoil agreed that AKOFS Offshore would build the so-called Category B (Cat B) rig and use it to provide Statoil with a range of well-intervention and drilling services for an initial eight years, starting in 2015. The technology development needed to build the rig proved to be considerably more demanding than initially anticipated and the parties mutually agreed on June 24, 2013 to terminate the contract with immediate effect.

Other impairment

In 2014, an impairment charge of NOK 49 million was recognized related to investments in Engineerium at Fornebu, which is included in Real Estate and Other Holdings. The impairment is based on a revised business case for the use of Engineerium following the demerger of the company.

Security

See note 25 Borrowings for information about bank loans which are secured by property, plant and equipment.

Note 15 | Investment property

Amounts in NOK million	*Note*	Investment Property
Historical cost		
Balance as of January 1, 2013		384
Balance as of December 31, 2013		**384**
Reclassification from property, plant and equipment	14	**898**
Additions		**12**
Disposals of subsidiaries		**(384)**
Balance as of December 31, 2014		**910**
Accumulated depreciation and impairment		
Balance as of January 1, 2013		(11)
Depreciation for the year		(15)
Balance as of December 31, 2013		**(26)**
Depreciation for the year		**(17)**
Impairment		**(16)**
Reclassification from property, plant and equipment	14	**(176)**
Disposals and scrapping		**32**
Balance as of December 31, 2014		**(203)**
Book value as of December 31, 2013		358
Book value as of December 31, 2014		707

Amounts in NOK million	**2014**	**2013**
Rental income derived from investment properties	**65**	30
Direct operating expenses (including repairs and maintenance) generating rental income	**(52)**	(15)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**(6)**	-
Profit (loss) arising from investment properties	**7**	**15**

Investment property comprises a number of commercial properties that are primarily leased out to related parties.

Akastor has reclassified property to Investment Property following the demerger of the company as these properties were no longer used by the group but leased out to third parties.

Depreciation

Estimates for useful life, depreciation method and residual values are reviewed annually. Assets are mainly depreciated on a straight-line basis over their expected economic lives:

Buildings	30 years
Technical installations	20 years

Impairment

In 2014, an impairment charge of NOK 16 million was recognized related to Pusnes Eiendom Invest in Arendal, which is included in Real Estate and Other Holdings. The impairment is based on a revised business case following the sale of MLS in 2014, refer to note 5 for more information about the disposal.

Disposals

On 21 May 2014 Akastor sold the shareholding in K2 Hotellbygg AS, refer to note 5 for more information about the disposal.

Fair value

Fair value of the investment properties is estimated to NOK 968 million. A discounted cash flow model has been used to assess the fair value (level 3 in valuation hierarchy). The valuation model considers present value of net cash flows to be generated from the property. The expected net cash flows are discounted using risk-adjusted discount rates. Terminal value is derived using an exit yield.

The valuations were performed by an accredited independent valuer.

Note 16 | Intangible assets

The table below includes discontinued operations until these met the criteria to be classified as held for sale or distribution.

Amounts in NOK million	*Note*	Development costs	Goodwill	Other	Total
Balance as of January 1, 2013		1 060	5 553	271	6 884
Capitalized development[1]		804	-	-	804
Acquisition through business combinations		-	724	386	1 110
Amortization for the year[1]		(144)	-	(67)	(211)
Impairment[1]		(12)	-	-	(12)
Currency translation differences		70	321	47	438
Reclassification to asset held for sale	5	(54)	(653)	(64)	(771)
Balance as of December 31, 2013		1 724	5 945	573	8 242
Capitalized development[1]		607	-	33	**640**
Amortization for the year[1]		(165)	-	(70)	**(235)**
Impairment[1]		(103)	(300)	-	**(403)**
Disposal		(2)			**(2)**
Currency translation differences		42	209	71	**322**
Demerger of New Aker Solutions		(1 413)	(3 832)	(197)	**(5 442)**
Balance as of December 31, 2014		**690**	**2 022**	**410**	**3 122**

[1] *Includes capitalized development costs of NOK 360 million (NOK 517 million in 2013) and amortizations and impairment of NOK 75 million (NOK 110 million in 2013) related to discontinued operations, see note 5 for more information.*

Research and development costs

NOK 640 million has been capitalized in 2014 (NOK 804 million in 2013) related to development activities. In addition, research and development costs of NOK 112 million have been expensed during the year because the criteria for capitalization was not met (NOK 275 million in 2013). Amounts include New Aker Solutions until demerger.

Amortization

Intangible assets with finite useful lives are amortized over the expected economic life, ranging between 5-10 years.

Impairment

Impairment in MHWirth

In 2014, an impairment charge of NOK 61 million has been recognized, mainly related to certain technologies in MHWirth that have been developed for other parts of the former Aker Solutions. In addition, an impairment of capitalized development costs of NOK 22 million have been recognized related to the close down of the Mining and Construction business.

Impairment in AKOFS Offshore

In 2014, impairments of NOK 297 million related to goodwill and NOK 14 million related to capitalized development costs have been recognized. See more information about the goodwill impairment below.

Impairment test of goodwill

Goodwill originates from a number of acquisitions. Management monitors goodwill impairment at the portfolio company level (segment) which is also considered to be the cash-generating unit (CGU) due to the level of integration within the CGU's.

Allocation of goodwill by portfolio companies

Amounts in NOK million	2014	2013
MHWirth	**1 207**	1 097
Frontica	**179**	156
AKOFS Offshore	**145**	435
Fjords Processing	**313**	298
KOP Surface Products	**98**	103
Step Oiltools[1]	**60**	60
First Geo[1]	**20**	20
New Aker Solutions	**-**	3 776
Total	**2 022**	**5 945**

[1] *This portfolio company is aggregated into the reporting segment Real Estate and Other Holdings.*

Impairment testing for cash-generating units containing goodwill
Recoverable amounts are based on value in use calculations. For all CGU's except AKOFS Offshore the calculations use cash flow projections based on the future cash flow, budgets and strategic forecasts for the periods 2015-2019 and an annual growth of 2 percent for subsequent periods. For AKOFS Offshore, see below.

Weighted Average Cost of Capital (WACC) assumptions for impairment testing	Post tax WACC	Pre tax WACC
MHWirth	8.2 %	9.4 %
Frontica	6.1 %	7.4 %
AKOFS Offshore[1]	7.1 %	7.1 %
Fjords Processing	8.1 %	8.7 %
KOP Surface Products	9.3 %	10.1 %
Step Oiltools	8.2 %	9.2 %

[1] *Pre tax WACC and post tax WACC for AKOFS Offshore are equal due to the assumption that both Skandi Aker and Skandi Santos will enter the tonnage tax regime in Norway in the near future.*

The risk free interest rate used in the discount rate is based on the 10 year state treasury bond rate of 1.61 percent at the time of the impairment testing. Optimal debt leverage was estimated for each portfolio company.

For all portfolio companies except AKOFS Offshore, the recoverable amounts are higher than the carrying amounts and consequently the analysis indicates that no impairment is required. The key assumptions used in the calculation of recoverable amounts are discount rates, terminal value growth rates and EBITDA-margins. Reasonable changes to the key assumptions do not give grounds to impairment for any of these portfolio companies.

AKOFS Offshore
In Q2 2014, an impairment loss of NOK 301 million was recognized. The impairment is a result of the revised business case for AKOFS Seafarer following the cancellation by Total in Angola of a two-year contract as well as the market outlook in general for the two vessels AKOFS Seafarer and Aker Wayfarer.

Following the impairment loss recognized in Q2 2014, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment. The goodwill has been re-tested for impairment as of 31 December 2014. The base case is showing that the estimated recoverable amount exceeds its carrying amount by approximately NOK 380 million.

The values assigned to key assumptions represent management's assessments of future trends in the business and are based on historical data from both external and internal sources. The cash flow projections reflect vessel-specific rates as reflected in charter-agreements and, for periods when the vessels are operating in the spot market, rates achieved in most recent charter agreements.

The value-in-use analysis for AKOFS Seafarer has been made with different probability weighted scenarios covering the variation in day rates and utilization. Management has identified that reasonable possible changes in WACC as well as utilization and day rates related to AKOFS Seafarer vessel could cause the carrying amount to exceed the recoverable amount. The recoverable amount will be lower than book value if WACC is increased by more than 1.4%. Sensitivities in day rates and utilization are both short term (in the spot market) and long term (in the LWI market). In addition, timing for when the vessel enters the LWI market is critical (assumed 2017 in base case for calculation of recoverable amount).

Note 17 | Interest-bearing receivables

Current interest-bearing receivables

Amounts in NOK million	2014	2013
Portfolio of bonds and certificates in Aker Insurance AS	**91**	119
Convertible loan EZRA Holdings Ltd	**-**	347
Receivables Aker Solutions	**63**	
Other[1]	**51**	45
Total	**205**	**511**

1) Includes loans to employees share purchase program NOK 2 million in 2014 (NOK 3 million in 2013). Average interest rate for loans to employees was 2.75 percent in 2014.

The convertible loan to EZRA Holdings Ltd was repaid in March 2014. The current interest-bearing receivables are classified as financial assets at amortized cost. The only exception is portfolio of bonds and certificates in Aker Insurance AS which is classified as financial assets at fair value through profit and loss.

Non-current interest-bearing receivables

Amounts in NOK million	2014	2013
Other receivable EZRA Holdings Ltd	**46**	76
Loans to Aker DOF Deepwater AS	**82**	83
Other	**3**	-
Total	**131**	**159**

See note 31 Financial risk management and exposures for information regarding credit risk management in the group.

Note 18 | Equity-accounted investees

Equity-accounted investees include associated companies and joint arrangements. Such investments are defined as related parties to Akastor. See note 35 Related parties for overview of transactions and balances with associated companies and joint ventures and any guarantees provided on behalf of or from such entities.

2014

Amounts in NOK million	DOF Deepwater AS[1]	Kolon Fjords Processing Co Ltd[1,2]	Other companies[5]	Total
Business office	Storebø, Norway	Gyeonggi, South Korea		
Percentage of voting rights	50%	50%		
Percentage held	50%	50%		
Share of profit (loss) reported in Other income	-	4	-	**4**
Share of profit (loss) reported in Financial items	(45)	-	39	**(6)**
Impairment	(110)	-	(10)	**(120)**
Book value	231	15	18	**264**

2013

Amounts in NOK million	DOF Deepwater AS[1]	Hinna Park Invest AS[3,4]	Other companies	Total
Business office	Storebø, Norway	Oslo, Norway		
Percentage of voting rights	50%	25%		
Percentage held	50%	25%		
Share of profit (loss) reported in Financial items	(31)	2	4	**(25)**
Book value	386	25	29	**440**

[1] *Joint venture*
[2] *New joint venture agreement was entered into in 2014 together with two Korean companies.*
[3] *Associated company*
[4] *Sold in 2014*
[5] *Gain on disposal and share of net profit from investments in K2 Eiendom AS and Hinna Park Invest AS totals NOK 38 million, see also description below*

Summary of financial information for equity accounted investees (100 percent basis)

2014

Amounts in NOK million	DOF Deepwater AS	Kolon Fjords Processing Co Ltd
Current assets	151	110
Non-current assets	1 697	5
Current liabilities	(242)	(88)
Non-current liabilities	(1 157)	(4)
Net assets	**449**	**23**
Akastor's share of net assets	**225**	**12**
Fair value uplift on acquisition / goodwill	**6**	**3**
Akastor's carrying amount of the investment	**231**	**15**
Revenue	246	173
Operating expenses	(152)	(165)
Net financial items	(181)	10
Profit (loss) before tax	(87)	18
Income tax expense	(2)	(14)
Profit (loss) for the year	**(89)**	**4**
Total comprehensive income for the year	**(89)**	**4**

2013

Amounts in NOK million	DOF Deepwater AS	Hinna Park Invest AS
Current assets	107	29
Non-current assets	1 738	1 263
Current liabilities	(133)	-
Non-current liabilities	(1 175)	(1 053)
Net assets	**537**	**239**
Akastor's share of net assets	**269**	**60**
Fair value uplift on acquisition / elimination of internal gain	**118**	**(35)**
Akastor's carrying amount of the investment	**269**	**25**
Revenue	230	98
Operating expenses	(152)	(26)
Net financial items	(118)	(58)
Profit (loss) before tax	(40)	14
Income tax expense	-	(7)
Profit (loss) for the year	**(40)**	**7**
Total comprehensive income for the year	**(40)**	**7**

Hinna Park Invest AS and K2 Eiendom AS

Gain from sale of real estate from Aker Solutions to Hinna Park Invest AS and K2 Eiendom AS was recognized in 2012 (see note 10 Other income). However, 25 percent of the total gain, representing Akastor ownership in these companies, could not be recognized in the income statement until remaining shareholdings have been sold. In 2014 the shares held in Hinna Park Invest AS were sold, as well as 8 percentage points of the shares held in K2 Eiendom AS, reducing ownership from 25 percent to 17 percent. The sale resulted in recognition of NOK 71 million in deferred gain in Other income.

The unrecognized gain amounts to NOK 37 million in 2014 (NOK 108 million in 2013) and has been deducted from book value of the investments. For K2 Eiendom AS, the deferred gain exceeds book value of the investment and has been reported in Trade and other payables by NOK 6 million (NOK 11 million in 2013).

Guarantees on behalf of equity accounted investees

Akastor ASA has issued financial guarantees in favor of financial institutions related to financing of the five vessels in DOF Deepwater AS. Liability is capped at 50 percent of drawn amount. The guarantee was NOK 582 million as of December 31, 2014 (NOK 560 million in 2013).

Note 19 | Other investments

Amounts in NOK million	*Note*	2014	2013
Ezra Holdings Ltd		**222**	480
Aker Pensjonskasse	34, 35	**120**	120
Other equity securities		**5**	18
Available-for-sale investments		**347**	618
Investments at fair value through profit and loss		**-**	27
Total other investments		**347**	645

The Ezra share price had a significant reduction in 2014 resulting in an impairment loss of NOK 97 million recognized in financial items and NOK 185 million is changed through Other comprehensive income. Bonus shares of NOK 8 million was distributed as dividends from the company.

All other available-for-sale investments do not have an active market, and are measured at cost as this is considered to be the best estimate of fair value.

Note 20 | Construction contracts

Amounts in NOK million	*Note*	2014	2013
Construction revenue in the period	7	**8 653**	7 450
Amounts due from customers for contract work	22	**2 325**	4 537
Amounts due to customers for contract work	29	**(2 170)**	(4 835)
Construction contracts in progress, net position		**155**	**(298)**

Advances are presented as part of Amounts due to customers for contract work.

Construction contracts in progress at the end of the reporting period

Amounts in NOK million	2014	2013
Aggregate amount of cost incurred and recognized profits (less losses) to date	**3 525**	43 107
Advances from customers	**591**	4 113
Retentions	**-**	113

Note 21 | Inventories

Amounts in NOK million	2014	Restated[1] 2013
Stock of raw materials	**977**	1 300
Goods under production	**234**	414
Finished goods	**574**	705
Total	**1 785**	**2 419**
Inventories carried at net realizable value	**1 273**	882
Write-down of inventories in the period	**89**	129
Reversal of write-down of inventories in the period	**27**	-

[1] *Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to Note 37.*

Note 22 | Trade and other receivables

Amounts in NOK million	*Note*	2014	2013
Trade receivables[1]		**3 079**	6 464
Less provision for impairment of receivables		**(81)**	(100)
Trade receivables, net		**2 998**	6 364
Advances to suppliers		**226**	621
Amount due to from customers for construction work	20	**2 325**	4 537
Prepaid expenses		**371**	513
Other receivables		**1 258**	5 551
Total		**7 178**	**17 586**

[1] *Trade receivables are financial instruments and an impairment loss of NOK 53 million (NOK 47 million in 2013, of which NOK 32 million related to discontinued operations) was recognized in operating expenses.*

Book value of trade and other receivables is approximately equal to fair value.

Aging of trade receivables		
Amounts in NOK million	**2014**	**2013**
Not overdue	**1 804**	4 497
Past due 0-30 days	**509**	942
Past due 31-90 days	**348**	515
Past due 91 days to one year	**380**	421
Past due more than one year	**38**	89
Total	**3 079**	**6 464**

As at December 31, 2014, trade receivables of an initial value of NOK 81 million (NOK 100 million in 2013) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

Amounts in NOK million	*2014*	2013
Balance as of January 1	**100**	115
Demerger of New Aker Solutions	**(35)**	-
New provisions	**53**	47
Utilized	**(29)**	(16)
Unused amounts reversed	**(17)**	(50)
Currency translation differences	**9**	4
Balance as of December 31	**81**	**100**

Note 23 | Cash and cash equivalents

Amounts in NOK million	**2014**	**2013**
Restricted cash	**39**	34
Cash pool	**499**	1 023
Interest-bearing deposits	**537**	1 288
Total	**1 075**	**2 345**

Additional undrawn committed non-current bank revolving credit facilities amounted to NOK 1 billion, that together with cash and cash equivalents gives a total liquidity buffer of NOK 2.1 billion.

Note 24 | Capital and reserves

Share capital
Akastor ASA has one class of shares, ordinary shares, with equal rights for all shares. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at General Meetings. Total outstanding shares are 274 000 000 at par value NOK 0.592 per share (NOK 1.66 in 2013). All issued shares are fully paid.

Share buy-back
At the 2014 Annual General Meeting authorisation was given to repurchase up to 27.4 million shares, representing 10 percent of the share capital of Akastor ASA. Akastor ASA increased the shareholdings with 1 020 765 treasury shares in 2014 and as of 31 December 2014 Akastor ASA holds 2 976 376 treasury shares representing 1.09 percent of total outstanding shares.

Summary of purchase and sale of treasury shares		
Amounts in NOK million	**Number of shares**	**Consideration**
Treasury shares as of January 1, 2013	3 490 985	606
Purchase	589 069	50
Sale	(2 124 443)	(183)
Treasury shares as of December 31, 2013	**1 955 611**	**473**
Purchase	2 705 000	60
Sale	(1 684 235)	(33)
Treasury shares as of December 31, 2014	**2 976 376**	**500**

The group purchases treasury shares to meet the obligation under the employee share purchase program.

Dividends	**2014**	**2013**
Paid dividend per share (NOK)	**4.10**	4.00
Total dividend paid (NOK million)	**1 115**	1 082
Ordinary dividend per share proposed by the Board of Directors (NOK)[1]	**-**	4.10

1) The board of directors have proposed no dividend for 2014

Hedging reserve
The hedging reserve relates to cash flow hedges of future revenues and expenses against exchange rate fluctuations. The income statement effects of such instruments are recognized in accordance with the progress of the underlying construction contract as part of revenues or expenses as appropriate. The hedging reserve represents the value of such hedging instruments that are not yet recognized in the income statement. The underlying nature of a hedge is that a positive value on a hedging instrument exists to cover a negative value on the hedged position, see note 11 Financial income and expenses and note 32 Derivative financial instruments.

Currency translation reserve
The currency translation reserve includes exchange differences arising from the translation of the net investment in foreign operations, and foreign exchange gain or loss on loans defined as hedges or net investments, see note 11 Financial income and expenses.

Net investments have been hedged in 2014 with a loss of NOK 38 million (loss of NOK 9 million in 2013). Accumulated gain on net investment hedges from 2005 is negative NOK 20 million (decreased from NOK 18 in 2013). The net investment hedge as of 31 December 2014 relates mainly to investments in the United States and Cyprus.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired.

Note 25 | Borrowings

Contractual terms of group's interest-bearing loans and borrowings which are measured at amortized cost. For more information about the group's exposure to interest rates, foreign currency and liquidity risk, see note 31 Financial risk management and exposures. For more information related to the financial lease see note 35.

2014

Amounts in million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate[1]	Fixed interest margin	Interest coupon	Maturity date	Interest terms
Revolving credit facility (NOK 2 000 million)	NOK	1 000	**987**	1.48%	1.60%	3.08%	03.06.19	IBOR + Margin[2]
Total credit facility			**987**					
Term loan	NOK	2 500	**2 485**	1.48%	1.40%	2.88%	03.06.17	IBOR 3M + variable margin
Term loan			**2 485**					
Brazilian Development Bank EXIM loan	BRL	25	**70**	6.10%	-	6.10%		Fixed, quarterly
Brazilian Development Bank EXIM loans			**70**					
Finance lease obligation			**1 376**					
Total other loans			**110**					
Total borrowings			**5 028**					
Current borrowings			**308**					
Non-current borrowings			**4 720**					
Total			**5 028**					

1) *The interest costs are calculated using either the last fixing rate known by year end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).*
2) *The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 40 percent of the margin.*
3) *The book value is calculated by reducing the nominal value of NOK 4 400 million by total issue costs related to the new financing of negative NOK 23 million. Accrued interest and issue costs related to the bonds are included by NOK 116 million. The book value of the bond with notional value of NOK 1 913 million also includes the mark-to-market value of a fair value hedging interest rate swap of NOK 7 million.*

2013

Amounts in million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate[1)]	Fixed interest margin	Interest coupon	Maturity date	Interest terms
ISIN NO 001050461.6	NOK	1 913	**1 812**	8,70%	2.00%	10,70%	26/06/14	Fixed, annual
ISIN NO 001050460.8	NOK	187	**187**	1.65%	6.75%	8.40%	26/06/14	Floating, 3M+fix margin
ISIN NO 0010647431	NOK	1 500	**1 498**	1.67%	4.25%	5.92%	06/06/17	Floating, 3M+fix margin
ISIN NO 0010661051	NOK	1 000	**1 002**	1.68%	4.20%	5.88%	09/10/19	Floating, 3M+fix margin
Total bonds[3)]			4 499					
Revolving credit facility (NOK 6 000 million)	NOK	1 650	**1 636**	3.14%	0.00%	3.14%	01/06/16	IBOR + Margin[2)]
Total credit facility			1 636					
Term loan	NOK	750	**755**	1.70%	2.00%	3.70%	01/10/14	NIBOR 3M+fix margin
Term loan	EUR	270	**2 257**	0.29%	1.85%	2.14%	13/11/15	IBOR 3M+variable margin
Term loan	EUR	130	**1 092**	0.22%	1.50%	1.72%	13/05/14	IBOR 3M+variable margin
Term loan			4 104					
Brazilian Development Bank EXIM loan - Itau	BRL	145	**378**	5.50%	0.00%	5.50%	23/07/16	Fixed, quarterly
Brazilian Development Bank EXIM loan - HSBC	BRL	50	**131**	5.50%	0.00%	5.50%	15/08/16	Fixed, quarterly
Brazilian Development Bank EXIM loan - Itau	BRL	155	**404**	8.00%	0.00%	8.00%	15/08/15	Fixed, quarterly
Brazilian Development Bank EXIM loan - HSBC	BRL	50	**131**	8.00%	0.00%	8.00%	15/07/15	Fixed, quarterly
Brazilian Development Bank EXIM loans			1 044					
Total other loans			33					
Total borrowings			11 316					
Current borrowings			3 896					
Non-current borrowings			7 420					
Total			11 316					

[1)] *The interest costs are calculated using either the last fixing rate known by year end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).*

[2)] *The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 40 percent of the margin.*

[3)] *The book value is calculated by reducing the nominal value of NOK 4 400 million by total issue costs related to the new financing of negative NOK 23 million. Accrued interest and issue costs related to the bonds are included by NOK 116 million . The book value of the bond with notional value of NOK 1 913 million also includes the mark-to-market value of a fair value hedging interest rate swap of NOK 7 million.*

Bank debt (Norway)

All facilities are provided by a bank syndicate consisting of high quality Nordic and international banks. The terms and conditions include restrictions which are customary for this kind of facility, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers. There are also certain changes of control provisions included. The facility includes no dividend restrictions and is unsecured.

The financial covenants are based on two sets of key financial ratios; a gearing ratio based on net debt/equity and an interest coverage ratio based on EBITDA/net finance costs. The financial covenants are tested on a quarterly basis. The margin applicable to the facility is based on a price grid determined by the gearing ratio and level of utilization. See note 31 Capital management and exposures for more information regarding capital risk in the group.

Finance lease obligation

A financial lease obligation was recognized in 2014 following the re-negotiation of the bareboat charter contract with Aker Ship Lease 1 AS. A lease obligation of NOK 1 500 million was recognized in the accounts, of which NOK 210 million presented as current liability representing the yearly lease payment. The non-current part of the lease obligation has been reduced by the remaining prepayment made in 2009 (reclassified from non-current operating assets). The lease agreement includes purchase option on three different dates. Refer to note 35 for more information about this agreement.

The finance lease liability is payable as follows as of December 31, 2014.

Amounts in NOK million	Present value of minimum lease payments	Interest	Finance minimum lease payment
Less than one year	8	205	213
Between one and five years	345	744	1 089
More than five years	716	827	1 542
Total	**1 068**	**1 775**	**2 843**

Financial liabilities and the period in which they mature

2014

Amounts in NOK million	Carrying amount	Total undiscounted cash flow[1)]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Revolving credit facility (NOK 2 000 million)[2)]	**987**	**1 139**	1 015	15	31	77	-
Term loan	**2 485**	**2 680**	36	36	72	2 536	-
Brazilian Development Bank EXIM loans	**70**	**86**	2	2	4	78	-
Other loans	**110**	**110**	33	77	-	-	-
Finance lease obligation	**1 376**	**2 843**	106	106	251	838	1 542
Total other loans	**5 028**	**6 858**	**1 193**	**237**	**358**	**3 529**	**1 542**
Total borrowings	**5 028**	**6 858**	**1 193**	**237**	**358**	**3 529**	**1 542**

2013

Amounts in NOK million	Carrying amount	Total undiscounted cash flow[1)]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
ISIN NO 001050461.6	**1 812**	**1 805**	1 805	-	-	-	-
ISIN NO 001050460.8	**187**	**187**	187	-	-	-	-
ISIN NO 0010647431	**1 498**	**1 811**	45	44	89	1 633	-
ISIN NO 0010661051	**1 002**	**1 338**	30	29	59	176	1 044
Total	**4 499**	**5 141**	**2 067**	**73**	**148**	**1 809**	**1 044**
Revolving credit facility (NOK 6 000 million)[2)]	**1 636**	**1 780**	1 676	26	52	26	-
Term loan	**4 104**	**4 205**	1 133	774	2 298	-	-
Brazilian Development Bank EXIM loans	**1 044**	**1 176**	48	35	577	516	-
Other loans	**33**	**33**	4	3	6	15	5
Total other loans	**6 817**	**7 194**	**2 861**	**838**	**2 933**	**557**	**5**
Total borrowings	**11 316**	**12 335**	**4 928**	**911**	**3 081**	**2 366**	**1 049**

[1)] *The interest costs are calculated using either the last fixing rate known by year end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).*
[2)] *NOK 1 000 million (NOK 1 650 million in 2013) corresponds to the repayment of the drawn portion of the available NOK 2 000 million (NOK 6 000 millon in 2013) credit facility.*

Mortgages and guarantee liabilities

The group has NOK 20 million in mortgage liabilities, which is secured by pledges on property, plant and equipment with book values of NOK 39 million.

Note 26 | Other non-current liabilities

Amounts in NOK million	2014	2013
Contingent considerations from acquistions of subsidiaries in prior periods	**44**	142
Deferred considerations from acquistions of subsidiaries in prior periods	**-**	56
Provision for onerous office lease obligations	**157**	-
Other liabilities	**84**	158
Total	**285**	**356**

Deferred and contingent considerations

Akastor has acquired subsidiaries and non-controlling interests where final consideration is deferred and can depend to a certain degree on future earnings in the acquired companies. The deferred and contingent considerations reported in other non-current liabilities as of December 31, 2014 relates mainly to the acquisition of Step Oiltools (2011).

Provision for onerous office leases

Provision for onerous leases represents expectations related to future sub-lease revenues to be generated from office lease obligations.

Note 27 | Employee benefits - pension

Akastor's pension costs represent the future pension entitlement earned by employees in the financial year. In a defined contribution plan the company is responsible for paying an agreed contribution to the employee's pension assets. In such a plan this annual contribution is also the cost. In a defined benefit plan it is the company's responsibility to provide a certain pension. The measurement of the cost and the pension liability for such arrangements is subject to actuarial valuations. Akastor has over a long time period gradually moved from defined benefit arrangements to defined contribution plans. Consequently, the impact of the remaining defined benefit plans is gradually reduced.

Pension plans in Norway

The main pension arrangement in Norway is a general pension plan organized by the Norwegian State. This arrangement provides the main general pension entitlement of all Norwegians. All pension arrangements by employers, consequently represent limited additional pension entitlements.

Norwegian employers are obliged to provide an employment pension plan, which can be organized as a defined benefit plan or as a defined contribution plan. The Norwegian companies in Akastor have closed the earlier defined benefit plans in 2008 and are now providing defined contribution plans for all of their employees under 61 years of age.

Defined contribution plan

The annual contribution expensed for the new defined contribution plan was NOK 125 million (NOK 88 million in 2013). The estimated contributions expected to be paid in 2015 is NOK 132 million.

Defined benefit plan

Employees who were 58 years or older in 2008, when the change took place, are still in the defined benefit plan. This is a funded plan and represent most of the funded pension liability reported in the tables below.

The estimated contributions expected to be paid to the Norwegian plan during 2015 are NOK 16 million.

Compensation plan

To ensure that the employees were treated fairly on the change over to the new plan the company has introduced a compensation plan. The basis for deciding the compensation amount is the difference between calculated pension capital in the defined benefit plan and the value of the defined benefit plan at the age of 67 years. The compensation amount will be adjusted annually in accordance with the adjustment of the employees' pensionable income, and accrued interest according to market interest. If the employee leaves the company voluntarily before the age of 67 years, the compensation amount will be reduced.

AFP - early retirement arrangement

AFP is an early retirement arrangement organized by Norwegian employers, the main Labor Union organization in Norway (LO) and the Norwegian State. The "old AFP" arrangement was established to provide pension between the age of 62 to 67 for employees who retired before the general retirement age of 67. In a recent pension reform individual employees are given a choice of retirement age, but with lower pension with earlier retirement. Estimated remaining employer contributions to cover the plan deficit have been provided for.

The AFP scheme which was newly established in 2011 is not considered to be a defined benefit compensation scheme for early retirement, but a lifelong contribution plan. The scheme is classified as a multi-employer benefit scheme. Akastor has taken the position that the information available at the date of the financial statements is not sufficient to reliably measure the allocation of pension cost and net pension liability/asset in accordance with a cost/benefit approach. Akastor has therefore elected to treat the scheme as a defined contribution plan in which the annual paid premiums to the AFP scheme are expensed in the income statement as they are incurred. The total liability is not recognized. Based on the current financing model for AFP, the annual premiums are expected to increase. When or if sufficient and reliable data is available and a liability can be reliably measured, the recognized liability could be significant.

Pension plans outside Norway

Pensions plans outside Norway are predominately defined contribution plans.

Total pension cost continuing operations

Amounts in NOK million	*Note*	2014	2013
Defined benefit plans		**33**	33
Defined contribution plans		**132**	115
Total	8	**165**	**148**

Net employee defined benefit liability

Amounts in NOK million	2014	2013
Defined benefit plans Norway	**345**	647
Defined benefit plans Germany	**105**	84
Defined benefit plans other countries	**23**	17
Total	**473**	**748**

Movement in net defined benefit liability

Amounts in NOK million	*Note*	2014	2013
Balance as of January		**748**	805
Demerger of New Aker Solutions and reclassifications[1]	5	**(341)**	(50)
Included in profit or loss			
Current service and administration cost		**33**	125
Interest cost (income)		**15**	26
		48	**151**
Included in OCI - Remeasurements (loss) gain:			
Remeasurement loss (gain) arising from demographic assumptions		**14**	71
Remeasurement loss (gain) arising from financial assumptions		**34**	(40)
Remeasurement loss (gain) arising from experience adjustments		**21**	(59)
		69	**(28)**
Other			
Contributions paid into the plan		**(27)**	(99)
Benefits paid by the plan		**(23)**	(43)
Other movements		**(1)**	12
		(51)	**(130)**
Balance as of December 31		**473**	**748**
Represented by:			
Gross defined benefit liability		**809**	2 402
Fair value of pension assets		**(336)**	(1 654)
Balance as of December 31		**473**	**748**

[1] *Amount represent balance as of January 1, 2014*

Plan assets

Amounts in NOK million	2014	2013
Equity Securities		
Oil & Gas	**3**	36
Maritime Transportation	**-**	4
Energy Infrastructure	**-**	8
Oilfield Services & Equipment	**2**	8
Telecom Services	**1**	14
	6	**70**
Bonds		
Government	**7**	29
Finance	**19**	32
Private and Government enterprise	**44**	353
Municipalities	**141**	1 106
	212	**1 520**
Derivatives		
FX Forwards	**-**	(1)
	-	**(1)**
Fund/Private Equity		
FERD Private Equity fund	**-**	4
Ambolt	**1**	10
AAM Absolute Return Fund	**2**	15
DNB TMT	**2**	14
	5	**43**
Total plan assets at fair value Norwegian plan	**223**	**1 632**
Plan assets outside Norway at fair value		
Equity securities	**40**	8
Debt securitites	**73**	14
Plan assets outside Norway at fair value	**113**	22
Total plan assets at fair value	**336**	**1 654**

The equity portfolio is invested globally. The fair value of the equities is based on their quoted prices at the reporting date without any deduction for estimated future selling cost.

The investment in bonds are done in the Norwegian market and most of the bonds are not listed on any exchange. The market value as at year end is based on official prices provided by the Norwegian Securities Dealers Association. The Bond investment have on average a high credit rating. Most of the investments is in Norwegian municipalities with a credit rating of AA.

The fair value of derivatives that are not exchange traded are estimated at the amount that the company would receive or to pay to terminate the contract at the reporting date taking into account the current market conditions. Derivatives are only used for hedging purposes.

The investment in fund/private equity is mainly funds that invests in listed securities and where the fund value is based on quoted prices.

Defined benefit obligation - actuarial assumptions

The group's most significant defined benefit plans are in Norway, Germany and USA.

The following were the principal actuarial assumptions at the reporting date for the plans in these countries

	Norway		Germany		USA	
	2014	2013	2014	2013	2014	2013
Discount rate	**2.50%**	4.10%	**4.54%**	4.89%	**3.51%**	4.25%
Asset return	**2.50%**	4.10%	**4.54%**	4.89%	**3.51%**	4.25%
Salary progression	**3.25%**	3.75%	**N/A**	N/A	**N/A**	N/A
Pension indexation	**2.50%**	1.90%	**1.75%**	1.75%	**N/A**	N/A
Mortality table	**K2013**	K2013	**RT 2005 G**	RT 2005 G	**RP-2014 Total Dataset with Scale MP-2014**	2014 IRS Static Mortality Table

The information below relates only to Norwegian plans as these represent the majority of the plans.

The discount rate and other assumptions in 2014 and 2013 are based on the Norwegian high quality corporate bond rate and recommendations from the Norwegian Accounting Standards Board.

Generally, a one percent increase in the discount rate will lead to approximately 10-15 percent decrease in service cost/projected benefit obligation. This is lower than an expected effect of approximately 20 percent as the benefit obligation in Akastor consist mainly of pensioners and employees over 60 years. It should also be expected that fluctuations in the discount rate would also lead to fluctuations in the pension indexations. The total effect of fluctuations in economic assumptions are consequently unlikely to be very significant.

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current life expectancy underlying the values of the defined benefit obligation at the reporting date are shown below.

Years	2014	2013
Life expectancy of male pensioners	**21.3**	20.4
Life expectancy of female pensioners	**24.4**	23.2

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as of December 31, 2014 by the amounts shown below.

Amounts in NOK million	Increase	Decrease
Discount rate (1% movement)	(55)	66
Future salary growth (1% movement)	11	(10)
Future pension growth (1% movement)	60	(51)

The change in discount rate assumptions would affect plan assets in the income statement in next period as it would change the estimated asset return, but have no effect on pension assets as of year-end.

Note 28 | Provisions

Amounts in NOK million	Warranties	Other	Total
Balance as of January 1, 2014	782	90	872
Demerger of New Aker Solutions[1]	(517)	(38)	(555)
Provisions made during the year	54	152	206
Provisions used during the year	(59)	(3)	(62)
Provisions reversed during the year	(34)	(51)	(85)
Currency translation differences	16	4	20
Balance as of December 31, 2014	**242**	**153**	**395**
Expected timing of payment			
Within the next twelve months	122	67	189
After the next twelve months	120	87	206
Total	**242**	**153**	**395**

[1] *Amount represent balance as of January 1, 2014*

Warranties

The provision for warranties relates mainly to the possibility that Akastor, based on contractual agreements, needs to perform guarantee work related to products and services delivered to customers. See note 4 Accounting estimates and judgments for further description.

Other

Other includes NOK 62 million representing current part of onerous lease provisions. Non current part of onerous lease provisions is recognized in Other long term liabilities, see note 26.

Note 29 | Trade and other payables

Amounts in NOK million	*Note*	2014	2013
Trade creditors[1]		**1 506**	2 873
Amount due to customers for contract work and advances	20	**2 170**	4 835
Accrued operating and financial costs		**1 951**	6 712
Other current liabilities[2]		**802**	2 989
Total		**6 429**	**17 409**

[1] *Trade creditors include NOK 8 million due after one year (NOK 119 million in 2013).*

[2] *Other current liabilities include NOK 27 million related to deferred and contingent considerations assumed in business combinations (NOK 176 million in 2013). See note 26 Other non-current liabilities for further description.*

Book value of trade creditors and other current liabilities is approximately equal to fair value.

Note 30 | Capital management

Akastors' capital management is designed to ensure that the Group has sufficient financial flexibility, short-term and long-term. One main objective is to maintain a financial structure that, through solidity and cash flow, secures the Groups strong, long-term creditworthiness, as well maximize value creation for its shareholder through:

- Investing in projects and business areas which will increase the company's Return On Capital Employed (ROCE) over time.
- Optimizing the company's capital structure to ensure both sufficient and timely funding over time to finance its activities at the lowest cost.

Investment policy

Akastors' capital management is based on a rigorous investment selection process which considers not only Akastors' weighted average cost of capital and strategic orientation but also external factors such as market expectations and extrinsic risk factors.

Funding policy

Liquidity planning

Akastor has a strong focus on its liquidity situation in order to meet its short term working capital needs and to ensure solvency for its financial obligations long term. Akastors liquidity reserve per year end 2014 amounted to NOK 2.1 billion and was beyond cash and cash equivalents, primarily composed of an undrawn committed credit facility.

Funding of operations

Akastors' group funding policy implies that all operations shall meet their funding needs directly via Corporate Treasury. This ensures optimal availability and transfer of cash within the group and better control of the company's overall debt as well as cheaper funding for its operations.

Funding duration

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

Funding cost

Akastor aims to have a diversified selection of funding sources in order to reach the lowest possible cost of capital. These funding sources include:

- The use of banks based on syndicated credit facilities.
- The issue of debt instruments on the Norwegian capital market.
- The issuance of debt in the foreign capital market.

As per end of 2014, the capital structure of Akastor was 100 percent from bank debt.

The group monitors capital on the basis of a gearing ratio (net debt/ Equity) and interest coverage ratio (EBITDA/net finance cost). The ratios are calculated from gross debt, including all interest-bearing liabilities as shown in note 33 Financial instruments, EBITDA (earnings before interest, tax, depreciation, amortization and adjusted for certain items as defined in the loan agreement) and finance cost. The reported ratios are well within the requirements in the loan agreements.

Akastor has strict internal guidelines regarding key financial ratios:

- The company's interest coverage ratio must not be less than 4.0 times, calculated from the consolidated EBITDA to consolidated Net Finance Cost.
- The company's gearing ratio shall not exceed 1.0 times and is calculated from the consolidated total borrowings to the consolidated Equity.

These guidelines aim at maintaining a strong financial position for Akastor, complying with the company's covenants on its existing debt and maintaining sufficient external credit rating to ensure reliable access to capital over time.

Gearing and interest coverage ratios at December 31 for term loan and credit facility[1)]

Amounts in NOK million	2014	2013
Gearing ratio		
Net debt	3 155	
Equity	9 378	
Net debt/Equity[2)]	**0.34**	
Gross debt		11 875
EBITDA		4 285
Gross debt/EBITDA[3)]		**2.8**
Interest coverage		
EBITDA	1 380	4 285
Net finance cost	167	664
EBITDA/Net finance cost	**8.2**	**6.5**

1) Net finance cost, net debt and EBITDA are adjusted for certain items as defined in the loan agreement
2) Net debt / equity introduced as covenant after refinancing in 2014.
3) Gross debt / EBITDA not defined as covenant in current finance agreements

Note 31 | Financial risk management and exposures

Financial risks

The group is exposed to a variety of financial risks: currency risk, interest rate risk, price risk, credit risk, liquidity risk and capital risk. The market risks affect the group's income or the value of financial instruments held. The objective of financial risk management is to manage and control financial risk exposures and thereby increase the predictability of earnings and minimize potential adverse effects on the group's financial performance. Akastor group uses financial derivative instruments to hedge certain risk exposures and aims to apply hedge accounting whenever possible in order to reduce the volatility resulting from the periodic mark-to-market revaluation of financial instruments in the income statement. Risk management is performed in every project. It is the responsibility of the project managers, in cooperation with the central treasury department (Corporate Treasury), to identify, evaluate and hedge financial risks under policies approved by the Board of Directors. The group has well-established principles for overall risk management, as well as policies for the use of derivatives and financial investments. There has not been any changes in these policies during the year.

Currency risk

The group operates internationally and is exposed to currency risk on commercial transactions, recognized assets and liabilities and net investments in foreign operations. Commercial transactions and recognized assets and liabilities are subject to currency risk when payments are denominated in a currency other than the respective functional currency of the group company. The group's exposure to currency risk is primarily to USD, EUR, GBP and BRL but also several other currencies.The Akastor policy requires business units to mitigate currency exposure in any project. Corporate Treasury manages internal exposures by entering into forward contracts or currency options with the financial market place. The Akastor group has a large number of contracts involving foreign currency exposures and the currency risk policy has been well-established for many years.

For segment reporting purposes, each business unit designates all currency hedge contracts with Corporate Treasury as cash flow hedge, fair value hedge, net investment hedge or identified and seperated as an embedded derivative. External foreign exchange contracts are designated at group level as hedges of currency risk on a gross basis. More than 80 percent of the exposure value either qualify for hedge accounting or are embedded derivatives. Non-qualifying hedges are adjusted at group level and included in the "unallocated" part of the segment reporting. See note 32 Derivative financial instruments for information regarding the accounting treatment of hedging and embedded derivatives.

Currency exposure from investments in foreign currencies are only hedged when specifically instructed by management. As of December 31, 2014, the group has one active net investment hedge related to its subsidiary Frontica Global Employment Limited.

Exposure to currency risk

Estimated forecasted receipts and payments in the table below are calculated based on the group's hedge transactions through the Corporate Treasury department. These are considered to be the best estimate of the currency exposure. The net exposure is managed by the Corporate Treasury department that is allowed to hold positions within an approved trading mandate. This mandate is closely monitored and reported on a daily basis to the management.

	2014				2013			
Amounts in million	USD	EUR	GBP	BRL	USD	EUR	GBP	BRL
Bank	(83)	(56)	(17)	-	(62)	(52)	(12)	-
Intercompany loans	406	(13)	(11)	160	178	(84)	36	(107)
External loans	-	-	-	-	-	(400)	-	-
Balance sheet exposure	**323**	**(70)**	**(28)**	**160**	116	(536)	24	(107)
Estimated forecast receipts from customers	1 669	75	3	459	4 016	169	184	95
Estimated forecast payments to vendors	(700)	(191)	(14)	(137)	(1 227)	(515)	(338)	(121)
Cash flow exposure	**969**	**(116)**	**(11)**	**323**	2 789	(346)	(154)	(26)
Forward exchange contracts	**(1 291)**	**186**	**39**	**(483)**	(2 899)	883	130	137
Net exposure	**1**	**-**	**-**	**-**	**6**	**1**	**-**	**4**

Sensitivity analysis

A strengthening of EUR, USD, GBP and BRL against NOK as of December 31 would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and income statement by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Figures in the table below only include the effect in income statement and equity for change in currency regarding financial instruments and do not include effect from operating cost and revenue.

	2014		2013	
Amounts in NOK million	Profit (loss) before tax	Equity Increase (decrease)	Profit (loss) before tax	Equity Increase (decrease)
USD (15 percent weakening of NOK)	**(945)**	**(909)**	(2 334)	(2 445)
EUR (15 percent weakening of NOK)	**87**	**152**	246	449
GBP (15 percent weakening of NOK)	**19**	**19**	56	234
BRL (15 percent weakening of NOK)	**(6)**	**(60)**	(11)	(11)

A 15 percent strengthening of the NOK against the above currencies as of December 31 would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant. The sensitivity analysis does not include effects on the consolidated result and equity from changed exchange rates used for consolidation of foreign subsidiaries.

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

Interest rate risk

The group's interest rate risk arises from non-current borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. However, as these borrowings are measured at amortized cost, interest rate variations do not effect profit and loss when held to maturity.

As the group has no significant interest-bearing operating assets, operating income and operating cash flows are substantially independent of changes in market interest rates. External debt was not hedged at year end.

An increase of 100 basis points in interest rates during 2014 would have increased (decreased) equity and profit and loss by the amounts shown on the table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect of increase of 100 basis points in interest rates

	2014		2013	
Amounts in NOK million	**Profit (loss) before tax**	**Equity[1] Increase (decrease)**	**Profit (loss) before tax**	**Equity[1] Increase (decrease)**
Cash and cash equivalents	**21**	**-**	16	-
Interest rate swap	**-**	**-**	(9)	97
Non-current interest-bearing receivables	**1**	**-**	3	-
Current interest-bearing receivables	**2**	**-**	4	-
Borrowings	**(69)**	**-**	(86)	-
Cash flow sensitivity (net)	**(46)**	**-**	**(72)**	**97**

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

A decrease of 100 basis points in interest rates during 2014 would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant.

Guarantee obligations

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

- Non-financial parent company guarantees related to project performance on behalf of group companies are NOK 33.5 billion (NOK 75.4 billion in 2013).
- Financial parent company indemnity guarantees for fulfillment of lease obligations are NOK 3.3 billion (NOK 1.2 billion in 2013).
- Financial guarantees including counter guarantees for bank/surety bonds and guarantees for pension obligations to employees are NOK 4 billion (NOK 6.8 billion in 2013).
- Indemnity under financial agreements on behalf of Aker DOF Deepwater AS are NOK 582 million (NOK 560 million in 2013).

Guarantee obligations on behalf of New Aker Solutions

If an obligation that arose prior to the completion of the demerger is not satisfied by the party to which the obligation has been allocated under the demerger Plan, be it Akastor or New Aker Solutions, then the other party will have secondary joint liability for such obligation. This statutory liability is unlimited in time, but is limited in amount to the net value allocated to the non-defaulting party in the demerger. The guarantees listed above do not include obligations on behalf of New Aker Solutions.

Price risk

The group is exposed to fluctuations in market prices both in the investment portfolio used in the pension benefit plan and in the operating businesses related to individual contracts.

The investment portfolio is limited, and the group currently only holds one investment in listed companies (Ezra), see note 19 Other investments.

The businesses may be exposed to changes in market price for raw materials, equipment and development in wages. This is managed in the bid process by locking in committed prices from vendors as basis for offers to customers or through escalation clauses with customers.

Credit risk

Credit risk is the risk of financial losses to the group if customer or counterparty to financial investments/instruments fail to meet contractual obligations, and arise principally from investment securities and receivables. Investment securities and derivatives are only traded against approved banks. All approved banks are participants in the Akastor loan syndicate and have investment grade ratings. Credit risk related to investment securities and derivatives is therefore considered to be insignificant.

Assessment of credit risk related to customers and subcontractors is an important requirement in the bid phase and throughout the contract period. Such assessments are based on credit ratings, income statement and balance sheet reviews and using credit assessment tools available (e.g. Dun & Bradstreet and Credit Watch). Sales to customers are settled in cash.

Based on estimates of incurred losses in respect of trade and other receivables, the group establishes a provision for impairment losses. Provision for loss on debtors are based on individual assessments. Provisions for loss on receivables were NOK 81 million in 2014 (NOK 100 million in 2013). Revenues are mainly related to large and long-term projects closely followed up in terms of payments up front and in accordance with agreed milestones. Normally, lack of payments is due to disagreements related to project deliveries and is solved together with the customer or escalated to the local authority.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk at the reporting date equals the book value of each category of financial assets, see carrying amounts in note 33 Financial instruments. The group does not hold collateral as security.

Akastor ASA provides parent company guarantees to group companies. For further information, see note 10 Guarantees in the Akastor ASA's accounts.

Liquidity risk

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

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Corporate Treasury maintains flexibility in funding by maintaining availability under committed credit lines, see note 25 Borrowings.

Management monitors rolling weekly and monthly forecasts of the group's liquidity reserve on the basis of expected cash flow. For information regarding capital expenditures and net operating assets, see note 6 Operating segments.

Financial liabilities and the period in which they mature

2014

Amounts in NOK million	*Note*	Book value	Total cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	25	(5 028)	(5 870)	(305)	(190)	(381)	(3 452)	(1 542)
Other non-current liabilities	26	(285)	(378)	-	-	(86)	(197)	(95)
Net derivative financial instruments	32	338	338	1 008	(276)	(393)	-	-
Trade and other payables	29	(6 429)	(6 429)	(4 822)	(1 592)	(15)	-	-
Financial Lease	25	(1 376)	2 843	106	106	251	838	1 542
Total financial liabilities		**(12 780)**	**(9 496)**	**(4 013)**	**(1 952)**	**(624)**	**(2 811)**	**(95)**
Financial guarantees			(7 229)	(1 295)	(308)	(1 033)	(1 354)	(3 238)

2013

Amounts in NOK million	*Note*	Book value	Total cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	25	(11 316)	(12 335)	(4 927)	(911)	(3 081)	(2 366)	(1 049)
Other non-current liabilities	26	(356)	(356)	-	-	(148)	(142)	(65)
Net derivative financial instruments	32	710	710	313	166	259	(25)	(3)
Trade and other payables	29	(17 409)	(17 409)	(13 057)	(4 352)	-	-	-
Total financial liabilities		**(28 371)**	**(29 390)**	**(17 671)**	**(5 097)**	**(2 970)**	**(2 533)**	**(1 117)**
Financial guarantees			(8 223)	(1 141)	(306)	(1 255)	(3 439)	(2 082)

[1] *Nominal currency value including interest.*

The group policy for the purpose of optimizing availability and flexibility of cash within the group is to operate centrally managed cash pooling arrangements. Such arrangements are either organized with a bank as a service provider, or as a part of the operation of Corporate Treasury. An important condition for the participants (business units) in such cash pooling arrangements is that the group as an owner of such pools is financially viable and is able to prove its capability to service its obligations concerning repayment of any net deposits made by business units.

Note 32 | Derivative financial instruments

The Akastor group uses derivative financial instruments to hedge foreign exchange and interest rate exposures. In addition, there are embedded foreign exchange forward derivatives separated from ordinary commercial contracts. Further information regarding risk management policies in the group is available in note 31 Financial risk management and exposures.

The table below presents the fair value of the derivative financial instruments and a maturity analysis of the derivatives cash flows. Given the Akastor group hedging policy and the assumption that the projects are cash neutral, this table also indicates when the cash flows related to project expenses are expected to impact profit and loss. The majority of project revenues are recognized in accordance with IAS 11 using the percentage of completion method. This may result in different timing of cash flows related to project revenues and revenue recognition.

Instruments that do not qualify for hedge accounting include the external instruments used to price embedded derivatives as well as other derivative instruments used by Group Treasury to hedge the residual exposure of the group as part of its risk mandate. As of December 31, 2014, these instruments only include currency forwards and FX swaps.

Fair value of derivative financial instruments with maturity

2014

Amounts in NOK million	Instruments at fair value	Total undiscounted cash flow[1]	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Assets							
Cash flow hedges	1 621	1 621	1 248	225	124	24	-
Embedded derivatives in ordinary commercial contracts	520	520	520	-	-	-	-
Not hedge accounted	58	58	58	-	-	-	-
Total forward foreign exchange contracts	**2 199**	**2 199**	**1 826**	**225**	**124**	**24**	**-**
Total assets	**2 199**	**2 199**	**1 826**	**225**	**124**	**24**	**-**
Liabilities							
Cash flow hedges	(669)	(669)	(425)	(31)	(213)	-	-
Net investment hedges	(39)	(39)	(31)	-	(8)	-	-
Embedded derivatives in ordinary commercial contracts	(868)	(868)	(239)	(377)	(228)	(24)	-
Not hedge accounted	(285)	(285)	(124)	(93)	(68)	-	-
Total forward foreign exchange contracts	**(1 861)**	**(1 861)**	**(819)**	**(501)**	**(517)**	**(24)**	**-**
Total liabilities	**(1 861)**	**(1 861)**	**(819)**	**(501)**	**(517)**	**(24)**	**-**

[1] *Cash flows from matured derivatives are translated to NOK using the exchange rates on the balance sheet date.*

2013

Amounts in NOK million	Instruments at fair value	Total undiscounted cash flow[1]	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Assets							
Cash flow hedges	1 009	1 009	414	203	306	86	-
Fair value hedges	-	-	-	-	-	-	-
Net investment hedges	12	12	12	-	-	-	-
Embedded derivatives in ordinary commercial contracts	359	359	189	20	91	59	-
Not hedge accounted	127	127	105	16	5	-	-
Total forward foreign exchange contracts	**1 507**	**1 507**	**720**	**239**	**402**	**145**	**-**
Cash flow hedges	29	29	29	-	-	-	-
Fair value hedges	8	8	8	-	-	-	-
Total interest rate instruments	**37**	**37**	**37**	**-**	**-**	**-**	**-**
Total assets	**1 544**	**1 544**	**757**	**239**	**402**	**145**	**-**
Liabilities							
Cash flow hedges	(494)	(494)	(298)	(44)	(59)	(92)	-
Net investment hedges	(21)	(21)	(21)	-	-	-	-
Embedded derivatives in ordinary commercial contracts	(5)	(5)	(5)	-	-	-	-
Not hedge accounted	(270)	(270)	(120)	(22)	(84)	(44)	-
Total forward foreign exchange contracts	**(790)**	**(790)**	**(444)**	**(66)**	**(143)**	**(136)**	**-**
Cash flow hedges	(44)	(44)	-	(7)	-	(34)	(3)
Total interest rate instruments	**(44)**	**(44)**	**-**	**(7)**	**-**	**(34)**	**(3)**
Total liabilities	**(834)**	**(834)**	**(444)**	**(73)**	**(143)**	**(170)**	**(3)**

[1] *Cash flows from matured derivatives are translated to NOK using the exchange rates on the balance sheet date.*

The group uses derivative financial instruments such as currency forward contracts, currency options and interest rate swaps to hedge its exposure to foreign exchange and interest rate risks arising from operational, financial and investment activities. Derivative financial instruments are classified as current assets or liabilities as they are a part of the operating cycle.

Foreign exchange derivatives

Corporate Treasury hedges the group's future transactions in foreign currencies with external banks. Approximately 80 percent of the exposure to foreign exchange variations in future cash flows are related to a few large projects. The currency exposure in these projects have been hedged back-to-back in order to meet the requirements for hedge accounting. They are either subject to hedge accounting or separated embedded derivatives. All other hedges are not designated as IAS 39 hedges and will have an effect on profit or loss. Hedges qualifying for hedge accounting are classified as cash flow hedges (hedges of highly probable future revenues and/or expenses).

Embedded derivatives are foreign exchange derivatives separated from construction contracts. The reason for separation is that the agreed payment is in a currency different from any of the major contract parties' own functional currency, or that the contract currency is not considered to be commonly used for the relevant economic environment defined as the countries involved in the cross-border transaction. The embedded derivatives represent currency exposures, which is hedged against external banks. Since the embedded derivatives are measured and classified in the same way as their hedging derivatives, they will have an almost equal, opposite effect to profit and loss. In the table above, the derivatives hedging the embedded derivatives are included in Forward foreign exchange contracts - not hedge accounted.

The hedged transactions in foreign currency that are subject to cash flow hedge accounting are highly probable future transactions expected to occur at various dates during the next one to four years, depending on progress in the projects. Gains and losses on forward foreign exchange contracts are recognized in comprehensive income and reported as hedging reserve in equity until they are recognized in the income statement in the period or periods during which the hedged transactions affect the income statement.

Unsettled cash flow hedges' impact on profit and loss and equity (not adjusted for tax)

2014

Amounts in NOK million	Fair value of all hedging instruments	Recognized in profit and loss	Deferred in equity (the hedging reserve)
Forward exchange contracts	194	90	104
Total	**194**	**90**	**104**

2013

Amounts in NOK million	Fair value of all hedging instruments	Recognized in profit and loss	Deferred in equity (the hedging reserve)
Interest rate swaps	(44)	-	(44)
Forward exchange contracts	373	27	346
Total	**329**	**27**	**302**

The value of the interest swaps is attributable to changes in the interest swap curve for Norwegian kroner during the period from inception of the hedge to the balance sheet date. It excludes the accrued interest rates of the swaps accumulated during the period.

The value of the hedge reserve is before tax to allow comparison with the value of the hedging derivatives; this value does not include deferred settlements related to matured instruments.

The purpose of the hedging instrument is to secure a situation where the hedged item and the hedging instrument together represent a predetermined value independent of fluctuations of exchange rates. Revenue and expense on the underlying construction contracts are recognized in the income statement in accordance with progress. Consequently, positive NOK 90 million (positive NOK 27 million in 2013) of the value of the forward contracts have already affected the income statement indirectly as revenues and expenses are recognized based on updated forecasts and progress. The positive NOK 104 million (positive NOK 346 million in 2013) that are currently recorded directly in the hedging reserve, will be reclassified to income statement over the next years.

Interest rate swaps

At 31 December, 2013 Akastor had one bond of NOK 1 913 million (out of which NOK 200 million bought back) with a fixed interest rate of 10.7 percent. The bond was settled in 2014. Akastor also had interest rate swaps with floating interest with a notional value of NOK 763 million hedging the fixed interest bonds.

Hedge accounting was applied using the cash flow hedge accounting model which means that gains and losses on interest rate swap from floating to fixed interest rates as of December 31, 2013 are recognized in the hedging reserve in equity and was continuously released to the income statement as changes in fair value until the bond was repaid. This is achieved based on the periodic mark-to-market revaluation of the interest rate swaps whose fair value tend to zero upon maturity.

Note 33 | Financial instruments

The table below lists the group's financial instruments, both assets and liabilities. Financial instruments measured at fair value are classified by the levels in the fair value hierarchy. All other financial instruments are classified by the main group of instruments as defined in IAS 39. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts is a reasonable approximation of fair value. For financial instruments measured at fair value, the levels in the fair value hierarchy are as shown below.

Level 1 - fair values are based on prices quoted in an active market for identical assets or liabilities.

Level 2 - fair values are based on price inputs other than quoted prices derived from observable market transactions in an active market for identical assets or liabilities. Level 2 includes currency or interest derivatives and interest bonds, typically when the group uses forward prices on foreign exchange rates or interest rates as inputs to valuation models.

Level 3 - Fair values are based on unobservable inputs, mainly based on internal assumptions used in the absence of quoted prices from an active market or other observable price inputs.

Financial instruments as of December 31, 2014

Carrying amount

Amounts in NOK million	*Note*	Fair value through P&L	Fair value - hedging instruments	Loans and receivables	Available for sale	Other financial liabilities	Total
Cash and cash equivalents	23	-	-	1 075	-	-	**1 075**
Other investments							
- Equity securities - Available-for-sale[1]	19	-	-	-	347	-	**347**
Forward foreign exchange contract	32	-	2 199		-	-	**2 199**
Non-current interest-bearing receivables	17	-	-	131	-	-	**131**
Other non-current operating assets		-	-	691	-	-	**691**
Trade and other receivables	22	-	-	7 178	-	-	**7 178**
Current interest-bearing receivables							
- Bonds and certificates[4]	17	91	-	-	-	-	**91**
- Receivables	17	-	-	114	-	-	**114**
Financial assets		**91**	**2 199**	**9 189**	**347**	**-**	**11 826**
Forward foreign exchange contracts	32	-	(1 861)	-	-	-	**(1 861)**
Non-current borrowings[2]	25	-	-	-	-	(4 720)	**(4 720)**
Other non-current liabilities							
- Contingent consideration	26	(44)	-	-	-	-	**(44)**
- Other liabilities	26	-	-	-	-	(241)	**(241)**
Credit facility and other current borrowings[3]	25	-	-	-	-	(308)	**(308)**
Other current liabilities							
- Trade and other payables	29	-	-	-	-	(6 402)	**(6 402)**
- Deferred consideration	29	-	-	-	-	(7)	**(7)**
- Contingent consideration	29	-	-	-	-	(20)	**(20)**
Financial liabilities		**(44)**	**(1 861)**	**-**	**-**	**(11 698)**	**(13 603)**

Fair value

Amounts in NOK million	*Note*	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	23	-	-	-	**-**
Other investments					
- Equity securities - Available-for-sale[1]	19	222	-	125	**347**
Forward foreign exchange contract	32	-	2 199	-	**2 199**
Non-current interest-bearing receivables	17	-	-	-	**-**
Other non-current operating assets		-	-	-	**-**
Trade and other receivables	22	-	-	-	**-**
Current interest-bearing receivables					
- Bonds and certificates[4]	17	-	91	-	**91**
- Receivables	17	-	-	-	**-**
Financial assets		**222**	**2 290**	**125**	**2 637**
Forward foreign exchange contracts	32	-	(1 861)	-	**(1 861)**
Non-current borrowings[2]	25	-	(4 748)	-	**(4 748)**
Other non-current liabilities					
- Contingent consideration	26	-	-	(44)	**(44)**
- Other liabilities	26	-	-	-	**-**
Credit facility and other current borrowings[3]	25	-	(308)	-	**(308)**
Other current liabilities					
- Trade and other payables	29	-	-	-	**-**
- Deferred consideration	29	-	-	-	**-**
- Contingent consideration	29	-	-	(20)	**(20)**
Financial liabilities		**-**	**(6 917)**	**(64)**	**(6 981)**

Financial instruments as of December 31, 2013

Carrying amount

Amounts in NOK million	*Note*	Fair value through P&L	Fair value - hedging instruments	Loans and receivables	Available for sale	Other financial liabilities	Total
Cash and cash equivalents	23	-	-	2 345	-	-	**2 345**
Other investments							
- Equity securities - Available-for-sale[1]	19	-	-	-	618	-	**618**
- Equity securities - fair value in profit and loss	19	27	-	-	-	-	**27**
Forward foreign exchange contract	32	-	1 507	-	-	-	**1 507**
Interest rate instruments	32	-	37	-	-	-	**37**
Non-current interest-bearing receivables	17	-	-	159	-	-	**159**
Other non-current operating assets		-	-	162	-	-	**162**
Trade and other receivables	22	-	-	17 659	-	-	**17 659**
Current interest-bearing receivables							
- Bonds and certificates[4]	17	119	-	-	-	-	**119**
- Receivables	17	-	-	45	-	-	**45**
- Convertible loans	17	-	-	347	-	-	**347**
Financial assets		**146**	**1 544**	**20 717**	**618**	**-**	**23 025**
Forward foreign exchange contracts	32	-	(790)	-	-	-	**(790)**
Interest rate instruments	32	-	(44)	-	-	-	**(44)**
Non-current bonds and borrowings[2]	25	-	-		-	(7 420)	**(7 420)**
Other non-current liabilities							
- Contingent consideration	26	(142)	-	-	-	-	**(142)**
- Actuary estimated insurance provisions	26	(49)	-	-	-	-	**(49)**
- Other liabilities	26	-	-	-	-	(165)	**(165)**
Other current liabilities							
- Trade and other payables	29	-	-		-	(17 233)	**(17 233)**
- Deferred consideration	26	-	-		-	(176)	**(176)**
Credit facility and other current borrowings[3]	25	-	-		-	(3 896)	**(3 896)**
Financial liabilities		**(191)**	**(834)**	**-**	**-**	**(28 890)**	**(29 915)**

Fair value

Amounts in NOK million	*Note*	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	23	-	-	-	-
Other investments					
- Equity securities - Available-for-sale[1]	19	480	-	138	618
- Equity securities - fair value in profit and loss	19	-	27	-	27
Forward foreign exchange contract	32	-	1 507	-	1 507
Interest rate instruments	32	-	37	-	37
Non-current interest-bearing receivables	17	-	-	-	-
Other non-current operating assets		-	-	-	-
Trade and other receivables	22	-	-	-	-
Current interest-bearing receivables					
- Bonds and certificates[4]	17	-	119	-	119
- Receivables	17	-	-	-	-
- Convertible loans		-	-	-	-
Financial assets		**480**	**1 690**	**138**	**2 308**
Forward foreign exchange contracts	32	-	(790)	-	(790)
Interest rate instruments	32	-	(44)	-	(44)
Non-current bonds and borrowings[2]	25	-	(7 433)	-	(7 433)
Other non-current liabilities					
- Contingent consideration	26	-	-	(142)	(142)
- Actuary estimated insurance provisions	26	-	-	(49)	(49)
- Other liabilities	26	-	-	-	-
Other current liabilities					
- Trade and other payables	29	-	-	-	-
- Deferred consideration	26	-	-	-	-
Credit facility and other current borrowings[3]	25	-	(4 030)	-	(4 030)
Financial liabilities		**-**	**(12 297)**	**(191)**	**(12 488)**

[1] Investments in level 3 in the hierarchy relate to equity securities with no active market. These investments are measured at cost since this is considered to be the best estimate of fair value. All available for sale investments are designated as such upon initial recognition.
[2] Fair values are based on quoted prices for the bonds noted on the Oslo Stock Exchange. For new bonds, the notional amounts are considered as the best approximation of fair value.
[3] For credit facilities and other short-term loans with floating interest, notional amounts are used as approximation of fair values.
[4] Portfolio of bonds, obligations and certificates derived from observable market transactions in an active market for identical assets.

There are no financial assets or liabilities held for trading

Note 34 | Group companies

This note gives an overview of entities that are consolidated into Akastor group. For information about other investments in the group, refer to note 18 Equity accounted investees and note 19 Other investments. If not stated otherwise, ownership equals the percentage of voting shares.

Group companies as of December 31

Company	Former company name	Location	Country	Ownership (%) 2014	2013
Akastor ASA	Aker Solutions ASA	Fornebu	Norway		
MHWirth					
MHWirth Pty Ltd	Aker Wirth Australia Pty	Argenton	Australia	100	100
MPO Austria Holding GmbH[1]		Vienna	Austria	100	-
MPO Austria Services GmbH[1]		Vienna	Austria	100	-
MHWirth Canada Inc[1]		Newfoundland	Canada	100	-
MHWirth Offshore Petroleum Engineering (Shanghai) Co Ltd	Aker E&T (Shanghai) Co Ltd	Shanghai	China	100	100
Managed Pressure Operations International Limited (Cyprus)	Managed Pressure Operations International Limited	Limassol	Cyprus	100	100
MHWirth GmbH	Aker Wirth GmbH	Erkelenz	Germany	100	100
MHWirth (India) Pvt Ltd	Aker Drilling Technologies India Pvt Ltd	Mumbai	India	100	100
PT Managed Pressure Operations (Indonesia)		Jakarta	Indonesia	100	100
MHWirth Sdn Bhd[1,2]		Kuala Lumpur	Malaysia	100	-
Drilltech AS		Kristiansand S	Norway	100	100
Managed Pressure Operations International AS		Kristiansand S	Norway	100	100
Maritime Promeco AS		Kristiansand S	Norway	100	100
MHWirth AS	Aker MH AS	Kristiansand	Norway	100	100
Step Offshore AS[3]		Hvalstad	Norway	-	100
MHWirth St. Petersburg LLC	Aker Solutions St Petersburg Co Ltd	St Petersburg	Russia	100	100
Managed Pressure Operations Pte Ltd (Singapore)		Singapore	Singapore	100	100
MHWirth (Singapore) Pte Ltd	Aker Solutions Drilling Technologies (Singapore) Pte Ltd	Singapore	Singapore	100	100
MPO Research Technologies Pte Ltd		Singapore	Singapore	100	100
MHWirth UK Ltd	Aker MH UK Ltd	Aberdeen	UK	100	100
MHWirth FZE	Aker MH FZE	Dubai	UAE	100	100
Managed Pressure Operations FZE (Dubai)		Dubai	UAE	100	100
MHWirth Inc[1,4]		Houston	USA	100	-
Managed Pressure Operations LLC (USA - TX)		Houston	USA	100	100
Frontica					
Advantage Frontica Pty Ltd	Aker Advantage Pty Ltd	Melbourne	Australia	100	100
Frontica Global Employment Ltd	Aker Global Employment Ltd	Limassol	Cyprus	100	100
Frontica Business Solutions Sdn Bhd	Aker Solutions Asia Pacific Sdn Bhd	Kuala Lumpur	Malaysia	100	100
Aker Advantage BV[6]		Gravenhage	Netherlands	-	100
Frontica AS[1]		Fornebu	Norway	100	-
Frontica Business Solutions AS	Aker Business Services AS	Fornebu	Norway	100	100
Frontica Advantage AS	Aker Advantage AS	Bergen	Norway	100	100
Frontica Advantage Group AS	Aker Advantage Group AS	Fornebu	Norway	100	100
Frontica Advantage Ltd	Aker Advantage Ltd	London	UK	100	100
Frontica Business Solutions Ltd	Aker Business Services Ltd	London	UK	100	100
Frontica DC Trustees Ltd	Aker Solutions DC Trustees Ltd	London	UK	100	100
Frontica Advantage Inc	Aker Advantage Inc	Houston	USA	100	100
Frontica Business Solutions Inc[1,4]		Houston	USA	100	-
AKOFS Offshore					
AKOFS Offshore Servicos de Petroleo e Gas do Brazil Ltda[5]	Aker Oilfield Servicos de Petroleo e Gas do Brasil Ltda	Rio de Janeiro	Brazil	100	100
Aker Oilfield Services BV[6]		Amsterdam	Netherlands	100	100
AKOFS 1 AS		Oslo	Norway	100	100
AKOFS 2 AS		Oslo	Norway	100	100
AKOFS 3 AS	Aker Oilfield Services Norway AS	Oslo	Norway	100	100
AKOFS 2 Services AS	AKOFS Angola AS	Oslo	Norway	100	100
AKOFS Offshore AS	Aker Oilfield Services AS	Oslo	Norway	100	100
AKOFS Offshore Operations AS	Aker Oilfield Services Operations AS	Oslo	Norway	100	100
AKOFS 4 AS	Subsea Africa AS	Oslo	Norway	100	100
AKOFS Wayfarer AS		Fornebu	Norway	100	100
Aker Oilfield Services Singapore Pte Ltd[6]		Singapore	Singapore	-	100
Fjords Processing					
Fjords Process Systems Pty Ltd	Aker Process Systems Pty Ltd	Welshpool	Australia	100	100
Fjords Processing Canada Inc	Aker Solutions Oilfield Services Canada Inc	Newfoundland	Canada	100	100
Aker Cool Sorption (Beijing) Technology Co Ltd		Beijing	China	100	100
Aker Midsund Engineering s.r.o		Prague	Czech Republic	98	98
Cool Sorption A/S	Aker Solutions Denmark AS	Glostrup	Denmark	100	100
Aker Operations APS		Glostrup	Denmark	100	100
Fjords Processing France SAS	Aker Process Systems SAS	Vincennes Cedex	France	100	100
Fjords Processing AS	Aker Process Systems AS	Fornebu	Norway	100	100
Fjords Processing International AS	Aker Process Systems International AS	Fornebu	Norway	100	100
Midsund Bruk AS	Aker Midsund AS	Midsund	Norway	100	100
Aker Cool Sorption Siam Ltd		Rayong	Thailand	100	100
Aker Process Systems Ltd		Aberdeen	UK	100	100
Opus Maxim Ltd		Guildford	UK	100	100
Opus Plus Ltd		Orkney	UK	100	100
Fjords Processing Inc[1,4]		Houston	USA	100	-
KOP Surface					
PT KOP Surface Products	PT Aker Solutions	Jakarta	Indonesia	100	100
KOP Surface Products Sdn Bhd[1]		Kuala Lumpur	Malaysia	100	-
KOP Surface Products Nigeria Ltd	Aker Solutions Ambico Nigeria Ltd	Ikoyi - Lagos	Nigeria	100	49
KOP Surface Products Pte Ltd	Aker Solutions Singapore Pte Ltd	Singapore	Singapore	100	100
KOP Surface Products (Services) Pte Ltd	Aker Solutions (Services) Pte Ltd	Singapore	Singapore	100	100
Real Estate and other Holdings					
Real estate					
Akastor Real Estate AS	AK Eiendomsinvest AS	Fornebu	Norway	100	100
Borgenskogen AS		Fornebu	Norway	100	100
Dvergsnestangen Eiendom Invest AS		Fornebu	Norway	100	100
Egersund Eiendom Invest AS[1]		Fornebu	Norway	100	-
Grunnavågen Eiendom Invest AS		Fornebu	Norway	100	100
Pusnes Eiendom AS		Fornebu	Norway	100	100
Strendene Eiendom AS		Fornebu	Norway	100	100
Tranby Eiendom Invest AS		Fornebu	Norway	100	100
Tromsøruffen AS		Fornebu	Norway	100	100
Ågotnes Eiendom Invest AS		Fornebu	Norway	100	100
First Geo					
First Geo AS	Aker Geo AS	Stavanger	Norway	100	100
Step Oiltools					
Step Oiltools (Australia) Pty Ltd[7]		Perth	Australia	76	76
Step Oiltools Limited[7]		Grand Cayman	Cayman Islands	76	76
Step Oiltools GmbH[7]		Bad Fallingbostel	Germany	76	76
PT Step Oiltools[7]		Jakarta	Indonesia	76	76
Step Oiltools LLP[7]		Aktau	Kazakhstan	76	76
Step Oiltools BV[7]		Amsterdam	Netherlands	76	76
Step Oiltools AS[7]		Stavanger	Norway	76	76
Step Oiltools LLC[7]		Moscow	Russia	76	76
Step Oiltools Pte Ltd[7]		Singapore	Singapore	76	76
Step Oiltools (Thailand) Ltd[7]		Bangkok	Thailand	76	76
Step Oiltools (UK) Ltd[7]		Aberdeen	UK	76	76
Step Oiltools FZE[7]		Dubai	UAE	76	76
Other companies					
Aker Solutions Belgium NV/SA		Antwerp	Belgium	100	100
Akastor Mauritius Ltd	Aker Solutions (Mauritius) Ltd	Port Louis	Mauritius	100	100
Aker Process BV		Zoetermeer	Netherlands	100	100
Akastor AS	Aker Solutions AS	Fornebu	Norway	100	100
Aker Insurance AS		Fornebu	Norway	100	100
BTA Technology AS[1]		Fornebu	Norway	100	-
AK Pharmaceuticals LLC	Aker Kvaerner Pharmaceuticals LLC	Houston	USA	100	100
AK Willfab Inc	Aker Kvaerner Willfab Inc	Williamsport	USA	100	100

[1] *New companies in 2014*
[2] *Business was part of Aker Solutions Malaysia Sdn Bhd before the demerger*
[3] *Merged into MHWirth AS*
[4] *Business was part of Aker Solutions Inc before the demerger*
[5] *The entity includes businesses in MHWirth, Frontica, Fjords Processing and AKOFS Offshore following a restructuring in 2014*
[6] *Liquidated in 2014*
[7] *Akastor applies the anticipated acquisition method, no non-controlling interest is recognized. Akastor has 100 percent voting rights.*
[8] *Sold in 2014*

The following companies have been disposed/demerged in 2014

Company	Location	Country	Ownership % 2013
Disposals[1]			
Aker Qserv Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Pusnes AS	Arendal	Norway	100
Aker Well Service AS	Stavanger	Norway	100
K2 Hotelbygg AS	Oslo	Norway	93
Aker Well Service LLC	Muscat	Oman	70
Aker Qserv Ltd	Aberdeen	UK	100
Qserv Pipeline & Process Ltd	London	UK	100
Woodfield Systems Co Ltd	Kent	UK	100
Extreme Trading & Mechanical Equipment LLC	Abu Dhabi	UAE	49
Aker Well Service Inc	Houston	USA	100
Aker Kvaerner Gotech LLC	Al-Khobar	Saudi Arabia	51
Aker Porsgrunn AS	Porsgrunn	Norway	100
Aker Solutions Pusnes Korea Ltd	Busan	South Korea	100
Demerger of Aker Solutions[1]			
Aker Solutions Pty Ltd	Melbourne	Australia	100
Aker Solutions do Brasil Ltda	Curitiba	Brazil	100
Aker Solutions Sdn Bhd	Seria	Brunei	100
Aker Solutions Asset Integrity and Management Canada Inc	Newfoundland	Canada	100
Aker Subsea (Shenzhen) Co. Ltd	Shenzhen	China	100
Aker Solutions Congo SA	Point-Noire	Congo	100
Aker Solutions Cyprus Ltd	Limassol	Cyprus	100
Aker Powergas Pvt Ltd	Mumbai	India	68
Aker Powergas Subsea Pvt Ltd	Mumbai	India	68
Aker Engineering International Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Process Systems Asia Pacific Sdn Bhd	Shah Akam	Malaysia	100
Aker Solutions India Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions Umbilical Asia Pacific Sdn Bhd	Kuala Lumpur	Malaysia	100
Phoenix Polymers Malaysia Ltd	Kuala Lumpur	Malaysia	100
Aker Solutions de Mèxico	Mexico City	Mexico	100
Aker Process Engineering Services BV	Maastrichts	Netherlands	100
Aker Solutions BV	Zoetermeer	Netherlands	100
Aker Solutions Nigeria Ltd	Lagos State	Nigeria	100
Aker Egersund AS	Egersund	Norway	100
Aker Engineering & Technology AS	Fornebu	Norway	100
Aker Installation FP AS	Fornebu	Norway	100
Aker Insurance Services AS	Fornebu	Norway	100
Aker Operations AS	Stavanger	Norway	100
Aker Solutions Contracting Kazakhstan AS	Fornebu	Norway	100
Aker Solutions MMO AS	Stavanger	Norway	100
Aker Subsea AS	Fornebu	Norway	100
Aker Subsea Russia AS	Fornebu	Norway	100
Ingeniør Harald Benestad AS	Lierskogen	Norway	82
Enovate Norway AS	Hvalstad	Norway	100
KB eDesign AS	Oslo	Norway	100
Phaze Technologies AS	Lierskogen	Norway	82
Aker Process Gulf Company Limited	Al-Khobar	Saudi Arabia	100
Aker Solutions AB	Gothenburg	Sweden	100
Kvaerner Water AB	Ørnskjøldsvik	Sweden	100
Aker Engineering & Technology Ltd	London	UK	100
Aker Offshore Partner Ltd	London	UK	100
Aker Solutions Angola Ltd	Maidenhead	UK	100
Aker Subsea Ltd	Maidenhead	UK	100
Enovate Systems Ltd	Aberdeen	UK	95
Aker Solutions USA Corporation	Houston	USA	100
Aker Solutions Inc	Houston	USA	100

[1] *Entities are referred to by company names before the disposals/demerger*

Note 35 | Related parties

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions in the Akastor group with related parties have been based on arm's length terms.

Akastor ASA is a parent company with control of around 100 companies around the world. These subsidiaries are listed in note 34 Group companies. Any transactions between the parent company and the subsidiaries are shown line by line in the separate financial statements of the parent company, and are eliminated in the group financial statements.

Associated companies and jointly controlled companies are consolidated using the equity method, see note 18 Equity-accounted investees. Any transactions between the group and these entities are shown in the table below.

Remunerations and transactions with directors and executive officers are summarized in note 36 Management remunerations.

The largest shareholder of Akastor, Aker Kvaerner Holding AS, is controlled by Aker ASA (70 percent) which in turn is controlled by Kjell Inge Røkke. Aker ASA also controls 6 percent of the shares in Akastor directly. All entities which Kjell Inge Røkke controls are considered related parties to Akastor and his family through TRG Holding AS and The Resource Group AS.

After implementation of IFRS 10, Kvaerner is considered to be a related party of Akastor and is included as part of Aker entities. For the same reason New Aker Solutions is also considered to be a related party from the time of the demerger. New Aker Solutions is presented separately from other Aker entities in 2014 due to the high level of transactions between the companies during 2014, including the post demerger services. Transactions and balances with New Aker Solutions have also been presented for comparative periods as if New Aker Solutions had been a related party in all periods presented.

Summary of transactions and balances with related parties

2014

Amounts in NOK million	New Aker Solutions entities	Other Aker entities	Associated companies	Joint ventures	Total
Income statement					
Operating revenues	4 170	426	-	-	**4 596**
Operating costs	(310)	(178)	(82)	-	**(570)**
Net financial items	(5)	(57)	-	5	**(57)**
Balance sheet - Assets (liabilities)					
Trade receivables	476	54	-	-	**530**
Interest-bearing receivables	63	-	-	84	**147**
Finance lease (Aker Wayfarer)	-	890	-	-	**890**
Non-current assets (Aker Wayfarer)	-	600	-	-	**600**
Trade payables	(135)	(2)	(19)	-	**(156)**
Interest-bearing payable	(82)	-	-	-	**(82)**
Financial lease liability	-	(1 376)	-	-	**(1 376)**

2013

Amounts in NOK million	New Aker Solutions entities	Other Aker entities	Associated companies	Joint ventures	Total
Income statement					
Operating revenues	4 313	295	-	-	**4 608**
Operating costs	(267)	(202)	(86)	-	**(555)**
Net financial items	(8)	-	-	10	**2**
Balance sheet - Assets (liabilities)					
Trade receivables	566	47	-	-	**613**
Other non-current assets	-	144	-	-	**144**
Group contribution, receivables	1 871	-	-	-	**1 871**
Interest-bearing receivables	-	-	-	83	**83**
Trade payables	(140)	(19)	(45)	-	**(204)**
Group contribution, payables	(129)	-	-	-	**(129)**
Interest-bearing payable	(107)	-	-	-	**(107)**

Below is description of the most significant related party transactions and balances in 2014.

Related party transactions with Aker entities

New Aker Solutions

Akastor have entered into a number of agreements and arrangements with new Aker Solutions, including:

- A main separation agreement addressing various separation issues between the New Aker Solutions Group and the Akastor Group following the completion of the Demerger.
- An agreement concerning ownership and licensing rights to intellectual property and know-how as well as several bilateral license agreements between New Aker Solutions and Akastor entities based on the principles and allocation of technology set out in the Technology Agreement.
- Agreements for the provision of shared services from Frontica Business Solutions to members of the New Aker Solutions Group as well as agreements for real estate and lease agreements from Akastor Real Estate and Frontica Business Solutions to members of the New Aker Solutions Group. The amount charged for these services are NOK 4.0 billion (NOK 3.8 billion in 2013).
- An agreement for provisioning of transitional services not covered by the Frontica Agreements by the Akastor Group to the New Aker Solutions Group.
- Various agreements addressing commercial separation issues between members of the New Aker Solutions Group and the Akastor Group, for example in relation to joint and shared initiatives, on-going, committed or contemplated projects, non-project specific cooperation and shared frame agreements as well as disputes. These agreements include an agreement between entities within the Subsea reporting segment of the New Aker Solutions Group and entities within the Fjords Processing business unit of the Akastor Group regarding development of certain process technologies and an agreement between Subsea and MHWirth regarding the use and development of well control technologies.
- Guarantee obligations: If an obligation that arose prior to the completion of the demerger is not satisfied by the party to which the obligation has been allocated under the demerger Plan, be it Akastor or New Aker Solutions, the other party will have secondary joint liability for such obligation. This statutory liability is unlimited in time, but is limited in amount to the net value allocated to the non-defaulting party in the demerger. A guarantee commission will only be charged in the event that a guarantee cannot be effectively transferred or novated to New Aker Solutions.

Kvaerner

Frontica is a supplier of services to Kvaerner (shared services, recruitment and supply of technical and project administrative personnel). The amount charged for these services are NOK 392 million (NOK 295 million in 2013).

Akastor have provided parent company guarantees on behalf of Kvaerner entities of NOK 24 billion related to guarantees that were not transferred in connection with the demerger in 2011. The amount reflects obligations per date of issue of the guarantees. Kvaerner pays a guarantee commission on market terms and is liable to indemnify Akastor for any rightful claim under the guarantee.

Fornebuporten AS

On January 30, 2015, Akastor entered into a long-term lease agreement with Fornebuporten AS starting August 31, 2015 for headquarter offices at Fornebu. The duration of the contract is 10 years, with two additional five-year options.

Aker ASA

Akastor is sponsoring employers of the US pension plan Kvaerner Consolidated Retirement Plan. The principal sponsor for the plan is Kvaerner U.S. Inc, a subsidiary of TH Global plc. Aker has provided a guarantee to the plan in the event that Akastor becomes liable for more than one third of the underfunded element of the plan.

Aker Ship Lease 1 AS (Ocean Yield)

In 2009 Aker Ship Lease 1 AS and AKOFS Offshore entered into a 10 year bareboat charter contract for vessel Aker Wayfarer. In September 2014 AKOFS Offshore was awarded a five year contract with Petrobras to provide subsea intervention services offshore in Brazil for the Aker Wayfarer vessel with a start in Q4 2016 with a five-year option extension. The vessel will be converted to become a deepwater subsea equipment support vessel. The vessel contract with Aker Shiplease 1 AS was renegotiated to include an extension of current bareboat contract by 7 years, financing of the topside and subsea equipment, and new purchase options on 3 different dates. As a result of this re-negotiation, the vessel contract is recognized as a finance lease and a lease obligation of NOK 1 500 million was recognized in the accounts, of which NOK 210 million is presented as current, representing the yearly lease payment to Aker Ship Lease 1 AS. The non-current part of the lease obligation is reduced by the remaining prepayment made in 2009 (reclassified from non-current operating assets). NOK 900 million was recognized as finance lease in property, plant and equipments and an additional NOK 600 million was recognized in Other non-current assets and represents the capex obligation in the contract.

Det norske oljeselskap ASA

New Aker Solutions (discontinued operations in Akastor group) delivers installation and maintenance services to Det Norske Oljeselskap at Alvheim, Bøyla and Vilje fields.

Intellectual Property Holding AS

New Aker Solutions (discontinued operations in Akastor group) has an agreement with Intellectual Property Holding which holds all rights, titles and interests in and to registered trademarks and domain names containing "Aker".

Related party transactions with joint ventures

DOF Deepwater AS

A loan of NOK 84 million (NOK 83 million in 2013) is given to the jointly controlled entity DOF Deepwater (NIBOR 12 months + 1.5 percent). Akastor ASA has issued financial guarantees in favor of financial institutions related to financing of the five vessels in Aker DOF Deepwater, refer to note 18.

Related party transactions with associated companies

K2 Eiendom AS and Hinna Park Invest AS

Akastor entered into twelve year lease agreement with both K2 Eiendom AS and Hinna Park Invest AS for office buildings. Akastor had a shareholding of 25 percent in both these entities until end of 2014, when most of these shares were sold (17% shareholding in K2 Eiendom AS remaining at 31 December 2014). The cost related to the lease agreement for Hinna Park Invest AS has been included in the table above for the period until the demerger of Aker Solutions took place, as this building is leased by Aker Solutions.

Other related parties

Aker Pensjonskasse AS

Aker Pensjonskasse was established by Aker ASA to manage the retirement plan for employees and retirees in Akastor as well as related Aker companies. Akastor holds 93.4 percent of the paid-in capital in Aker Pensjonskasse and Akastor's share of paid-in equity was NOK 120 million at the end of 2014 (unchanged from 2013). Akastor premiums paid to Aker Pensjonskasse amounts to NOK 14.1 million in 2014 (NOK 12.7 million in 2013).

Even though Akastor owns 93.4 percent in Aker Pensjonskasse the ownership does not constitute control since Akastor does not have the power to govern the financial and operating policies so as to obtain benefits from the activities in this entity.

Grants to employee representative's collective fund

Aker ASA has signed an agreement with employee representatives that regulate use of grants from Akastor ASA for activities related to professional development. The grant in 2014 was NOK 355 000 (NOK 665 000 in 2013).

Note 36 | Management remunerations

Board of directors

The board of directors were elected for two years at the Extraordinary General Meeting 12 August 2014. The board of directors did not receive any other fees than those listed in the table below in 2014 or 2013, except for employee representatives who had market based salaries. The members of the board of directors have no agreements that entitle them to any extraordinary remuneration.

The fees in the table below represent what is recognized as expenses in the income statement based on assumptions about fees to be approved at the general assembly in 2014 for 2013 rather than what has been paid in the year.

2014

Amounts in NOK	Board meeting attendance Aker Solutions	Extraordinary board meeting attendance Aker Solutions	Board Risk Commitee Aker Solutions	Audit Committee Aker Solutions	Board fees Aker Solutions	Board meeting attendance Akastor	Audit Committee Akastor	Board fees Akastor
Øyvind Eriksen	7 of 7	2 of 2			3 000 000	3 of 3		300 000
Lone Fønss Schrøder	7 of 7	2 of 2		63 750	255 000	2 of 3	38 750	85 000
Kjell Inge Røkke	6 of 7	1 of 2			255 000	3 of 3		85 000
Kathryn Baker					-	3 of 3	21 250	85 000
Sarah Ryan[1]	7 of 7	1 of 2			255 000	3 of 3		85 000
Jannicke Sommer-Ekelund						3 of 3		85 000
Stig Faraas						3 of 3		85 000
Asbjørn Michailoff Pettersen						3 of 3	21 250	85 000
Anne Drinkwater[1]	7 of 7	2 of 2	15 000	116 250	255 000			
Atle Teigland	6 of 7	2 of 2		63 750	127 500			
Åsmund Knutsen	7 of 7	2 of 2	15 000		127 500			
Arild Håvik	5 of 7	2 of 2			127 500			
Hilde Karlsen	5 of 7	2 of 2			127 500			
Stuart Ferguson[1]	7 of 7	2 of 2	26 250		330 000			
Koosum Parsotam Kalyan[1]	7 of 7	2 of 2	15 000		255 000			
Total			**71 250**	**243 750**	**5 115 000**		**81 250**	**895 000**

[1] *Board fees in 2014 and 2013 includes an allowance of NOK 12 500 per meeting per physical attendance for board members residing outside the Nordic countries.*

2013

Amounts in NOK	Board meeting attendance	Extraordinary board meeting attendance	Board Risk Committee	Audit Committee	Board fees
Øyvind Eriksen	10 of 10	1 of 1			6 000 000
Mikael Lilius[1]	3 of 3	0 of 0			220 000
Lone Fønss Schrøder	10 of 10	1 of 1		85 000	332 500
Kjell Inge Røkke	7 of 10	1 of 1			332 500
Anne Drinkwater[1]	10 of 10	1 of 1	45 000	103 333	457 500
Sarah Ryan[1]	8 of 10	1 of 1			509 586
Atle Teigland	10 of 10	1 of 1		85 000	166 250
Åsmund Knutsen	10 of 10	1 of 1	45 000		166 250
Arild Håvik	9 of 10	1 of 1			166 250
Hilde Karlsen	8 of 10	1 of 1			166 250
Stuart Ferguson[1]	10 of 10	1 of 1	80 000		520 000
Koosum Parsotam Kalyan[1]	7 of 7	1 of 1	45 000		162 500
Nicoletta Giadrossi[1]	3 of 3	0 of 0		51 667	170 000
Total			**215 000**	**325 000**	**9 369 586**

[1] *Board fees in 2014 and 2013 includes an allowance of NOK 12 500 per meeting per physical attendance for board members residing outside the Nordic countries.*

According to policy in Aker, fees to directors employed in Aker companies are paid to the Aker companies, not to the directors in person. Therefore, board fees for Øyvind Eriksen were paid to Aker ASA. Board fee for Kjell Inge Røkke was paid to The Resource Group. The board fee for Øyvind Eriksen up until July 1, 2014 includes fee for his role as Executive Chairman.

The audit committee

Akastor has an audit committee comprising three of the directors, which held 12 meetings in 2014. As of December 31, 2014, the audit committee comprises Lone Fønss Schrøder (chairperson), Kathryn M. Baker and Asbjørn Michailoff Pettersen.

Guidelines for remuneration to the members of the executive management of Akastor

The main purpose of the executive remuneration is to encourage a strong and sustainable performance-based culture, which supports growth in shareholder value. The remuneration to the executive management in 2014 was performed in accordance with the guidelines of the company. The remuneration to the executive management shall be recommended by the CEO and approved by the board of directors of Akastor ASA on an annual basis. The same principles for executive wage settlement will be applied in 2015.

As of 31 December 2014, the executive management of Akastor comprises the company's CEO, Frank O. Reite, CFO, Leif H. Borge, and Investment Director, Karl Erik Kjelstad. The company practice standard employment contracts and standard terms and conditions regarding notice period and severance pay for the Akastor management. The CEO has a three months' notice period as a part of his employment contract. The CFO and the Investment Director both have six months' notice periods.

Compensation to the executive management has a fixed element which includes a base salary which pursuant to the company's benchmarking is competitive with other investment companies. In addition, the executive management have variable remuneration, as further described below. All variable pay shall be subject to a cap.

Benefits

The executive management participate in the standard employee, pension and insurance plan applicable to all employees in the company, see description in note 27 Employee benefits - pension for Norwegian members. No executive personnel in Akastor have performance based pension plans and there are no current loans, prepayments or other forms of credit from the company to its executive management. No members of the executive management are part of any option- or incentive programs other than what is described in this declaration.

As the CEO resides in Ålesund, the CEO is entitled to reimbursement for accommodation in Oslo as well as travel expenses between Ålesund and Oslo.

Performance based remuneration

In addition to the fixed compensation set out above, the executive management participates in a variable pay program. The objective of the program is to incentivise the management to contribute to sound financial results for the company as well as executing leadership in accordance with the company's values and business ethics. The variable pay program potential is maximised to 2/3 of the annual base salary.

The payments under the variable pay program are determined based on three components with equal weight:

- Development of Akastor ASA's share price
- Delivery of certain key financial targets for Akastor
- Delivery of personal performance objectives during the year

For the CEO, payments under the variable pay program are determined based on development of Akastor ASA's share price alone. Since the variable pay program is partly linked to the development of the Akastor ASA share price, it requires approval by the general meeting and the guidelines will thereafter be binding.

The development of the company's share price is an element of the variable pay program as described above. The accrual related to the future share based payments of the variable pay is estimated on the basis of the share price at year-end. The accrual consists of variable pay programs for the three preceding years.

Further, the executive management may be offered an additional variable pay arrangements going forward which differs from the ordinary variable pay program described above. The variable pay arrangements offered to the executive management may in its entirety be linked to the development of the company's share price. The executive management may from time to time be granted a discretionary variable pay. There was no discretionary pay expense in 2013 and 2014.

Remuneration to members of the executive management

The remuneration of the executive management for 2014 and 2013 is shown in the table below. The salary figures for the remuneration for the executive management before the split of the company represents what is paid out in the period rather than what is expensed in the year, except for Leif Hejø Borge and Karl Erik Kjelstad who continued in Akastor's executive management. For the executive management of Akastor the salary figures represent what has been expensed in the year.

2014

Amounts in NOK	Job title	Period	Base salary	Variable pay[2]	Other benefits[3,4]	Total taxable remuneration	Pension benefit earned/cost to company[5]
Akastor executive management							
Frank Ove Reite	CEO	Jul 1 - Dec 31	2 287 385	-	4 169	2 291 554	40 970
Leif Hejø Borge[1,6]	CFO	Jan 1 - Dec 31	3 995 668	1 024 972	48 168	5 068 808	154 558
Karl Erik Kjelstad[6]	Investment director	Jan 1 - Dec 31	3 750 771	925 526	49 601	4 725 898	141 551
Aker Solutions executive management							
Alan Brunnen	Head of Subsea	Jan 1 - Jun 30	1 840 190	1 019 375	4 847	2 864 412	251 631
Roy Dyrseth	Head of Drilling Technologies	Jan 1 - Jun 30	1 086 784	116 604	28 186	1 231 574	62 388
Valborg Lundegaard	Head of Engineering	Jan 1 - Jun 30	1 197 676	1 589 701	29 196	2 816 573	126 583
David Merle	Head of Process Systems	Jan 1 - Jun 30	1 217 077	1 135 174	433 319	2 785 570	51 750
Tom Munkejord	Head of Umbilicals	Jan 1 - Jun 30	1 232 325	2 175 895	24 890	3 433 110	90 989
Tore Sjursen	Head of Maintenance, Modifications and Operations	Jan 1 - Jun 30	1 302 201	1 885 034	25 178	3 212 413	104 201
Åsmund Bøe	Chief Technology Officer	Jan 1 - Jun 30	1 282 952	1 194 941	210 315	2 688 208	62 081
Nicoletta Giadrossi	Head of Operations	Jan 1 - Jun 30	901 983	3 284 229	79 044	4 265 255	64 206
Sissel Anne Lindland	Chief HR Officer	Jan 1 - Jun 30	922 298	878 926	27 024	1 828 248	64 042
Mark Riding	Chief Strategic Marketing	Jan 1 - Jun 30	1 188 966	967 929	408 554	2 565 449	79 185
Per Harald Kongelf	Regional President of Norway	Jan 1 - Jun 30	1 465 491	1 525 179	28 409	3 019 079	115 201
Luis Araujo	Regional President of Brazil	Jan 1 - Jun 30	2 049 992	2 010 359	194 611	4 254 961	64 411
Erik Wiik	Regional President of North America	Jan 1 - Jun 30	1 292 795	572 217	165 948	2 030 960	149 145
Total			**27 014 553**	**20 306 061**	**1 761 458**	**49 082 073**	**1 622 892**

2013

Amounts in NOK	Job title	Period	Base salary	Variable pay[2]	Other benefits[3,4]	Total taxable remuneration	Pension benefit earned/cost to company[5]
Akastor executive management							
Leif Hejø Borge[1,6]	President & CFO	Jan 1 - Dec 31	3 825 418	1 112 244	57 482	4 995 144	138 648
Karl Erik Kjelstad[6]	Head of Oilfield Services & Marine Assets	Jan 1 - Dec 31	3 159 676	1 290 210	38 606	4 488 492	127 831
Aker Solutions executive management							
Alan Brunnen	Head of Subsea	Jan 1 - Dec 31	2 464 019	1 485 320	8 423	3 957 762	352 421
Thor Arne Håverstad	Head of Drilling Technologies	Jan 1 - Jun 30	1 319 012	1 764 727	53 137	3 136 876	189 847
Roy Dyrseth	Head of Drilling Technologies	Jul 1 - Dec 31	1 147 884	-	6 007 105	7 154 989	59 220
Valborg Lundegaard	Head of Engineering	Jan 1 - Dec 31	2 524 034	2 443 791	40 115	5 007 940	235 025
David Merle	Head of Process Systems	May 7 - Dec 31	2 278 350	1 065 425	1 441 653	4 785 428	90 237
Tove Røskaft	Head of Umbilicals	Jan 1 - Mar 31	413 819	183 166	59 826	656 811	56 983
Tom Munkejord	Head of Umbilicals	Apr 1 - Dec 31	1 885 338	447 575	11 883	2 344 796	72 499
Tore Sjursen	Head of Maintenance, Modifications and Operations	Jan 1 - Dec 31	2 757 219	3 000 610	27 636	5 785 465	196 888
Wolfgang Puennel	Head of Well Intervention Services	Jan 1 - Jun 30	1 631 352	312 730	6 667	1 950 749	83 391
Rolf Leknes	Head of Well Intervention Services	Jul 1 - Dec 31	1 092 336	-	9 105	1 101 441	100 966
Leif Haukom	Head of Mooring and Loading Systems	Jan 1 - Dec 31	1 835 575	1 400 147	48 023	3 283 745	354 087
Åsmund Bøe	Chief Technology Officer	Jan 1 - Dec 31	2 549 498	1 373 819	1 332 430	5 255 747	109 105
Nicoletta Giadrossi	Head of Operations	Apr 1 - Dec 31	2 773 738	558 003	89 252	3 420 993	312 163
Sissel Anne Lindland	Chief HR Officer	Jan 1 - Dec 31	1 903 279	1 349 513	49 196	3 301 988	113 068
Mark Riding	Chief Strategic Marketing	Jan 1 - Dec 31	2 354 571	519 076	814 316	3 687 963	144 270
Per Harald Kongelf	Chief Operating Officer and Regional Manager of Norway	Jan 1 - Dec 31	3 025 421	1 884 454	39 481	4 949 356	211 140
Luis Araujo	Regional Manager of Brazil	Jan 1 - Dec 31	3 174 175	3 414 686	476 339	7 065 200	302 827
Erik Wiik	Regional manager of North America	Jan 1 - Dec 31	2 488 654	2 405 076	147 560	5 041 290	260 319
Total			**44 603 368**	**26 010 572**	**10 758 235**	**81 372 175**	**3 510 935**

[1] *Includes accrued holiday allowances and temporary allowance for additional job responsibility for Leif Hejø Borge of NOK 500 000 in 2014 (NOK 1 000 000 in 2013)*
[2] *Based on variable pay paid out during the year unless othervise stated.*
[3] *Other benefits include insurance agreements, such as membership in the standard employee scheme and an additional executive group life and disability insurance with a maximum cover of NOK 4 036 340. The amount also includes housing costs, international salary compensation, children schooling costs and severance pay (see footnote 4). Sign on fee of NOK 6 000 000 is included for Roy Dyrseth in 2013.*
[4] *Other benefits includes salary in notice period and severance pay for management where employment is terminated.*
[5] *Pension benefits include the standard employee pension scheme, a pension compensation scheme (for transfer from benefit to contribution scheme), a disability pension scheme and certain management pension rights related to the wound up schemes and early retirement schemes.*
[6] *Leif Hejø Borge was President and CFO in Aker Solutions in 2013 and first half 2014 (before the demerger). Karl-Erik Kjelstad was Head of Oilfield and Marine Assets in Aker Solutions in 2013 and first half 2014 (before the demerger). Both are as of December 31, 2014 part of the EMT group in Akastor. The amounts in the table are for the full year 2014 and 2013.*

Share purchase program for Akastor's executive management team
The executive management were invited to participate in Akastor's share purchase programs in 2014. The ordinary employee share purchase program gave the executive management the opportunity to purchase shares of up to NOK 60 000 with a reduction of 25 percent in addition to NOK 1 500 (funded by an employer loan, to be repaid by salary deductions over a period of 12 months), refer to note 8 Salaries, wages and social security costs.

Akastor also had a separate manager share program, with a potential to purchase shares for an amount equal to 25 percent of base salary with a reduction of 25 percent on the share price. In terms of the executive management, the board resolved in 2014 that the CEO could purchase up to 100 000 treasury shares yearly from the company under the manager share purchase program described above. The CFO and Investment Director were authorized to buy up to 100 000 shares each under the manager share purchase program for 2014.

Furthermore, the board resolved that the CEO could purchase up to 100 000 additional treasury shares in 2014 at the price of 18.72 NOK per share (equivalent with the average share price for the first 20 days of trading following completion of the demerger of the Aker Solutions group on 29 September 2014, less a discount of 20 percent).

All shares purchased under the programs described above are subject to a three year lock-up period under which the acquired shares may not be sold or otherwise disposed of.

The executive management may also in 2015 be offered to take part in separate share purchase programs, such as programs with a higher maximum purchase amount that for other managers.

Directors' and executive management's shareholding
The following number of shares were owned by the directors and the members of the executive management (and their related parties) as of December 31:

	Job title	2014	2013[1]
Frank Ove Reite	CEO	200 000	-
Leif Hejø Borge	CFO	142 775	39 725
Karl Erik Kjelstad	Investment Director	123 074	23 074
Lone Fønss Schrøder	Director	4 400	4 400
Kathryn Baker	Director	-	-
Sarah Ryan	Director	-	-
Jannicke Sommer-Ekelund	Director	252	252
Stig Faraas	Director	-	-
Asbjørn Michailoff Pettersen	Director	3 050	-

The overview includes only direct ownership of Akastor shares and does not include Øyvind Eriksen and Kjell Inge Røkke's indirect ownership through their ownership in Aker ASA.

Note 37 | Correction of errors

In 2013 profits from discontinued operations were overstated by NOK 126 million, mainly related to too high revenue accruals. In addition, a subsidiary in continuing operations has overstated book value of inventory in previous years, primarily before 2013. The errors have been corrected by restating each of the affected financial statement line items for the prior period, as follows:

Impact on consolidated income statement - increase (decrease) in profit

Amounts in NOK million	2013
Materials, goods and services	(22)
Income tax expense	6
Profit from continuing operations	**(16)**
Profit from discontinued operations (net of income tax)	(126)
Profit from the period	**(142)**
Profit for the period attributable to:	
Equity holders of the parent company	(142)
Non-controlling interests	-
Profit from the period	**(142)**
Earnings per share (NOK)	
Basic earnings per share	(0.52)
Diluted earnings per share	(0.52)
Earnings per share continuing operations (NOK)	
Basic earnings per share	(0.06)
Diluted earnings per share	(0.06)

Impact on consolidated statement of financial position - increase (decrease) in equity

Amounts in NOK million	Dec 31, 2013	Dec 31, 2012
Assets		
Inventories	(73)	(51)
Current interest-bearing receivables	(73)	-
Assets classified as held for sale	(70)	-
Total assets	**(216)**	**(51)**
Equity and liabilities		
Equity		
Retained earnings	(179)	(37)
Liabilities		
Deferred tax liabilities	(20)	(14)
Liabilities classified as held for sale	(17)	-
Total liabilities and equity	**(216)**	**(51)**

The error did not have an impact on the group's statement of other comprehensive income or operating, investing and financing cash flows.

Note 38 | Subsequent events

Purchase of AKOFS Seafarer
The purchase of AKOFS Seafarer was executed in February 2015. Following the transaction, the vessel prevously named Skandi Aker has been re-named AKOFS Seafarer. The purchase price was USD 122.5 million, all financed with new bank debt.

Restructuring
A process in MHWirth has been initiated in February 2015, with an ambition to reduce the global work force to give a reduction of approximately 500-750 people, both own employees and hired-ins. This will happen through downsizing and attrition. The restructuring cost in first half 2015 is estimated to be NOK 100 million.

07. FINANCIALS AND NOTES

AKASTOR ASA

Akastor ASA | Income statement
For the year ended December 31

Amounts in NOK million	*Note*	2014	2013
Operating revenue	2	**27**	48
Operating expenses	2	**(109)**	(131)
Operating profit (loss)		**(82)**	(83)
Income from investments in subsidiaries	5	**-**	2 896
Net financial items	3	**(38)**	13
Profit (loss) before tax		**(120)**	2 826
Income tax	4	**40**	1
Profit (loss) for the period		**(80)**	**2 827**
Profit (loss) for the period distributed as follows:			
Proposed dividends		**-**	1 115
Other equity		**(80)**	1 712
Profit (loss) for the period		**(80)**	2 827

Akastor ASA | Statement of financial position
For the year ended December 31

Amounts in NOK million	*Note*	Dec 31, 2014	Dec 31, 2013
Assets			
Deferred tax asset	4	**39**	13
Investments	5	**4 963**	15 299
Non-current interest-bearing receivables from group companies	7	**1 289**	2 345
Other non-current interest-bearing receivables	8	**85**	85
Total non-current assets		**6 376**	17 742
Current interest-bearing receivables from group companies	7	**4 743**	5 393
Non-interest bearing receivables from group companies	7	**14**	4 768
Financial assets	11	**2 408**	1 187
Other current receivables		**32**	-
Cash in cash pool system	7	**499**	1 023
Total current assets		**7 696**	12 371
Total assets		**14 072**	**30 113**
Equity and liabilities			
Issued capital		**162**	455
Treasury shares		**(2)**	(3)
Share premium reserve		**2 000**	2 000
Other paid in capital		**2 003**	2 442
Other equity		**537**	4 109
Total equity	6	**4 700**	9 003
Non-current borrowings	9	**3 472**	6 366
Total non-current liabilities		**3 472**	6 366
Current borrowings	9	**2**	3 874
Current borrowings from group companies	7	**3 290**	8 435
Provision for dividend	6	**-**	1 115
Non interest-bearing liabilities from group companies	7	**21**	38
Financial liabilities	11	**2 431**	1 183
Other current liabilities		**156**	99
Total current liabilities		**5 900**	14 744
Total liabilities		**9 372**	21 110
Total liabilities and equity		**14 072**	**30 113**

Oslo, March 13, 2015 | Board of Directors of Akastor ASA

Øyvind Eriksen | Chairman — Lone Fønns Schrøder — Kjell Inge Røkke — Kathryn Moore Baker

Sarah Elizabeth Ryan — Jannicke Sommer-Ekelund — Stig Willy Faraas — Asbjørn Michailoff Pettersen — Frank Ove Reite | CEO

Akastor ASA | Statement of cash flow

For the year ended December 31

Amounts in NOK million	*Note*	2014	2013
Cash flows from operating activities			
Profit (loss) before tax		**(80)**	2 827
Changes in other net operating assets		**(468)**	(2 573)
Net cash from operating activities		**(548)**	254
Cash flows from investing activities			
Payment related to increase in interest-bearing receivables		**(29)**	(25)
Net cash from investing activities		**(29)**	(25)
Cash flows from financing activities			
Demerger consideration		**3 000**	-
Proceeds from borrowings	9	**3 500**	3 649
Repayment of borrowings		**(7 242)**	(231)
Changes in borrowings from group companies		**6 390**	7 600
Changes in borrowings to group companies		**(876)**	(9 812)
Proceeds from employees share purchase program	6	**33**	183
Repurchase of treasury shares	6	**(60)**	(50)
Dividends to shareholders	6	**(1 115)**	(1 082)
Net cash from financing activities		**3 630**	257
Net increase (decrease) in cash and bank deposits		**3 053**	486
Cash in cash pool system at the beginning of the period		**1 023**	536
Demerger to new Aker Solutions		**(3 577)**	-
Cash in cash pool system at the end of the period[1)]	7	**499**	**1 023**

[1)] *Unused credit facilities amounted to NOK 1 billion as of 31 December 2014 (NOK 4.4 billion in 2013).*

Note 1 | Accounting principles

Akastor ASA is a company domiciled in Norway. The accounts are presented in conformity with Norwegian legislations and Norwegian generally accepted accounting principles.

On September 26, 2014, the demerger of Akastor was completed and Aker Solutions ASA ("New Aker Solutions"), a subsidiary of Akastor ASA established for the purposes of the demerger, was listed on the Oslo Stock Exchange. At the same time Aker Solutions ASA changed name to Akastor ASA.

The demerger entailed a reorganization without change in ownership. For accounting purpose, the continuity method is applied, cf. Publication "Demerger" of the Norwegian Accounting Standards Board. Consequently, the book value of assets and liabilities transferred upon the demerger is recognized by Aker Solutions ASA. The effective date of the demerger is January 1, 2014, hence all transactions during 2014 related to assets, rights, obligations and liabilities that have been transferred to Aker Solutions ASA in the demerger have for accounting purposes been allocated to Aker Solutions ASA in 2014.

Revenue recognition

Revenue is recognized when the service is delivered. Operating revenue is comprised mainly of income from parent company guarantees (PCG). The PCGs are invoiced when the guarantee is issued and the income is distributed over the lifetime of the guarantee. Insurance commissions are recognized the year the insurance is established.

Investment in subsidiaries and associates

Investments in subsidiaries and associates are accounted for using the cost method in the parent company accounts. The investments are valued at cost less impairment losses. Write-downs to fair value are recognized when the impairment is considered not to be temporary and reversed if the basis for the write-down is no longer present.

Dividends and other distributions are recognized as income the same year as they are allocated from the subsidiary. If the dividend exceeds accumulated profits in the subsidiary after the acquisition, the payment is treated as a reduction of the carrying value of the investment.

Classification and valuation of balance sheet items

Current assets and current liabilities include items due within one year or items that are part of the operating cycle. The rest is classified as non-current assets/non-current debt.

Current assets are valued at the lowest of cost and fair value. Current debt is valued at nominal value at the time of recognition.

Non-current debts are initially valued at transaction value less attribute transaction cost. Subsequent to initial recognition, interest-bearing long-term debt is stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowing on an effective interest basis.

Trade receivables and other receivables are recognized at nominal value less provision for expected losses. Provision for expected losses is considered on an individual basis.

Cash in cash pool system

Cash in cash pool system is the parent company's cash as well as net deposits from subsidiaries in the group cash pooling systems owned by the parent company. Correspondingly, the parent company's current debt to group companies will include the same net deposits in the group's cash pooling system.

The cash flow statement is prepared according to the indirect method.

Share capital

Costs for purchase of own shares including transaction costs are accounted for directly against equity. Sale of own shares are performed according to stock-exchange quotations at the time of award and accounted for as increase in equity.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate on that date. Foreign exchange differences arising on translation are recognized in the income statement.

Derivative financial instruments

Subsidiaries have entered into financial derivative agreements with the parent company to hedge their foreign exchange exposure. The parent company does not engage in hedging activities other than as a counterpart in financial derivative agreements with the subsidiaries. In the parent company, derivatives from external banks are used to mitigate the foreign exchange exposure from the financial derivative agreements with the subsidiaries.

Hedge accounting is performed at group level. Refer to note 3 in the Akastor consolidated accounts for description of hedge accounting at group level.

All financial assets and liabilities related to foreign exchange contracts are revalued at fair value in respect to exchange rate movements each period.

In order to reduce the interest rate risk related to external borrowings, Akastor also enters into interest swap agreements. The market value of interest rate swaps classified as cash flow hedges (where the interest rate of the debt is switched from floating- to fixed interest rate) is accounted for directly against equity while the corresponding interest payments are reflected in the profit and loss to neutralise potential changes in interest levels.

The value of interest rate swaps classified as fair value hedges (from fixed to floating interest rate) is accounted for through profit and loss. At the same time a corresponding adjustment to the carrying value of the borrowing accounted for.

Tax

Tax expense in the income statement comprises current tax and changes in deferred tax. Deferred tax is calculated as 27 percent of temporary differences between accounting and tax values as well as any tax losses carry forward at the year end. Net deferred tax assets are recognized only to the extent it is probable that they will be utilized against future taxable profits.

Note 2 | Operating revenue and expenses

Operating revenue comprises mainly NOK 18 million in income from parent company guarantees (NOK 39 million in 2013) and NOK 9 million in insurance commissions from Akastor companies (unchanged from 2013). Income from parent company guarantees includes NOK 8 million from external companies (NOK 9 million in 2013).

There are no employees in Akastor ASA and hence no salary or pension related costs and also no loan or guarantees related to the executive management team. Group management and corporate staff are employed by other Akastors companies and costs for their services as well as other parent company costs are charged to Akastor ASA. Remuneration to and shareholding of managing director Frank Ove Reite, is described in note 36 Management remunerations in the consolidated accounts.

Fees to KPMG

Amounts in NOK million	2014	2013
Audit	4	4
Other assurance services[1]	18	-
Other non-audit services	1	-
Total	**23**	**4**

[1] *NOK 18 million relates to services provided related to the demerger of the group. The amount has been recharged to New Aker Solutions.*

Note 3 | Net financial items

Amounts in NOK million	2014	2013
Interest income from group companies	255	742
Interest expense to group companies	(27)	(23)
Net interest group companies	**228**	**719**
Interest income from related parties	5	10
Net interest related parties	**5**	**10**
Interest income	27	31
Interest expense	(298)	(693)
Net interest external	**(271)**	**(662)**
Loss on loans to group companies	**-**	**(68)**
Other financial expense	(12)	(3)
Foreign exchange gain	324	344
Foreign exchange loss	(312)	(327)
Net other financial items	**-**	**14**
Net financial items	**(38)**	**13**

Note 4 | Tax

Amounts in NOK million	2014	2013
Calculation of taxable income		
Profit (loss) before tax	**(120)**	2 826
Group contribution without tax	-	(2 896)
Write down internal loan	-	68
Permanent differences	(32)	(6)
Change in timing differences	74	(1)
Taxable income	**(78)**	(9)
Positive and (negative) timing differences		
Unrealized gain(loss) on forward exchange contracts	(23)	7
Interest rate swaps	-	(44)
Temporary differences	(40)	-
Loss carry-forward	(82)	(9)
Basis for deferred tax	**(145)**	(46)
Deferred tax in income statement	39	1
Deferred tax in equity	-	12
Deferred tax asset	**39**	**13**
Tax expense		
Origination and reversal of temporary differences in income statement	41	3
Payable tax	-	-
Withholding tax paid	(1)	(2)
Total tax in income statement	**40**	**1**

Note 5 | Investments

Amounts in NOK million	Registered office	Share capital	Number of shares held	Percentage owner /voting share	2014	2013
Akastor AS[1]	Fornebu, Norway	1 004	1	100%	4 160	14 496
AKOFS Offshore AS[2]	Oslo, Norway	482	10 378 306	32.29%	803	803
Total investments in subsidiaries					**4 963**	**15 299**

[1] *The share capital of Akastor AS was decreased by NOK 2 496 million in 2014 as an effect of the demerger of the company.*

[2] *The remaining 67.71 percent of the shares in AKOFS Offshore AS are held by Akastor AS. Accordingly, Akastor ASA owns 100 percent of the shares through direct and indirect ownership. The company has changed name from AKOFS Oilfield Services AS in 2014.*

Amounts in NOK million	2014	2013
Group contributions	-	2 896
Total income from investments in subsidiaries	**-**	**2 896**

Note 6 | Shareholders' equity

Amounts in NOK million	Share capital	Treasury shares	Share premium	Other paid in capital	Retained earnings	Total
Equity as of January 1, 2013	**455**	**(6)**	**2 000**	**2 442**	**2 260**	**7 151**
Shares issued to employees through share program	-	4	-	-	179	183
Share buy back	-	(1)	-	-	(49)	(50)
Profit (loss) for the period	-	-	-	-	2 827	2 827
Proposed dividend	-	-	-	-	(1 115)	(1 115)
Cash flow hedge	-	-	-	-	7	7
Equity as of December 31, 2013	**455**	**(3)**	**2 000**	**2 442**	**4 109**	**9 003**
Shares issued to employees through share program[1]	-	1	-	-	32	33
Share buy back[2]	-	(2)	-	-	(59)	(61)
Demerger of New Aker Solutions	(293)	2	-	(439)	(3 465)	(4 195)
Profit (loss) for the period	-	-	-		(80)	(80)
Equity as of December 31, 2014	**162**	**(2)**	**2 000**	**2 003**	**537**	**4 700**

[1] Akastor subsidiaries operate a share purchase program for employees. The subsidiaries purchase shares from Akastor ASA in order to settle obligations to the employees under the schemes. During 2014 a total of 1 684 235 shares were sold under the program.

[2] During 2014 a total of 2 705 000 treasury shares have been acquired in the market. The number of treasury shares held by end of 2014 were 2 976 376 and are held for the purpose of being used for future awards under the share purchase program for employees, as settlement in future corporate acquisitions or for other purpose as decided by the board of directors.

On September 26, 2014, the demerger of Akastor was completed, refer to note 1. An allocation of the share capital was determined, after deducting the value of Akastors treasury shares, such that 35 percent of the share capital was allocated to Akastor and 65 percent was allocated to Aker Solutions giving a split ratio of 35:65 percent. Following the demerger Aker Solutions ASA issued pro rata consideration shares to Akastors shareholders and was listed on the Oslo Stock Exchange on September 29, 2014.

The share capital of Akastor ASA is divided into 274 000 000 shares with a nominal value of NOK 0.592. The shares can be freely traded. An overview of the company's largest shareholders is to be found in note 13 Shareholders.

Note 7 | Receivables and borrowings from group companies

Amounts in NOK million	2014	2013
Group companies deposits in the cash pool system	**2 760**	6 503
Group companies borrowings in the cash pool system	**(280)**	(552)
Akastor ASA's net borrowings in the cash pool system	**(1 981)**	(4 928)
Cash in cash pool system	**499**	1 023
Current interest-bearing receivables from group companies	**4 743**	5 393
Non-current interest-bearing receivables from group companies	**1 289**	2 345
Current borrowings from group companies	**(3 290)**	(8 435)
Other net interest-bearing receivables from group companies	**2 742**	(697)
Current non interest-bearing receivables from group companies	**14**	4 768
Current non interest-bearing borrowings from group companies	**(21)**	(38)
Net non interest-bearing receivables from group companies	**(7)**	4 730
Total net receivables from group companies	**3 234**	**5 056**

All current receivables and borrowings are due within one year.

Akastor ASA is the owner of the cash pool system arrangements with DNB, Nordea and The Royal Bank of Scotland. The cash pool systems cover a majority of the group geographically and assure good control and access to the group's cash. Participation in the cash pool is vested in the Group policy and decided by each company's board of directors and confirmed by a statement of participation. The participants in the cash pool system are joint and severably liable and it is therefore important that Akastor as a group is financially viable and can repay deposits and carry out transactions. Any debit balance on a sub account can be set-off against any credit balance. A debit balance does hence represent a claim on Akastor ASA and a credit balance a borrowing from Akastor ASA.

The cash pool systems had a net balance of NOK 499 million per December 31, 2014. This amount is reported in Akastor ASA's accounts as short term borrowings from group companies and as cash in cash pool system.

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

Akastor ASA has an obligation to fund Step Oiltools B.V with an amount up to USD 107 million (out of which USD 90 million was drawn by end of 2014). Any loans under this agreement shall be repaid no later than December 31, 2017.

Note 8 | Other non-current interest-bearing receivables

Amounts in NOK million	2014	2013
Loan to DOF Deepwater AS	**83**	83
Stiftelsen Akastor Kompensasjonsordning	**2**	2
Total other non-current interest-bearing receivables	**85**	**85**

Note 9 | Borrowings

Contractual terms of group's interest-bearing loans and borrowings which are measured at amortized cost. For more information about the group's exposure to interest rates, foreign currency and liquidity risk, see note 11 Financial risk management and financial instruments.

2014

Amounts in million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate[3]	Fixed interest margin	Interest coupon	Maturity date	Interest terms
Revolving credit facility (NOK 2 000 million)	NOK	1 000	**987**	1.48%	1.60%	3.08%	03.06.19	IBOR + Margin[2]
Total credit facility			**987**					
Term loan	NOK	2 500	**2 485**	1.48%	1.40%	2.88%	03.06.17	IBOR 3M +variable margin
Total term loan			**2 485**					
Accrued interest			**2**					
Total borrowings			**3 472**					
Current borrowings			**2**					
Non-current borrowings			**3 472**					
Total			**3 474**					

2013

Amounts in million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate[3]	Fixed interest margin	Interest coupon	Maturity date	Interest terms
ISIN NO 001050461.6	NOK	1 913	**1 812**	8.70%	2.00%	10.70%	26.06.14	Fixed, annual
ISIN NO 001050460.8	NOK	187	**187**	1.65%	6.75%	8.40%	26.06.14	Floating, 3M+fix margin
ISIN NO 0010647431	NOK	1 500	**1 498**	1.67%	4.25%	5.92%	06.06.17	Floating, 3M+fix margin
ISIN NO 0010661051	NOK	1 000	**1 002**	1.68%	4.20%	5.88%	09.10.19	Floating, 3M+fix margin
Total bonds[1]			**4 499**					
Revolving credit facility (NOK 6 000 million)	NOK	1 650	**1 636**	3.14%	0.00%	3.14%	01.06.16	IBOR + Margin[2]
Total credit facility			**1 636**					
Term loan	NOK	750	**755**	1.70%	2.00%	3.70%	01.10.14	NIBOR 3M+fix margin
Term loan	EUR	270	**2 257**	0.29%	1.85%	2.14%	13.11.15	IBOR 3M +variable margin
Term loan	EUR	130	**1 092**	0.22%	1.50%	1.72%	13.05.14	IBOR 3M +variable margin
Total term loan			**4 104**					
Total borrowings			**10 240**					
Current borrowings			**3 874**					
Non-current borrowings			**6 366**					
Total			**10 240**					

[1] *The book value is calculated by reducing the nominal value of NOK 4 400 million by total issue costs related to the new financing of negative NOK 23 million. Accrued interest and issue costs related to the bonds are included by NOK 116 million . The book value of the bond with notional value of NOK 1 913 million also includes the mark-to-market value of a fair value hedging interest rate swap of NOK 7 million.*

[2] *The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 40 percent of the margin (35 percent in 2013).*

[3] *The interest costs are calculated using either the last fixing rate known by year end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).*

Bank debt

All facilities are provided by a bank syndicate consisting of high quality Nordic and international banks. The terms and conditions include restrictions which are customary for this kind of facility, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers. There are also certain changes of control provisions included. The facility includes no dividend restrictions and is unsecured.

The financial covenants are based on two sets of key financial ratios; a gearing ratio based on net debt/equity and an interest coverage ratio based on EBITDA/net finance costs. The financial covenants are tested on a quarterly basis. The margin applicable to the facility is based on a price grid determined by the gearing ratio and level of utilization. See note 11 Financial risk management and exposures for more information regarding capital risk in the group.

Financial liabilities and the period in which they mature

2014

Amounts in NOK million	Carrying amount	Total undiscounted cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Total credit facility[2]	**987**	**1 139**	1 015	15	31	77	-
Term loan	**2 485**	**2 680**	36	36	72	2 536	-
Accrued interest	**2**	**2**	2	-	-	-	-
Total borrowings	**3 474**	**3 821**	**1 051**	**51**	**103**	**2 613**	**-**

2013

Amounts in NOK million	Carrying amount	Total undiscounted cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
ISIN NO 001050461.6	**1 812**	**1 805**	1 805	-	-	-	-
ISIN NO 001050460.8	**187**	**187**	187	-	-	-	-
ISIN NO 0010647431	**1 498**	**1 811**	44	44	89	1 633	-
ISIN NO 0010661051	**1 002**	**1 338**	29	29	59	176	1 044
Total bond	**4 499**	**5 141**	**2 065**	**73**	**148**	**1 809**	**1 044**
Total credit facility[2]	**1 636**	**1 780**	**1 676**	**26**	**52**	**26**	**-**
Term loan	**4 104**	**4 205**	**1 133**	**774**	**2 298**	**-**	**-**
Total borrowings	**10 240**	**11 126**	**4 874**	**873**	**2 498**	**1 835**	**1 044**

[1] *The interest costs are calculated using either the last fixing rate known by year end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).*

[2] *NOK 1 000 million (NOK 1 650 million in 2013) corresponds to the repayment of the drawn portion of the available NOK 2 000 million (NOK 6 000 million in 2013)*

Note 10 | Guarantees

Amounts in NOK million	2014	2013
Parent company guarantees to group companies[1]	**10 846**	50 215
Guarantees on behalf of Kvaerner companies[4]	**25 241**	25 192
Guarantees on behalf of companies sold[3]	**425**	563
Counter guarantees for bank/surety bonds of Kvaerner companies	**-**	4
Counter guarantees for bank/surety bonds sold	**-**	4
Counter guarantees for bank/surety bonds[2]	**3 959**	7 026
Total guarantee liabilities	**40 471**	**83 004**
Maturity of guarantee liabilities:		
6 months and less	**14 213**	3 031
6-12 months	**413**	4 013
1-2 years	**18 041**	15 105
2-5 years	**7 347**	55 467
5 + years	**457**	5 388

[1] *Parent Company Guarantees to support subsidiaries in contractual obligations towards clients.*

[2] *Bank guarantees and surety bonds are issued on behalf of Akastor subsidiaries, and counter indemnified by Akastor ASA.*

[3] *Guarantees to companies sold, Aker Solutions E&C Ltd, McGregor Pusnes AS (former Aker Pusnes AS) and Altus Invervention Limited (former Aker Qserv Ltd).*

[4] *Kvaerner is related party to Akastor group. NOK 9.6 billion have been released during February 2015. Guarantees of NOK 8.7 billion reported in Akastor AS in 2013 has been moved to Akastor ASA.*

Guarantee obligations on behalf of New Aker Solutions

If an obligation that arose prior to the completion of the demerger is not satisfied by the party to which the obligation has been allocated under the demerger Plan, be it Akastor or New Aker Solutions, then the other party will have secondary joint liability for such obligation. This statutory liability is unlimited in time, but is limited in amount to the net value allocated to the non-defaulting party in the demerger. The guarantees listed above do not include obligations on behalf of New Aker Solutions.

Note 11 | Financial risk management and financial instruments

Currency risk and balance sheet hedging

Amounts in NOK million	2014 Assets	2014 Liabilities	2013 Assets	2013 Liabilities
Forward exchange contracts with group companies	1 754	(850)	660	(679)
Forward exchange contracts with external counterparts	654	(1 581)	527	(504)
Total	**2 408**	**(2 431)**	1 187	(1 183)

Aksastor ASA have entered into forward exchange contracts with subsidiaries in 2014 with a total value of about NOK 66 billion. Large contracts are hedged back-to-back with external banks, while minor contracts are hedged based on internal matching principles. Contracts that are hedged directly represents about 80 percent of the total exposure but only a small number of the total contracts. These contracts have no significant impact on Akastor ASA's income statement. All instruments are booked at fair value as per December 31.

Interest rate risk

Amounts in NOK million	2014 Assets	2014 Liabilities	2013 Assets	2013 Liabilities
Interest rate swaps - cash flow and fair value hedge (against equity)	-	-	37	-
Interest rate swaps - cash flow hedge (against equity)	-	-	-	(44)
Total	-	-	37	(44)

Interest rate swaps are applied to achieve the internal policy that 30-50 percent of the company's gross external borrowing shall be at fixed interest rates, with duration matching the remaining duration of the borrowing. Interest terms on the borrowing are described in note 9 Borrowings. The credit facility (nominal NOK 2 billion) was drawn up to NOK 1 billion by end of the year (not hedged).

Hedge accounting is applied using the cash flow hedge accounting model which means that gains and losses on interest rate swaps from floating to fixed interest rates are recognized in the hedging reserve in equity. As of December 31, 2014 Akastor had no interest swaps.

Credit risk

Credit risk relates to loans to subsidiaries and associated companies, overdraft in the group cash pool, hedging contracts, guarantees to subsidiaries and deposits with external banks. Loss provisions are made in situations of negative equity and where the company is not expected to be able to fulfill it's loan obligations from future earnings. External deposits and forward contracts are done according to a list of approved banks and primarily with banks were the company also has a borrowing relation. The existence of netting agreements between Akastor ASA and the relations banks reduces the credit risk.

Liquidity risk

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

Note 12 | Related parties

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

Transactions	Info in note
Other services	Note 2
Financial items	Note 3
Investments	Note 5
Cash pool	Note 7
Receivables and borrowings	Note 7, 8
Guarantees	Note 10
Foreign exchange contracts	Note 11

Akastor ASA's agreement with Aker ASA regarding pension obligation in US is described in the consolidated accounts note 34 Related parties.

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

Note 13 | Shareholders

Shareholders with more than 1 percent shareholding

2014

Company	*Note*	Nominee	Number of shares held	Ownership
Aker Kværner Holding AS			110 333 615	40.27%
Euroclear Bank S.A./N.V.('BA')		X	29 298 800	10.69%
Goldman Sachs & Co		X	23 800 654	8.69%
Aker ASA			17 331 762	6.33%
State Street Bank & Trust Co.		X	15 251 004	5.57%
JPMorgan Clearing Corp.		X	5 614 319	2.05%
Clearstream Banking S.A.		X	5 369 997	1.96%
Folketrygdfondet			3 992 444	1.46%
State Street Bank & Trust Co.		X	3 774 066	1.38%
SIX SIS AG		X	3 697 815	1.35%
ODIN Norge			3 333 506	1.22%
Akastor ASA	6		2 976 376	1.09%

2013

Company	*Note*	Nominee	Number of shares held	Ownership
Aker Kværner Holding AS			110 333 615	40.27%
Aker ASA			16 440 000	6.00%
Folketrygdfondet			9 642 797	3.52%
Danske Bank A/S			6 811 034	2.49%
State Street Bank & Trust Co.		X	5 715 568	2.09%
Clearstream Banking S.A.		X	5 657 001	2.06%
Goldman Sachs & Co		X	5 069 723	1.85%
State Street Bank & Trust Co.		X	3 845 116	1.40%
SIX SIS AG		X	3 717 235	1.36%
The Bank of New York Mellon SA		X	3 564 876	1.30%
The Bank of New York Mellon		X	3 543 912	1.29%
RBC Investor Services Bank		X	3 519 791	1.28%
JPMorgan Chase Bank		X	3 454 266	1.26%
State Street Bank & Trust Co.		X	2 843 009	1.04%

07. AUDITORS REPORT

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To the Annual Shareholders' Meeting of Akastor ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Akastor ASA, which comprise the financial statements of the parent company Akastor ASA and the consolidated financial statements of Akastor ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2014, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the statement of financial position as at 31 December 2014, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Chief Executive Officer's Responsibility for the Financial Statements

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

TM

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Akastor ASA as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Akastor ASA and its subsidiaries as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

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

Opinion on Accounting Registration and Documentation

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

Oslo, 13 March 2015
KPMG AS

Tom Myhre
State authorised public accountant

08. BOARD OF DIRECTORS

Øyvind Eriksen | Chairman

Øyvind Eriksen is President and CEO of Aker ASA and Chairman of Aker Solutions. Mr. Eriksen holds a law degree from the University of Oslo. He joined the Norwegian law firm BA-HR in 1990, became a partner in 1996 and a director/chairman from 2003.

Mr. Eriksen is executive chairman of the board of Aker Kværner Holding AS and board member of several companies, including The Resource Group TRG AS, TRG Holding AS and Reitangruppen AS. Mr. Eriksen holds no shares or stock options in Akastor directly; he has an ownership interest through his holding of 100 000 shares in Aker ASA and 0.20 percent of the shares in TRG Holding AS through a privately owned company. Mr. Eriksen is a Norwegian citizen and has been elected for the period 2014-2016.

Lone Fønss Schrøder | Deputy Chairman

Lone Fønss Schrøder has experience from board positions at the Danish shipping and oil group A.P. Møller-Maersk A/S. She is director and chairperson for the audit committee at Volvo PV, Valmet Oy and NKT A/S, as well as a member of the board of directors and audit committee of Schneider Electric in France. She is also vice chairman of Saxo Bank A/S in Denmark and senior advisor for Credit Suisse in London.

Ms. Fønss Schrøder has a law degree from the University of Copenhagen and a Master of economics from Copenhagen Business School. As of December 31, 2014, she held 4 400 shares in the company and had no stock options. She is a Danish citizen and has been elected for the period 2014-2016.

Kjell Inge Røkke | Director

Kjell Inge Røkke is Aker ASA's main owner and has been a driving force in the development of Aker since the 1990s. In 1996, Mr. Røkke purchased enough Aker shares to become Aker's largest shareholder and owns today 67.8 percent of Aker ASA through The Resource Group TRG AS, which he owns together with his wife.

Mr. Røkke is chairman of the board of Aker ASA, Kværner ASA and deputy board member of Det norske Oljeselskap ASA. As of December 31, 2014, he held no shares in Akastor, and had no stock options. Mr. Røkke is a Norwegian citizen and he has been elected for the period 2014-2016.

Kathryn M. Baker | Director

Kathryn M. Baker joined the Nordic private equity firm Reiten & Co in 1999 as a partner. She previously worked as a management consultant at McKinsey & Company in Oslo. Before moving to Norway, she was a financial analyst at Morgan Stanley and an investor relations account executive at Noonan/Russo Communications in New York. Ms. Baker currently sits on the boards of directors of Data Respons and StormGeo. She serves on the ethics committee for the Norwegian Private Equity and Venture Capital Association (NVCA) where she previously served as chairman and board member.

Ms. Baker holds a Bachelor's degree in economics from Wellesley College and an MBA from The Amos Tuck School of Business Administration at Dartmouth College. She holds no shares in the company Ms. Baker is an American citizen and has been elected for the period 2014-2016.

Sarah Ryan | Director

Sarah Ryan is director of investment management at Earnest Partners. Before joining Earnest Partners, she held various technical, operational and management positions at Schlumberger. She is a non-executive director of Woodside Petroleum.

Ms. Ryan holds a BSc in geology from the University of Melbourne, a BSc (Hons) in geophysics and a PhD in petroleum geology and geophysics from the University of Adelaide. As of December 31, 2014, she held no shares in the company and had no stock options. Ms. Ryan is an Australian citizen. She has been elected for the period 2014-2016.

Jannicke Sommer-Ekelund | Elected by employees

Jannicke Sommer-Ekelund is Senior Consultant and Lead Auditor for supply chain support at MHWirth. She joined Aker Solutions in 2006 and worked as a senior consultant in procurement in 2012 when she moved to her current role. As of December 31, 2014, she holds 252 shares in the company and no stock options.

Ms. Sommer-Ekelund is a Norwegian citizen. She has been elected for the period 2014-2016.

Stig Faraas | Elected by employees

Stig Faraas works as Vendor Invoice Senior Administrator at Frontica Business Solutions. He joined Aker Solutions in 1992. Mr.. Faraas holds a certificate in Surface treatment, security and safety. As of December 31, 2014, he held no shares in the company and had no stock options.

Mr. Faraas is a Norwegian citizen. He has been elected for the period 2014-2016.

Asbjørn Michailoff Pettersen | Elected by employees

Asbjørn Pettersen currently works as Package Responsible Engineer in global projects at MHWirth. He began his career with the Aker group in 1983 when he joined Aker Engineering where he held various positions until 1997. He joined Aker MH in 2007 after engagements with ABB Environment, including as project leader for one of the first steam power plants in the Norwegian sector of the North Sea, and at GE Healthcare's Lindesnes plant. Mr. Pettersen holds a BSc in mechanical engineering from Trondheim College of Engineering. As of December 31, 2014, he held 3 050 shares in the company and had no stock options.

Mr. Pettersen is a Norwegian citizen. He has been elected for the period 2014-2016.

09. MANAGEMENT

Frank O Reite | Chief Executive Officer

Frank O. Reite joined Akastor from the Norwegian investment management and advisory firm Converto which he cofounded in 2009 and where he was managing partner. Mr. Reite has earlier held a variety of executive positions in the Aker group, including overseeing and developing Aker investments in seafood and shipbuilding at Aker Seafoods, Norway Seafoods, American Seafoods Company and Aker Yards. Mr. Reite also has experience from the banking industry and served as Operating Director at Paine & Partners, a New York-based private equity firm.

Mr. Reite is Chairman of Converto and of Havfisk ASA. He holds a B.A. in business administration from Handelshøyskolen. As of December 31, 2014, he held, through a privately-owned company, 200 000 shares in the company and had no stock options. Mr. Reite is a Norwegian citizen.

Leif Borge | Chief Financial Officer

Before joining Akastor, Leif Borge served as President and CFO of Aker Solutions which he joined in 2008. He was CFO of Aker Yards ASA in 2002-2008 after serving as CFO of Zenitel NV, Stento ASA and Vitana, a subsidiary of Rieber & Søn ASA in the Czech Republic.

Mr. Borge is a graduate of the Pacific Lutheran University in Washington State. As of December 31, 2014, he held, through a privately owned company, 142 775 shares in the company, and had no stock options. Mr. Borge is a Norwegian citizen.

Karl Erik Kjelstad | Investment Director

Karl Erik Kjelstad has held a variety of executive positions in the Aker group which he joined in 1998. He was EVP at Aker Solutions from 2009 and earlier served as Senior Partner and President of Maritime Technologies at Aker ASA. He was President and CEO of Aker Yards ASA in 2003-2007. Before joining Aker, Mr. Kjelstad was senior consultant at PA Consulting Group and in 1992-1996 held various management positions at the TTS Group.

Mr. Kjelstad holds an MSc in marine engineering from the Norwegian University of Science and Technology (NTNU). As of December 31, 2014, he held, through a privately-owned company, 123 074 shares in the company and had no stock options. Mr. Kjelstad is a Norwegian citizen.

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10. COMPANY INFORMATION

Reports on the Internet

The quarterly and annual reports of Akastor are available on the internet. Akastor encourages its shareholders to subscribe to the company's annual reports via the electronic delivery system of the Norwegian Central Securities Depository (VPS). Please note that VPS services (VPS Investortjenester) are designed primarily for Norwegian shareholders. Subscribers to this service receive annual reports in PDF format by email. VPS distribution takes place at the same time as distribution of the printed version of Akastor's annual report to shareholders who have requested it. Quarterly reports, which are generally only distributed electronically, are available on the company's website and other sources. Shareholders who are unable to receive the electronic version of interim reports may subscribe to the printed version by contacting Akastor's investor relations staff.

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