Annual report 2015

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KVÆRNER™

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Message from the President & CEO

The global oil and gas industry is experiencing the most challenging cycle in decades, and investments have in several sectors dropped by 30 percent over the last two years. In this context, it is pleasing to see that Kvaerner maintained a high activity level also through 2015. Kvaerner enters the new year with a strong financial position, an order backlog which provides a good starting point for activities in 2016 and 2017, and improved competitiveness for winning new contracts.

Our first priority is that our business should cause zero harm to people, properties and the environment. Focus on health, safety, security and environment (HSSE) is all part of our culture. It is also a subject we integrate in all of our business objectives, solutions, procedures and training, and we see positive results in many areas. However, in spite of our efforts, one of our employees died in a work-related accident in March 2015. This was a tragedy for both relatives and colleagues. We are therefore committed on continued improvements in safety performance by relentless focus on our proactive efforts. We openly communicate the lessons learnt from root cause analysis after serious near misses and accidents.

Kvaerner maintained a good activity level last year, revenues amounted to NOK 14.9 billion, including the scope of work from jointly controlled entities. This is a reduction of NOK 2.6 billion from the record high revenues of NOK 17.5 billion in 2014. Kvaerner has a strong balance sheet and positive cash position which is important to maintain the resilience through a challenging market cycle. This may also provide additional opportunities which Kvaerner can leverage in the market.

In the autumn of 2015, we received a positive ruling from the arbitration process regarding payment for the Longview power plant project delivered in 2011. In March 2016 we reached a settlement agreement where Amec Foster Wheeler paid us USD 70 million for all claims related to the Longview power project. The agreement ended all disputes with Amec Foster Wheeler related to this project and also removed any financial uncertainty in connection with the arbitration award.

In 2015, our operations were focused on executing projects in the order book predictably and in line with agreements and expectations. Unfortunately, our industry has many examples of projects ending with significant quality issues, delays and budget overruns. In contrast, Kvaerner is step by step becoming recognised by customers as the contractor who delivers as they predicted. In April 2015, we completed our EPC scope for the Edvard Grieg platform topside exactly at the date agreed three years before. After offshore installation during the summer, we performed the contract for hook-up and commissioning. Even with a complex scope, this work was executed with productivity at record levels for the industry and was completed in a remarkably short period.

We know how valuable it is that Lundin the operator was able to announce in November that production of first oil had started as scheduled, and that the field development was completed within budget. The timeliness and quality of the delivery was further illustrated when the operator also informed that the average uptime of the platform outperformed their high expectations, and that it was possible to step up the oil production faster than planned.

At Exxon's Hebron project in Canada, we completed the slip forming of the centre shaft of the concrete gravity base structure (GBS) in the middle of December, ahead of schedule. That concludes another year with high productivity and outstanding HSSE results at this project. In 2016, we are ready for continuing with the mechanical outfitting inside the GBS.

The expansion of the Nyhamna onshore plant is a large and demanding project stretching over several years. The gas export from this Norwegian facility covers up to 20 percent of the total gas consumption in the UK, so it is vital that the expansion project does not interrupt the existing operation. Kvaerner is responsible for engineering, procurement and construction management related to the modifications. An overriding guidance for this project has been to maximise the scope to be done outside the Nyhamna plant by extensive modularisation and high end prefabrication. By yearend all these modules were at site for final hook-up and testing.

During last summer, we also completed a complex turnaround phase scheduled by the operator Shell for maintenance and tap in at the existing Nyhamna facility. Precision and quality in the performance of the turnaround made it possible to limit the shut-down period for gas export to consumers to a minimum. In 2016, key parts of our scope is to complete installation of all new modules and systems at Nyhamna, as well as another effective turn-around phase during the spring.

Our ability to deliver our offshore platforms and onshore facilities predictably is critical for our customers, and has direct impact on their budgets and commitments. Oil companies around the world are in addition focused on achieving cost reductions for future projects.

In early 2015, we announced that the planned 15 percent reductions to our cost base could start yielding effects for new projects. In fierce competition, Kvaerner was awarded the contracts for the three largest steel jackets to the Johan Sverdrup field. Based on our partnership model with KBR, we were also awarded the contract for the topside to the Johan Sverdrup Utility and Living Quarter platform, one of the largest topside contracts in the market last year.

We will through 2016 continue to reduce our internal costs. The simplified and agile organisation structure we developed during last autumn is being implemented during the first half of this year. For 2015 and 2016 combined, we will reduce our overhead-costs with more than 20 percent.

Productivity improvements can contribute even more than cost reductions. We will focus on how we can further develop the accelerated productivity we have documented at the projects for Edvard Grieg, Nyhamna and Hebron. We are also in dialogue with leading customers about how we can optimise the entire value chain and execution model for new projects. Our improvements have already proved that we can offer new steel jackets at the same price as ten to fifteen years ago. This illustrates both the improvement potential and how much more Kvaerner can gain if the customers continue to support more industrialised solutions.

There is significant uncertainty with respect to when and how much the market may improve again. Kvaerner will through this cycle strive to maintain the core expertise which is the foundation for winning new contracts. Simultaneously, we must also have the necessary resilience for a possible prolonged period with few new prospects out for bid. Hence, our primary focus is to safely deliver ongoing projects in line with plans and budgets, to continue the improvement measures, and maintain our robust financial position. This is a good foundation for winning new contracts in a challenging market.

Jan Arve Haugan
President & CEO
Kvaerner

"Our primary focus is to safely deliver ongoing projects in line with plans and budgets, to continue the improvement measures, and maintain our robust financial position.

Board of Directors' report 2015

Operational highlights

New contracts secured

- EPC contract for Johan Sverdrup Riser Platform Jacket
- EPC contract for Johan Sverdrup Drilling Platform Jacket
- EPC contract for Johan Sverdrup Process Platform Jacket
- EPC contract for Johan Sverdrup Utility & Living Quarter (ULQ) Topside
- Installation contract for Nyhamna, reactive power mitigation and circuit breaker (SVS)
- FEED for unmanned dry tree wellhead platform concept – Subsea on a Stick®

Deliveries

- Edvard Grieg: Delivered platform topside and assisted in production start-up
- Eldfisk 2/7 S: Assisted in production start-up after delivery of the platform topside in 2014
- Nyhamna turnaround phase completed in connection with periodical maintenance shut-down
- First onshore project modules ever from Kvaerner's facility in Verdal successfully delivered to Nyhamna

Strategic development

In 2015, Kvaerner continued to strategically develop the company to respond to the recent years' shifts for oil and gas activities globally. Public analysis indicate that field development costs in many respects have increased with more than 100 percent over the last ten years, and this started to limit the profitability for potensial new projects.

Kvaerner's own improvements over the last few years have in 2015 made it possible to offer steel jacket substructures at the same price level as ten years ago, still with a sound margin. This achievement has been a key factor for the company's ability to win three of the four jacket contracts for the first phase of the Johan Sverdrup development. With this, Kvaerner has been awarded about 90 percent of the jacket-related scope for this vital new industry project on the Norwegian continental shelf.

Similarly, the cost reduction initiatives in other areas of business also started to yield results. Securing the EPC contract for the Johan Sverdrup Utility & Living Quarter platform was yet another milestone. Winning this project is further proof of the effect of cost reducing measures.

This past year, Kvaerner has reduced the project execution capacity in line with the expected market for the coming period. The company has also made significant reductions in costs related to administration, management and general overhead. In the first half of 2016, Kvaerner plans to conclude the transition to a simplified organisation model, adjusted to support increased productivity and a reduced cost level.

In addition, Kvaerner's new organisation is designed to provide strength to develop and grow within selected strategic business segments. Kvaerner continue to receive positive interest for the development of new offshore platform concepts which can offer the customers reduced costs and mitigation of field development challenges.

Within the market for onshore plants, the facility in Verdal has in 2015 delivered three large compressor house modules as part of Kvaerner's overall contract for the Nyhamna onshore plant expansion. The Verdal organisation was previously fully focused on jacket projects and piping technologies. The successful delivery to the onshore project is the effect of a strategic investment in additional expertise for the workforce. The result is a broader strategic potential for this part of the business.

In 2016, the company will also be exploring opportunities to use existing expertise as a foundation to grow in segments which are adjacent to current markets or activities.

Business overview

Principle operations

Kvaerner is one of the industry's market leaders for delivery of complete offshore platforms and onshore plants for oil and gas upstream projects. The company has been a key contractor for around 70 percent of the platform development projects on the Norwegian continental shelf. Kvaerner has also delivered a number of challenging platform projects elsewhere in the world.

The track record includes 46 steel jacket contracts delivered in 45 years. Also for concrete substructures to field developments globally, Kvaerner is with more than two dozen reference projects the undisputed market leader. And for seven out of the seven largest onshore oil and gas plants in Norway, the company has been a key contractor.

In addition, Kvaerner has been a front runner for establishing the first purpose-built facility for effective and environmentally friendly decommissioning and recycling of offshore platforms after shut down. The company has extensive expertise from decommission of offshore installations from both the Norwegian and the UK continental shelves, with a recycling rate of more than 99 percent.

Kvaerner has a particular strong position for projects where Engineering, Procurement and Construction (EPC) are integrated in one contract. With the technical complexity of large oil and gas installations combined with a relatively short schedule for delivery, there are few contractors world-wide who have a credible expertise for such complete deliveries.

The steps to a simplified organisation structure with fewer units will be completed during the first part of 2016. Already from 1 January 2016, Kvaerner started to operate according to the leaner, matrix-based model. The base organisation will ensure effective use of common resources across Kvaerner, with most employees organised in one of the two functional areas:

- EPCI (Engineering, Procurement, Construction and Installations): Include most personnel involved in the execution of projects, including engineering, procurement, construction and installation
- Commercial Project Services (CPS): Includes most personnel within administration and support functions who work across the projects and businesses

The projects are the main focus of the new model. The execution of all key projects are organised as one of the four operational areas' responsibility:

- Process Solutions: Responsible for delivering contracts for platform topsides and onshore facilities. Current projects includes execution of the Johan Sverdrup ULQ project and the Nyhamna Onshore project
- New Solutions: Responsible for hook-up, completion, decommissioning and business opportunities in adjacent segments. Current projects include assistance for hook-up and commissioning related to the Aasta Hansteen platform
- Concrete Solutions: Responsible for concrete substructure projects. Current projects include the Hebron GBS projects and studies for customers related to Kvaerner's concepts for Arctic LNG
- Structural Solutions: Responsible for steel jacket substructure projects. Also responsible for other product areas originating in Verdal, such as Kvaerner's Subsea on a Stick® concept and the high-tech piping manufacturing plant which is integrated in the facility in Verdal. Current projects include three EPC contracts for jackets to the Johan Sverdrup field as well as several smaller projects within piping technolog

Strategic partnerships and use of subcontractors

Kvaerner's business model includes a clear strategy for not executing all parts of a project in-house if it benefits the value chain to use partners and subcontractors. In addition to the company's own multi-discipline organisation and specialised facilities organised in focused in functional areas, Kvaerner has established strategic cooperation with selected partners. The joint venture with KBR as a partner for the Johan Sverdrup ULQ Topside contract illustrates the potential synergy effects of such partnerships. Kvaerner will continue to develop more effective and flexible delivery models, and optimise contributions from external partners when that can enhance the results.

Project Execution Model

Kvaerner's PEM™ is based on 40 years of experience with complex oil and gas industry projects. The PEM™ ensures that the work progresses in a controlled manner and that Kvaerner meets its business objectives. Consequently, the PEM™ contributes to maintain our record of safe and successful project execution.

The PEM™ shall safeguard safety, the environment, quality and cost efficiency by securing:

- Quality in deliveries by proper quality planning, assurance and control throughout the value chain, where strong efforts shall be invested in the early phases giving optimum return on investment
- Continuous improvement of processes and products. Lessons learnt from previous projects are always taken into account
- Predictability in project execution and operations by using standard and transparent methodology well known to the teams
- Coordinated efforts across disciplines based on understanding of interactions between work processes
- Control of internal and external interfaces as a foundation for a successful project execution
- Effective management within the defined scope, quality, resources (time and budget) and risk criteria
- That appropriate governance and control are developed, executed and monitored throughout the project's life-time

Objectives and strategic direction

Kvaerner's ambition is to support oil companies in developing their most challenging projects.

Kvaerner's mission as a supplier in this industry is clear: We make it possible for our customers to realise the world's most amazing and demanding projects. We make it possible for our clients and for societies to realise energy projects for prosperity, in balance with our striving towards zero harm to people, property and the environment.

Strategic direction

In 2015, Kvaerner proved its competitive strength by winning several new contracts and the order backlog stretches into 2017 and beyond. This provides a strong foundation. At the same time, slowing energy demand growth and falling oil price is expected to result in reduction in field development investments and increased cost pressure. Kvaerner will continue its efforts to further improve its delivery model and cost position. The company saw positive effects of this in 2014 and 2015 and expects to see further effects of these efforts when bidding for projects in 2016 and onwards.

Against this background, Kvaerner's focus for the coming years is to:

- Successfully execute the existing backlog
- Continue cost and operational improvement initiatives
- Achieve a profitable development of business opportunities in adjacent market segments
- Gradually strengthen its position as a leading EPC player

A key driver for Kvaerner's customers is to avoid expensive delays compared to planned schedule for production start, or quality issues which are time consuming and costly to correct in the last phase of a project. Controlled and predictable project execution is also a key for risk management of a contract. The company will continue to nurture this as a core characteristic, also when Kvaerner establish partnerships or increase use subcontractors for the execution of projects.

Increasingly, a low initial cost for projects is a priority for many customers. For 2015 and 2016 combined, the initiated overhead cost reductions are expected to yield approximately NOK 250 million. Already within 2015, the company has achieved NOK 100 million of this reduction. The hook-up and commissioning for Edvard Grieg documented increased productivity in the execution of projects. The industrialisation of the delivery model for Johan Sverdrup shows that Kvaerner can offer jackets at the same price as in 2005, while maintaining sound margins. These advances are already providing positive effects for the financial results and for Kvaerner's competitive position. In 2016, the company will continue to work closely with customers and partners for further significant improvements to costs and productivity.

Markets and target regions

Markets

The fundamental driver for Kvaerner's business is the global demand for oil and gas. Over the last couple of years, the dynamics in the oil and gas industry has changed dramatically. Overall energy demand growth has slowed in key consumer countries. Simultaneously, oil and gas production from several regions has increased. This over-supply has contributed significantly to the lower oil price, and to reduced investments in exploration and development of new fields. While many analysts expect that the low replacement level will cause a return to a better balance between supply and demand, it is difficult to estimate if and when such a trend shift may come. Oil prices (brent spot) dropped almost 64 percent during 2015, while three year forward price was 21.4 USD/bbl above spot price at 31 December 2015.

As a consequence, oil companies are pushing for additional capex reductions. Overall capex reductions on the Norwegian continental shelf (NCS) of 20 percent experienced in 2015 are expected to be followed by further reductions in 2016. Oil companies' planning oil prices have been adjusted downwards, increasing the uncertainty of viability and timing of new field developments. Despite these market conditions, Kvaerner was able to secure several sizeable contracts in 2015 with a total order intake of NOK 12 798 million. The company's own market analyses also show interesting short and medium term opportunities. Kvaerner expects to see the outcome of some awards in 2016.

Target regions

Kvaerner offers effective execution of challenging projects, particularly for developments in regions with harsh weather conditions. Geographically, Kvaerner has a strong market position for oil and gas projects in the countries around the Arctic Circle, in particular in Norway, Canada and Russia. For the market in Russia, the geopolitical situation with trade restrictions may limit some opportunities. At the start of 2016, there are no estimates for when these sanctions may be lifted.

The company also has a long track record for projects in the UK sector of the North Sea. Together with partners, the company is positioning for selected prospects in other regions where the projects demand capabilities enabling Kvaerner to leverage its competitive strengths.

Kvaerner has a network of offices around the world for studies and business development. Outside Norway, Kvaerner currently has offices in London, Houston, Moscow, St. John's (Canada), Beijing, and Ulvila (Finland). In Norway, Kvaerner has own facilities in Verdal, Trondheim, Molde, Stord and Oslo.

Market segments

Kvaerner is fully focused on upstream oil and gas production projects and pursues opportunities within these market segments:

- EPC projects for fixed and floating oil and gas production facilities
- EPC projects for steel and concrete substructures for offshore platforms
- EPC projects for onshore oil and gas upstream facilities
- EPC projects for larger rebuilds/refurbishment of offshore platforms/onshore plants
- Separate contracts for assembly, hook-up, completion, commissioning of offshore platforms and onshore plants
- Separate contracts for engineering management, procurement management, fabrication management or project management related to offshore platforms or onshore plants

Report for 2015

Financials

Kvaerner presents its accounts in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. Unless otherwise specified, figures in brackets represent figures for the previous year (2014).

Profit and loss

Consolidated operating revenue for 2015 was NOK 12 084 million (NOK 13 945 million). Lower revenue compared to 2014 is mainly due to lower activity within business area Topsides, where larger projects were finalised over the last year.

The group's key measure of financial performance is adjusted EBITDA. Adjusted EBITDA excludes impact of embedded foreign currency derivatives reported in jointly controlled entities closely related to Kvaerner's operating activities.

Adjusted earnings before interest, taxes, depreciation, amortisation and impairment (EBITDA) amounted to NOK 536 million, a decrease of NOK 292 million from 2014 (NOK 828 million). The adjusted EBITDA margin for 2015 was 4.4 percent (5.9 percent). The reduction in EBITDA and margin is reflecting lower activity, phasing of on-going projects and in 2014 there was a significant positive impact from final close out of a historic project. Activity and revenue were still high in 2015 compared to historic levels.

Adjusted EBITDA excludes NOK 38 million (nil) accounting impact from embedded foreign currency derivatives, related to equity accounted investees closely related to Kvaerner's operating activities.

Earnings before interest, taxes, depreciation, amortisation and impairment (EBITDA) were NOK 574 million for 2015 (NOK 828 million).

Depreciation and amortisation charges totalled NOK 81 million, an increase of NOK 11 million from 2014 (NOK 70 million), an increase mainly reflecting amortisation of new intangible assets and capital investments at the Stord yard.

Consolidated earnings before interest and taxes (EBIT) were NOK 493 million (NOK 492 million). Net financial income amounted to NOK 86 million (expense of NOK 105 million) and include accounting gain on embedded derivatives of NOK 133 million (NOK 4 million), partly offset by net interest expense of NOK 35 million (NOK 46 million) and loss on foreign currency contracts of NOK 24 million (NOK 29 million). Foreign currency embedded derivatives impact if reflecting accounting effects of awarded multicurrency contracts. Loss on foreign currency contracts is related to hedging instruments not qualifying for hedge accounting.

Share of result from associated companies and joint ventures defined as financial investments, was nil (loss of NOK 59 million). The result for 2014 was impacted by impairment charges.

The tax expense was NOK 241 million (NOK 301 million), which corresponded to an effective tax rate of 42 percent (92 percent). Compared to the Norwegian statutory tax rate of 27 percent, the effective tax rate reflects final ruling in tax audit in foreign branch with associated tax expense and payments, in addition to tax increasing items related to withholding taxes and deferred tax assets not recognised in some jurisdictions. The nominal tax rate in Norway is 25 percent as from 2016 with insignificant impacts on 2015 deferred tax charge resulting from valuing deferred tax assets at the lower tax rate.

Profit from continuing operations amounted to NOK 337 million (NOK 27 million), and basic and diluted earnings per share from continuing operations were NOK 1.26 (NOK 0.10).

Net profit from discontinued operations was NOK 56 million (loss of NOK 96 million). The result was significantly impacted by a foreign exchange accounting effect of NOK 139 million on repayment of capital. Basic and diluted earnings per share for discontinued operations were NOK 0.21 (negative NOK 0.36).

Net profit for total operations in 2015 was NOK 393 million (loss of NOK 69 million), with basic and diluted earnings per share of NOK 1.47 (negative NOK 0.26). The increase from last year's result is due to positive accounting effect of embedded derivatives, no impairment charges, lower tax charges and improved result from discontinued operations, partly offset by reduced EBITDA.

Cash flow

Consolidated cash flow from operating activities depend on a number of factors, including progress on and delivery of projects, changes in working capital and pre-payments from customers. Net cash inflow from operating activities was NOK 1 183 million in 2015 (inflow of NOK 193 million). The increase mainly reflects reduced working capital and dividend from equity accounted investees delayed from 2014, partly offset by lower EBITDA and higher tax payments.

Net cash outflow from investing activities in 2015 was NOK 50 million (outflow of NOK 171 million). The capital expenditures for 2015 amounted to NOK 55 million (NOK 157 million). Of this, NOK 27 million is capitalised expenses related to intangible assets.

Kvaerner will in 2016 invest NOK 135 million in three new cranes at the facility for steel jackets in Verdal, Norway. The new cranes will contribute to increased competitiveness through better planning and utilisation, as well as more robust execution model for the three steel jackets for Johan Sverdrup. A total maintenance capex for the group of approximately NOK 30–50 million is expected annually.

Net cash outflow from financing activities was NOK 786 million in 2015 (outflow of NOK 370 million), mainly reflecting repayment of borrowings of NOK 500 million (nil) and dividend payments of NOK 220 million (NOK 336 million).

Balance sheet and liquidity

The group's total assets were NOK 5 649 million on 31 December 2015 (NOK 7 424 million). The reduction compared to yearend 2014 is primarily due to finalisation of larger projects within business area Topsides during 2015.

Net current operating assets (NCOA) were negative NOK 1 057 million at yearend, a reduction of NOK 135 million from the end of 2014 (negative NOK 922 million). The group's NCOA is normally expected to be in the range negative NOK 500 million to negative NOK 1 500 million, with quarterly fluctuations. Equity as of 31 December 2015 totalled NOK 2 550 million (NOK 2 337 million). The group's equity ratio was 45.1 percent at yearend 2015, compared with 31.5 percent at yearend 2014. As per 31 December 2015, the group had not drawn on its credit facilities (NOK 487 million).

The term loan and revolving credit facilities agreement of NOK 3 000 million established May 2011; originally to mature in May 2016 was cancelled and refinanced per 8 July 2015. The new loan agreement, a revolving credit facility of NOK 2 000 million, is maturing in July 2020. The facility is provided by a syndicate of high quality international banks. The revolving credit facility was undrawn per 31 December 2015. The terms and conditions include restrictions which are customary for these kinds of facilities, including inter alia negative pledge provisions and restrictions related to acquisitions, disposals and mergers. There are also certain provisions of change of control included in the agreement. There are no restrictions for dividend payments. The facility is unsecured.

The financial covenants are based on three sets of key financial ratios; an equity ratio based on consolidated total borrowings/consolidated total equity, a cash covenant calculated by consolidated total borrowings less consolidated net current operating assets and consolidated cash and cash equivalent assets and an interest coverage ratio based on consolidated EBITDA/consolidated finance costs. The financial covenants are tested on a quarterly basis. As of 31 December 2015 the company is in compliance with all covenants. The margin applicable to the facility is based on a price grid determined by the gearing ratio.

Consolidated non-current assets totalled NOK 1 715 million (NOK 2 010 million) as of 31 December 2015, of which goodwill amounted to NOK 805 million (NOK 805 million). Net interest-bearing deposits and loans amounted to NOK 1 562 million at the end of 2015 (NOK 722 million). The improvement from 2015 to 2014 is due to increased cash positions, cash and cash equivalents were NOK 1 560 million at 31 December 2015 (NOK 1 208 million), and no drawings on credit facilities at yearend 2015 (NOK 487 million). With undrawn, committed, long-term credit facilities of NOK 2 billion, the Board considers available capital adequacy and liquidity as good and ensures that Kvaerner is well positioned to meet the challenges and opportunities over the coming years.

Segment review

Following the sale of Kvaerner's onshore construction business in North America in December 2013, Kvaerner only has one reportable segment; Upstream. Up until yearend 2014; the Upstream segment included the business areas Contractors Norway, Jackets, Concrete Solutions and Contractors International.

As from 1 January 2015 a new corporate organisational structure was implemented comprising the business areas Topsides, Onshore, Jackets and Concrete Solutions. Contractors International has mainly been integrated as part of business area Topsides. These changes have not changed the group's segment reporting.

As from 1 January 2016, Kvaerner has changed to a matrix based organisation, removing current business area structure, see Note 29 Subsequent events.

Upstream

Operating revenues in 2015 totalled NOK 14 917 million (NOK 17 531 million). EBITDA was NOK 613 million (NOK 911 million), with an EBITDA margin of 4.1 percent, a decrease from 5.2 percent in 2014. The reduction in EBITDA and margin is both reflecting lower activity and phasing of on-going projects, but also that in 2014 there was a significant positive impact from final close out of a historic project. Reduced activity is mainly within Topsides, where larger projects are finalised over the last year, but activity has also been lower within Concrete Solutions. These reductions are partly offset by higher activity within Onshore and Jackets. In Jackets, activity increased in second half of the year with start-up of the Johan Sverdrup jacket projects.

Order intake for the year amounted to NOK 12 846 million (NOK 10 727 million). In June 2014, Statoil signed a letter of intent for Kvaerner to deliver two of the planned steel jackets for Johan Sverdrup. Early estimate of the total value of the two jacket deliveries was approximately NOK 3 billion, and order intake was recognised in 2014. In January and September 2015, Kvaerner signed EPC-contracts for delivery of the jackets for the riser and drilling platforms, respectively. In November 2015, Kvaerner was also awarded the process platform jacket for Johan Sverdrup, with an estimated value of NOK 1 billion. In June 2015, Kvaerner in a joint venture with KBR signed a contact with Statoil for the complete delivery of the utility and living quarter (ULQ) platform topside to the Johan Sverdrup field development. The agreement has an estimated total value for the Kvaerner-KBR partnership of NOK 6.7 billion. Order intake for 2015 also includes growth in existing projects as well as smaller orders. Order backlog as of 31 December 2015 was NOK 14 346 million (NOK 16 451 million).

Contractors Norway's activity in the year was mainly related to Nyhamna onshore project, completion of Eldfisk and Edvard Grieg topsides and start-up of Johan Sverdrup ULQ project. Edvard Grieg was delivered as planned on 15 April 2015 and following hook-up and commissioning, the customer started production on the platform 28 November 2015. At Nyhamna, the planned turnaround during shut down of the plant was successfully completed end of June. Modules for the Nyhamna project have been constructed at six different sites and the last modules were delivered early 2016. Fabrication and installation on site will be the main activities going forward.

In the Jackets business area, the main activity during first half of 2015 was the delivery of three compressor houses to the Nyhamna project. The activity level was increasing in second half of the year following the award of three Johan Sverdrup steel jacket substructures. First steel cutting for the Riser Platform jacket, marking the start of construction, was performed late June. The arbitration process for the Nordsee Ost project is still on-going and it is currently not possible to estimate when the arbitration will be finalised. Please see Note 29 Contingent events (page 63), for further details.

Within Concrete Solutions, the Hebron GBS project progressed in Newfoundland and Labrador, Canada. During the year, construction activities continued at the Bull Arm deepwater site with mechanical outfitting activities in the storage cells and centre shaft. The last slip-form operation, the centre shaft, was successfully completed in December 2015 as planned. The project is a 50/50 joint venture between Peter Kiewit Infrastructure and Kvaerner.

Discontinued operations

In December 2013 Kvaerner sold its onshore construction business in North America to Matrix Service Company. Kvaerner retained the assets and liabilities related to the contract with Longview Power LLC, including any financial effects of the arbitration. In January 2015, settlement agreements were reached with Longview Power LLC and others. Kvaerner received the settlement amount of USD 48 million in February 2015. On 18 October 2015, Kvaerner received the award from the arbitration proceedings against Foster Wheeler North America Corporation. Please see Note 28 Discontinued operations (page 62) and Note 29 Contingent events.

Net profit from discontinued operations was NOK 56 million (loss of NOK 96 million). The result for 2015 was significantly impacted by a foreign exchange accounting effect of NOK 139 million on repayment of capital. In addition, the result was positively impacted by recovery on claim on a historic project. Please see Note 28 Discontinued operations (page 62), Note 29 Contingent events (page 63) and Note 30 Subsequent events.

Corporate and unallocated costs

For the full year, unallocated costs were NOK 77 million (NOK 83 million). It is expected that the recurring level of net corporate costs will be approximately NOK 60–70 million annually under the new matrix based organisation effective from 1 January 2016.

Capacity reductions and restructuring costs

Kvaerner continues to drive cost reductions and measures to strengthen competitiveness. In 2015, restructuring costs of NOK 25 million was expensed. It is expected that further restructuring and capacity reduction costs will be recognised during 2016. The level of these costs will depend on outcome of tender activities and phasing of ongoing projects. For 2015, the reduction in number of permanent employees totalled 121 people. For 2015 and 2016 combined, Kvaerner expects that total reductions in number of employees will be within the interval of 250 to 500 employees already communicated in 2015.

Going concern

Based on the group's financial results and position described above, the Board of Directors confirms that the company is a going concern and that the annual accounts for 2015 have been prepared under this assumption.

Parent company accounts

The parent company, Kværner ASA, had a net loss of NOK 64 million for 2015 (loss of NOK 138 million) Kværner ASA has no employees and operating expenses are mainly shareholder costs for the parent holding company. The parent company's main asset is shareholdings in subsidiaries. Equity ratio was 62.8 percent at yearend 2015 (64.9 percent).

Dividend policy

The Board of Directors revised the dividend policy in July 2015 to reflect the developments in Kvaerner's long term markets and outlook. The last review of the dividend policy was in 2012. The new dividend policy reflects that retaining a solid balance sheet and cash position is a priority.

Kværner ASA's dividend policy is based on semi-annual dividend payments. Decisions as to dividend payments depend on outlook, liquidity and considerations such as alternative use of cash and strengthening of the company's financial structure. In periods of weak economic conditions, the dividend can be paid-out as long as the group's capital structure permits. The Board approves interim dividends based on an authorisation from the General Meeting, while the Annual General Meeting approves the final (and total annual) dividend based on a proposal from the Board of Directors.

In line with the policy, semi-annual dividends of NOK 0.67 per share and NOK 0.15 per share were paid in April and October 2015 respectively.

Allocation of net results

Pursuant with the company's dividend policy, the Board of Directors proposes to the Annual General Meeting that no dividend should be distributed during first half of 2016. The Board of Directors thereby proposes the following allocation of net loss in Kværner ASA:

Proposed dividend	NOK 0 million
Dividends paid	(NOK 40 million)
Transferred from other equity	(NOK 104 million)
Total allocated	(NOK 64 million)

Total equity in Kværner ASA after the proposed allocation of net loss amounts to NOK 4 405 million (NOK 4 520 million).

Events after the balance sheet date

New corporate organisational structure

Kvaerner started to operate according to its new matrix based organisation model from 1 January 2016 with enhanced focus on project execution. The business area structure has been removed and the revised operating model will provide clearer roles and accountabilities. The aim is to increase productivity through better internal cooperation and use of common resources. Simultaneously, cost savings can be enabled by fewer man-hours spent on internal processes. As part of the revised model, there has been changes to the executive management team, please visit www.kvaerner.com/emt for a complete overview of the executive management team as from 2016.

Longview project arbitration award settlement

In October 2015 Kvaerner North American Construction, Inc. ("Kvaerner NAC"), a subsidiary of Kvaerner was awarded USD 74 million in the arbitration proceedings against Foster Wheeler North America Corporation related to the Longview power project delivered in 2011. In early March 2016, Kvaerner NAC and Amec Foster Wheeler North America Corp. reached a settlement of all claims related to the Longview project. The final settlement resulted in a cash payment to Kvaerner NAC of USD 70 million, and positive currency accounting effect of approximately NOK 200 million is expected within discontinued operations in Kvaerner's income statement in first quarter 2016. This settlement concludes the arbitration awarded in October 2015 and terminates the court proceedings in connection with the award.

The Board proposes zero dividend

The Board of Directors has proposed that no dividend should be distributed during first half of 2016. A strong balance sheet and cash position is important to maintain the resilience through a challenging cycle. Retaining the solid financial platform may also provide additional opportunities which Kvaerner can leverage in the market.

Corporate Governance

Kvaerner performs corporate governance within the relevant framework of several different legal regulations and principles in the respective jurisdictions in which it operates.

As Kvaerner exercises ultimate governance and control from its headquarters in Norway, and is listed on Oslo Børs (Oslo Stock Exchange), Norwegian legislation is a significant framework in terms of company and securities legislation, financial reporting and other corporate issues. As part of its corporate governance model, Kvaerner's Board of Directors has adopted the Norwegian Code of Practice for Corporate Governance. Kvaerner's detailed corporate governance statement can be found on www.kvaerner.com/cg. In general, corporate governance in Kvaerner is based on the model wherein shareholders, at the Annual General Meeting appoint the Board of Directors to act as their representatives in governing the company.

The Board of Directors sets the strategic direction, the overall governance structure, values and policies, in accordance with Norwegian legislation and frameworks. Kvaerner has a Code of Conduct and a set of global policies and procedures which provides direction on acceptable performance and guides decision-making in all parts of the company. The Kvaerner Code of Conduct was approved by the Board of Directors in March 2012. All Kvaerner policies are subject to an annual review and, when deemed necessary, updates are made. In 2014 several of the policies were updated to further develop and formalise processes and strengthen the risk methodology in all parts of the organisation.

As set out in the Norwegian Public Limited Liability Companies Act, Kvaerner's Board of Directors has established an Audit Committee. During 2015, Trine Sæther Romuld, and Birgit Nørgaard have both resigned from the Board of Directors in Kvaerner, henceforth the Audit Committee now temporarily, until the next Annual General Meeting in April 2016; consists of the Directors Leif-Arne Langøy (Chairman) and Rune Rafdal. The Board has also established a Remuneration Committee, with the Directors Leif-Arne Langøy (Chairman), Tore Torvund and Vibeke Hammer Madsen as members.

Kvaerner encourages its employees as well as contract staff, partners, suppliers and customers to report any concerns in terms of compliance with law and/or ethical standards. The company has a whistleblowing channel to the Corporate VP Compliance and an investigation team for follow-up of compliance issues.

Risk management

Risk management at corporate level

Kvaerner focuses on risk management in all parts of the organisation. Every year, a risk review is performed and presented to the Board of Directors, with updates during the year. The risk review is executed in order to identify the most significant risk areas and to establish risk reducing actions within these areas. In this assessment, the consolidated view across all Kvaerner's units is looked into, top five company risks are identified and risk reducing measures agreed upon.

The risk review is divided into finance, business development, business support (including HSSE, human resources, quality management and project execution) and Legal & Compliance. Please see Note 5 Financial risk management and exposures (page 32), for a detailed description of the group's financial risks and Note 28 Contingent events (page 62) for an overview of significant current disputes. Kvaerner has defined procedures and routines for managing the group's financial market exposure.

The Corporate Risk Committee performs tender reviews. In addition, the team performs selected project reviews after start-up.

The Corporate Internal Audit Function team performs audits within compliance with the Kvaerner policies, laws and regulations as well as project specific audits. The basis for the selection of the Corporate internal audits is the result of the annual risk review. In 2015 four corporate internal audits were executed.

A regular risk management procedure is the monthly operating and quarterly business review meetings held between corporate management and the different business areas.

Risk management in the operations

The line functions are responsible for ensuring compliance with governing documentation and with all other applicable regulations and legal requirements. The process owners in EPCI and CPS are responsible for describing the key processes, drive process improvement and monitor adherence to the processes. Risk management is handled in the projects according to the risk management process that is owned and followed-up by CPS.

The Project Execution Model (PEM™) is the methodology followed when executing projects. All risk management processes and controls shall be described according to the respective operating system of the business area unit. In each of the project phases there are defined milestones that the project needs to pass and between all the phases there are defined gate reviews/audits.

All projects in Kvaerner have a register where identified risks and opportunities are categorised and assessed in terms of impact and probability. Kvaerner works with a number of partners and hundreds of suppliers and subcontractors around the world. Kvaerner performs risk based due diligences as part of the pre-qualification processes. All joint venture partners and third party representatives have to go through due diligence assessments and have to be approved by the President & CEO. The Kvaerner Supplier Qualification and Information system database is a key enabler for Kvaerner in order to increase supplier performance.

Health, Safety, Security and Environment (HSSE)

Kvaerner's goals include operating with zero harm to people, property and environment. This ambition is not only part of the company's core values, but is regarded as a licence to operate.

The past year started the year with a tragic HSSE setback when a colleague working on the decommissioning project Draugen, died in an accident at Saturday 7 March. The accident happened on a decommissioning project at Eldøyane at Stord, when the deceased was struck by a heavy steel plate. A special emergency team was mobilised to focus on care for relatives and colleagues. An independent investigation team was established to investigate the accident.

In line with procedures, the incident is also investigated by the police. The independent investigation team has come up with recommendations for improvements to be implemented in Kvaerner. Some of them are related to the specific accident while others are related to general and continuous activities. The purpose of the investigation report is to promote learning, improvements and sharing of knowledge within Kvaerner and related parties. The conclusion from the police' investigation is pending.

The HSSE operating environment

Kvaerner may have business activities in regions or operating environments where it is challenging to establish and maintain a strong HSSE performance. Independent of this, and above all other objectives, Kvaerner's principle for HSSE is to strive for zero harm to people, health, environment and property.

The company continuously seeks to improve the HSSE culture and performance. The Just Care™ mind-set is Kvaerner's umbrella for driving HSSE related building of awareness and understanding. A key element in the Kvaerner's Just Care™ approach is that all employees accept personal responsibility for HSSE by actively caring for themselves, co-workers and the environment. Through Just Care™, the HSSE message effectively addresses individual employees. Managers act as positive HSSE role models and have a strong commitment through communication and training. This creates attitudes that integrate HSSE focus for all employees every day.

Proactive HSSE activities

A common HSSE operating system sets expectations for the key elements in HSSE management and leadership. Regular reviews uncover possible gaps in relation to expectations, and the necessary activities for improvement are identified and initiated. Key HSSE performance indicators have been implemented. A strong focus on leading activities in the HSSE field, combined with defined targets measured against actual results, guides Kvaerner towards continual improvements in HSSE performance.

Just Rules is a set of concrete guidelines within Kvaerner's HSSE operating system. These have been established to control the most safety-critical activities in the operations. Just Rules is a mandatory part of Kvaerner's safety training for all employees, also providing clear and simple checklists and controls for operations.

To further establish its proactive approach to HSSE, Kvaerner uses a number of leading key performance indicators to monitor and further encourage HSSE performance. The benefits of using leading indicators can be seen in further improvements in lagging indicators. Use of leading indicators provides an accurate and continuous picture of status of control measures needed to prevent major incidents. Kvaerner has chosen to focus on inspections and task-risk analyses, and has met the set targets for 2015.

The continued focus on risk awareness and documented observations resulted in 69 500 observations for 2015, corresponding to 6.6 observations per man-year worked.

To safeguard the increased activities at brownfield locations, special training and risk reducing activities have been implemented.

Training and information to further build a common HSSE culture

Competence is crucial in Kvaerner's HSSE programme. To reach out to all employees in an efficient manner, Kvaerner uses dedicated training programmes at various locations and projects, as well as eLearning programmes for HSSE key areas.

In 2015, Kvaerner established a common HSSE eLearning programme to own employees, contractors and sub-contractors. The course has a main part common for the all employees in Kvaerner, as well as specific modules for the Stord and Verdal yards.

Training packages at project level are tailored to individuals, both in terms of content and language. Line managers are trained to be role models and to drive HSSE improvements through specific safety academy programmes. In 2015, 1.2 percent of total man-hours worked were invested in HSSE training.

Sharing of best practice and learning from incidents

Any incidents are identified and classified according to their severity. Investigations are initiated based on the severity and the potential consequence of the incident. All serious incidents and serious near misses are investigated in accordance with specific internal guidelines. Actions for improvement are identified and improvements are subsequently implemented. Following serious incidents, lessons learned packages are produced and shared throughout Kvaerner with the aim of preventing similar future incidents.

Safety

At yearend 2015, a lost time incident frequency (LTIF) of 0.28 and a total recordable incident frequency (TRIF) of 2.5 were recorded, compared to corresponding 0.35 and 2.3 for 2014. These figures also include Kvaerner's subcontractors and are calculated per million man-hours worked. 22 hand and fingers injuries and 11 foot injuries accounted for the majority of the in total 45 injuries in 2015.

The Nyhamna project has some particular HSSE-challenges, as much work is performed close to hydrocarbons at a facility in full operation. The activity level at the site was high through 2015, and the project experienced multiple incidents with falling objects. To further address these challenges, Kvaerner launched last year a new procedure for crane, lifting and transport operations. The new procedure is based on recognized international standards, which our clients use and accept. Kvaerner has added own experience and necessary adjustments to meet the general needs of the industry. The new standard governs all the company's local HSSE related crane-procedures. The new procedure builds on to the company's crane forum network, which was established in 2014 to enhance sharing of best HSSE practices.

Occupational health

Total sick leave for Kvaerner in 2015 was 22 0852 hours for own employees compared to 201 701 sick leave hours in 2014. This constitutes 5.1 percent in 2015 compared to 4.4 percent in 2014 of total man-hours. The Kvaerner companies in Norway participate in the More Inclusive Working Life (IA) agreement. The IA Agreement is an instrument aimed at reducing sick leave and to increase the focus on job presence.

The company's sponsorship of and participation in the Aker Active programme are examples of health initiatives focusing on physical exercise and nutrition.

Environment

Kvaerner continuously works to reduce its environmental footprint. Total energy consumption by the business in 2015, based on recorded use of oil, gas and electricity, amounted to 59 300 megawatt-hours compared to 70 500 megawatt-hours in 2014. Carbon emissions relating to this use are estimated at 4 700 tonnes in 2015 compared to 4 500 tonnes in 2014. The methodology used derives from the Greenhouse Gas Protocol (GHG), and Global Reporting Initiative (GRI). Waste recorded in connection with the business totalled 3 950 tonnes in 2015 compared to 3 900 tonnes in 2014, of which 85 percent was recycled in 2015 compared to 69 percent in 2014.

The main energy consumption, carbon emissions and waste disposal are related to activities at the yards. The two Norwegian yards are certified according to the ISO 14001 environmental standard.

The HSSE leadership development initiatives include eLearning and a management system. These incorporate clear components that focus on the environment. Collectively, these contribute to continuous improvements in environmental awareness and attitudes among managers and employees. This inspires the organisation to achieve further gains in environmental performance in Kvaerner's own activities. It is also a key motivation for assisting customers in making environmental improvements through the products and projects Kvaerner develops and delivers to them.

Security

Due to the global nature of Kvaerner's operations, the company is exposed to changes in the global risk situation. The projects may be located in a wide range of areas, which means that potential security threats may arise. Kvaerner is linked to International SOS, which provides a global tool for risk assessment and risk control. To mitigate possible risk situations, all employees can at all times be provided with a reliable and updated risk assessment and have access to information, as well as to local contacts and a pre-established network. Currently, Kvaerner have no operations in areas with high or extreme risk as classified by International SOS. For the operations in China, Kazakhstan and Russia, special security measures are implemented. Specific end-to-end security audits are performed at location in China and at the Moscow office in Russia.

Corporate Social Responsibility (CSR)

Kvaerner is a significant part of some of the societies in which we operate, both locally and internationally. Kvaerner's aim within CSR is to ensure that the operations are run in line with values, Code of Conduct and policies, relevant laws and regulations and society's expectations – with integrity. Kvaerner continuously work to identify new opportunities on how to improve and aims at having a business which has a positive impact on people, society and the environment.

The company is committed to respect the fundamental human and trade union rights, including a specific focus on non-discrimination. Kvaerner's CSR principles are based on the company's values, and on a wide range of Norwegian and international guidelines, standards, regulations and laws.

Kvaerner has clear objectives for its work within CSR, and these objectives are updated every year. Throughout the year, the CSR work and related issues are evaluated by company management and the Board of Directors. The results of the company's CSR efforts are systematically measured, and Kvaerner annually publishes a separate in-depth report on CSR and risk management results and principles. For further information regarding Kvaerner's CSR efforts and risk management, please see the separate CSR report published on www.kvaerner.com/csr.

People and organisation

From 1 January 2016, Kvaerner works according to a leaner and more agile operating model. In the matrix organisation, the company can better utilise the total resources across various projects and business activities. Most employees in technical functions related to project execution is organised in the functional area EPCI (Engineering, Procurement, Construction and Installation). Most employees in support functions are organised in the functional area Commercial Project Services. The projects are followed up by the heads of the operational areas Process Solutions, Concrete Solutions, Structural Solutions and New Solutions. The new operational model has enabled further cost reductions as well as fewer managers across the organisation.

Executive management team (EMT)

The executive management team represents national and international business experience. The 11 EMT members have experience from senior positions in major oil and gas companies as well as from the supply industry, and have worked on some of the largest field development projects around the globe. The EMT members have also worked in a broad range of complementary and associated industries.

Changes to the team related to the reorganisation includes: Elly Bjerknes has been appointed member of EMT and EVP for Process Solutions. She has previously held several key management positions in Kvaerner and in former jobs. Olav Jan Støve, previously EVP for the Onshore business area, will temporarily fill Bjerknes' new position until she has concluded ongoing assignments. Arnt Knudsen, previously EVP for Concrete Solutions has been appointed SVP for Business Development. Hans Petter Mølmen, previously head of project management within Concrete Solutions has been promoted to EVP for this operational area, and also to member of EMT. Terje Johansen has been appointed as member of EMT and EVP for New Solutions. He comes from the position has head of Commissioning for platform topsides. Ellen Grete Andersen, previously deputy GBS construction manager at the Hebron project has been appointed to member of EMT and SVP for HSSE. Risto Neuvo was previously SVP for Business Development. He is now SVP responsible for developing selected strategic prospects, including opportunities pursued in cooperation with other businesses where Aker ASA is also a key shareholder. Neuvo continues to report directly to the President & CEO.

A complete presentation of the EMT is presented at www.kvaerner.com/emt.

Developing people and teams

Even if Kvaerner has some of the most modern and specialised facilities for delivery of new platforms, the core of Kvaerner's strategic position is its employees. The company is recognised for its experienced experts for oil and gas projects, organised in an effective value chain.

Kvaerner focuses on continuous training of leaders, employees and teams at all levels of the organisation. In order to ensure safe operations and added value for the customers, shareholders and other stakeholders, leadership and project management education and practical training is strongly emphasised. All training is based on the company's core values, Code of Conduct and leadership principles. HSSE is one of the core values and is part of all training activities.

The Kvaerner Leadership Training programme (KLT) was established in 2011, providing practical training for leaders in the organisation. To secure that the leadership principles and learnings are implemented in our operations, follow-up training is provided to each project. The Project leadership and alignment programmes (LEAP) applies to all personnel holding leading roles in projects, including client and subcontractor leaders.

Project management is a crucial success factor. To maintain and upgrade formal project management qualification certification, post-qualifying education and certification is provided for selected managers in projects. The Kvaerner Training Centre has since it was established in 2012 been a key tool to secure alignment between project management teams and the top management. From 2011, specific programmes have been in place to provide opportunities for skilled workers and operators to obtain further education and training, and thus increase the number of engineers and operators with special qualifications. For further information about efforts to develop the organisation and employees, please see the Corporate Social Responsibility Report for 2015 at www.kvaerner.com/csr.

Organisation and recruitment

As of 31 December 2015, the overall workforce comprised 3 262 individuals which included 2 811 permanent employees and 451 contract staff. Corresponding figures for 2014 were 3 049 permanent employees and 1 589 contract staff. The gender distribution is approximately 15 percent female and 85 percent male employees. 97 percent of the permanent employees work in Norway, while the remaining three percent work in USA, Finland, China, Canada and Russia.

The company offers an inspiring and challenging work place with a high degree of teamwork and good individual career and development opportunities. In 2015, Kvaerner recruited 45 new employees, of which six were women and 39 were men. 20 percent of the new employees were below 30 years of age, 50 percent were between 30 and 50 years old, and 30 percent were above the age of 50. The total voluntary employee turnover was three percent in 2015, compared to four percent in 2014.

Kvaerner operates two specialised fabrication and assembly facilities in Norway; at Stord and in Verdal. A prudent inflow of new generations of skilled workers and operators is vital for the ability to effectively transfer core knowledge and experience. Apprenticeships are an important method of recruiting to these professions, and Kvaerner has a continuous focus on recruiting new apprentices. In 2015, 36 new apprentices were recruited. At yearend 2015, there were a total of 121 apprentices under applicable agreements, compared to a total of 167 apprentices at yearend 2014.

Diversity and equal opportunity

As the nature of Kvaerner's operations calls for employees from different operating entities and geographical regions nationally and internationally, the principles of equal opportunity are well established throughout the group. No differences shall exist between treatment of genders, nationalities or ethnic groups. Employment conditions and compensation packages are based on responsibility and personal performance, irrespective of gender or ethnicity.

Kvaerner's commitment to diversity and equal opportunities are described in the policies and in the Global Framework Agreement for development of good working relations, a three-party frame agreement with national and international trade unions.

Since 2012, Kvaerner has had strong focus on training all employees to avoid any form of discrimination, harassment and bullying. This training has continued throughout 2015, and will commence in the years to come. All leadership training includes a section focusing on preventing discrimination, harassment and bullying in the work place.

Leadership training is an important contribution toward increasing the number of women promoted to managerial positions. From 2014 to 2015, Kvaerner increased the share of women holding senior management positions from 16 percent to 20 percent, and the share completing leadership training, at 26 percent. One of Kvaerner's four shareholder-elected Directors is a woman. All of the Directors elected by and among the employees are men. This fulfils legal requirements, as women account for less than 20 percent of Kvaerner's workforce.

Performance culture and employee remuneration

Kvaerner's global remuneration policy and remuneration guidelines are aimed at enabling the company to attract and retain employees with the right attitudes, skills and ability to deliver strong performance on a global basis. In order to foster a high level of engagement, Kvaerner provides both monetary and non-monetary rewards. The company's global remuneration policy is based on the following: Competitive, internally fair, consistent, and comprehensive compensation systems. The total compensation; consisting of fixed salary and incentives; or other benefits; shall reflect the employee's experience, level of responsibility and performance.

The leadership development and leadership performance enables Kvaerner to offer a supportive working environment, encouraging open and direct dialogue.

The performance management process is a prerequisite when considering the connection between performance and remuneration. Objectives are set and performance is measured on both team and individual level. Objectives are determined on the basis of strategies and financial budgets. Both personal behaviour and commercial dimensions are evaluated and measured.

Minimum once a year, manager and the employee evaluate the results achieved. The dialogue at this meeting provides an important opportunity for recognition, rewards, consideration of career development and future direction for individual performance improvements.

Performance-based pay is regarded as an attractive part of total remuneration at Kvaerner. Variable pay programmes are in place for different positions in the organisation. Annual variable pay is offered to key management personnel. This is based on the commercial results for the group and business areas, key performance indicators, personal performance and to what extent these measures comply with Kvaerner's values. Further details about remuneration to EMT members are provided in Note 9 Salaries, wages and social security costs (page 44) in the consolidated financial statements. The report to shareholders on executives' remuneration is approved by the Board of Directors and is available on www.kvaerner.com.

Research & Development (R&D)

There is a growing demand for field development solutions which can help the oil companies to reduce their overall costs and increase their value creation. Part of Kvaerner's competitive strength is solutions and methods which make it technically possible or financially attractive to develop reserves which have previously been considered non-viable. Kvaerner can also offer concepts and effective project execution models which may contribute to reduce the total costs for new field developments.

Kvaerner's R&D strategy has a clear focus on creating values and results. The company strives to identify the potential commercial opportunities before new R&D activities are started, and new developments are often executed with customers or business partners as sponsors. This approach increases the market interest in new technologies and methods.

In 2015, there has been a continued focus on R&D projects which will contribute to distinguish Kvaerner from competitors in upcoming projects. Examples of activities last year includes continued studies for Statoil for subsea produced water treatment based on concrete tanks at the seabed. Also in cooperation with clients, Kvaerner has developed a new CONDEEP® GBS that can sustain loads from large ice features at deeper waters, suitable for upcoming Barents Sea developments, and the CONDEEP® Floater for locations exposed to large icebergs. Another prominent R&D activity was for the Subsea on a Stick® concept. This is a light unmanned wellhead platform, which can offer several advantages for satellite field developments compared to developments based on subsea installations. The concepts have been well received by major oil companies, including contracts for further technology development.

Kvaerner actively participates in several R&D joint industry projects. In 2015 Kvaerner was awarded funding from the Research Council of Norway for a four year joint industry programme "Durable advanced Concrete Solutions – design and construction for coastal and arctic regions".

Two new patents were obtained in 2015; for the Deepwater Arctic Production and Storage facility and for the CONDEEP® floater hull design.

Share capital

The company's shares are listed on Oslo Børs (Oslo Stock Exchange) and are freely transferable. No transferability restrictions are incorporated into the Articles of Association. There are 269 000 000 shares issued and outstanding, all of which are of the same class and with equal voting and dividend rights. Each share has a par value of NOK 0.34.

The largest shareholder of Kværner ASA is Aker Kværner Holding AS, holding 41.02 percent of the shares. Aker ASA owns 70 percent of Aker Kværner Holding AS, while the Norwegian Government owns 30 percent as of 31 December 2015. Proposition No. 88 (2006–2007) to the Storting (Norwegian Parliament) contains more detailed information concerning the establishment of Aker Kværner Holding AS and the agreement between Aker ASA and the Norwegian Government. The company is not party to any agreement that is conditional upon offerings of take-over in the company.

Kvaerner had 9 075 shareholders (9 265) as of 31 December 2015, of which 29 percent (38 percent) were non-Norwegian. The share price was NOK 8.22 at yearend 2015, compared to NOK 8.89 at yearend 2014.

As of 31 December 2015, Kværner ASA held 2 028 341 treasury shares.

Outlook

Kvaerner enters 2016 with a portfolio of ongoing projects, which also includes activities stretching in to 2017 and 2018. The company's first priority is to execute and deliver the existing projects according to plans and expectations. Kvaerner's estimates activities resulting in revenues of approximately NOK 10 billion in 2016. It is expected that the market will continue to be demanding throughout this year. Compared to recent periods, the company anticipate seeing a reduced number of tender invitations for large EPC projects in 2016, combined with intense competition. This creates significant uncertainty with respect to timing of new contract awards and general activity level.

Customers may find new projects attractive to develop if the suppliers can offer more value adding concepts or lower costs. Kvaerner is in dialogue with potential customers to further improve interfaces, develop solutions and execution models which contributes to making future projects profitable. Kvaerner will continue to selectively target prospects where the company can offer the most attractive solution while at the same time retaining sound financial margins. Hence, focus on development of relevant expertise and technology combined with continued cost reduction measures will remain central in Kvaerner's strategy in 2016.

Acknowledgements

The fatal accident at 7 March was a tragedy for both the involved relatives, colleagues and the company. It is therefore vital that the findings are used constructively to avoid similar disasters. 2015 was a challenging year for the global oil and gas business. In a competitive market with a reduced number of relevant new prospects, Kvaerner's personnel managed to secure some of the largest contracts which were out for award.

Through a year characterised by uncertainty for the employees and the work places, the organisation has managed to accelerate productivity in ongoing projects in parallel with extensive processes for cost reductions and streamlining of the organisation. When looking at 2014 and 2015 combined, the employees agreed to a zero adjustment of salaries, which has been a significant factor for improving Kvaerner's competitiveness and financial performance.

In a demanding cycle, the company is recognised by clients for both predictable deliveries and for addressing prudent improvements. A solid financial position with net cash at the end of the year is an accomplishment which provides strength and manoeuvrability in 2016. The Board of Directors extends its appreciation to management and employees for both the comprehensive efforts and for the achievements they have delivered in the past year.

Fornebu, 17 March 2016
Board of Directors and President & CEO of Kværner ASA

Leif-Arne Langøy Chairman	Tore Torvund Deputy Chairman	Kjell Inge Røkke Director	Vibeke Hammer Madsen Director
Rune Rafdal Director	Ståle Knoff Johansen Director	Bernt Harald Kilnes Director	Jan Arve Haugan President & CEO

KVÆRNER

Annual accounts Kvaerner group

Consolidated income statement 01.01 - 31.12

Amounts in NOK million	Note	2015	2014
Total revenue and other income	8	**12 084**	13 945
Materials, goods and services		**(8 434)**	(10 144)
Salaries, wages and social security costs	9	**(2 497)**	(2 345)
Other operating expenses	11	**(580)**	(628)
Operating profit before depreciation, amortisation and impairment		**574**	828
Depreciation	19, 20	**(81)**	(70)
Goodwill impairment	20	**-**	(266)
Operating profit		**493**	492
Financial income	12	**188**	15
Financial expenses	12	**(102)**	(120)
Share of profit or loss of equity accounted investees and impairment charges	22	**(0)**	(59)
Profit before tax		**579**	329
Income tax expense	13	**(241)**	(301)
Profit from continuing operations		**337**	27
Profit/(loss) from discontinued operations	28	**56**	(96)
Profit/(loss) for the year		**393**	(69)
Profit for the period attributable to:			
Equity holders of the parent company		**393**	(69)
Earnings per share (NOK)			
Basic and diluted EPS continuing operations	6	**1.26**	0.10
Basic and diluted EPS discontinued operations	6	**0.21**	(0.36)
Basic and diluted EPS total operations	6	**1.47**	(0.26)

The notes on pages 24 to 64 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income 01.01 - 31.12

Amounts in NOK million	2015	2014
Profit/(loss) for the year	**393**	(69)
Items that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges, net of tax		
– Fair value adjustment recognised in equity	**10**	(2)
– Reclassified to profit or loss	**-**	(1)
Translation differences – equity-accounted investees (no tax impact)	**(7)**	25
Translation differences – foreign operations (no tax impact)	**187**	236
Reclassification of translation differences on repayment of capital	**139**	-
Items that may be reclassified to profit or loss in subsequent periods	**51**	258
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains/(losses) on defined benefit pension plans, pre tax	**5**	(37)
Actuarial gains/(losses) on defined benefit pension plans, tax effect	**(2)**	10
Actuarial gains/(losses) on defined benefit pension plans, net of tax	**3**	(27)
Items not to be reclassified to profit or loss in subsequent periods	**3**	(27)
Total other comprehensive income for the year, net of tax	**53**	232
Total comprehensive income for the year	**446**	163
Total comprehensive income attributable to:		
Equity holders of the parent company	**446**	163

The notes on pages 24 to 64 are an integral part of these consolidated financial statements.

Consolidated balance sheet as of 31 December

Amounts in NOK million	Note	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	19	**687**	736
Deferred tax assets	13	**1**	123
Intangible assets	20	**873**	850
Investments in associated companies and jointly controlled entities	22	**134**	288
Other non-current assets	21	**20**	13
Total non-current assets		**1 715**	2 010
Current assets			
Current tax assets	13	**-**	31
Trade and other current assets	14	**1 590**	3 268
Fair value embedded derivatives	18	**150**	-
Cash and cash equivalents	26	**1 560**	1 208
Retained assets of business sold	28	**633**	906
Total current assets		**3 934**	5 414
Total assets		**5 649**	7 424

Amounts in NOK million	Note	2015	2014
Equity and liabilities			
Equity			
Share capital		**91**	91
Share premium		**729**	729
Retained earnings		**1 468**	1 309
Other reserves		**262**	208
Total equity	6, 31	**2 550**	2 337
Non-current liabilities			
Non-current interest-bearing liabilities	23	**-**	487
Employee benefits obligations	24	**169**	176
Other long term liabilities		**11**	-
Total non-current liabilities		**180**	664
Current liabilities			
Current tax liabilities	13	**73**	182
Provisions	17	**164**	81
Fair value embedded derivatives	18	**13**	-
Trade and other payables	16	**2 620**	4 109
Retained liabilities of business sold	28	**49**	51
Total current liabilities		**2 919**	4 423
Total liabilities		**3 099**	5 087
Total liabilities and equity		**5 649**	7 424

The notes on pages 24 to 64 are an integral part of these consolidated financial statements.

Fornebu, 17 March 2016
Board of Directors and President & CEO of Kværner ASA

Leif-Arne Langøy
Chairman

Tore Torvund
Deputy Chairman

Kjell Inge Røkke
Director

Vibeke Hammer Madsen
Director

Rune Rafdal
Director

Ståle Knoff Johansen
Director

Bernt Harald Kilnes
Director

Jan Arve Haugan
President & CEO

Consolidated statement of changes in equity 01.01 - 31.12

Amounts in NOK million	Number of shares	Share capital	Share premium	Retained earnings	Hedge reserve	Currency translation reserve	Pension reserve	**Total equity**
Equity as of 31 December 2013	269 000 000	91	729	1 715	3	(16)	(11)	**2 511**
Profit/(loss) for the period		-	-	(69)	-	-	-	**(69)**
Other comprehensive income		-	-	-	(3)	261	(27)	**232**
Total comprehensive income		-	-	(69)	(3)	261	(27)	**163**
Dividend		-	-	(336)	-	-	-	**(336)**
Equity as of 31 December 2014	269 000 000	91	729	1 309	0	246	(38)	**2 337**
Profit/(loss) for the period		-	-	393	-	-	-	**393**
Other comprehensive income		-	-	-	10	41	3	**53**
Total comprehensive income		-	-	393	10	41	3	**446**
Employee share purchase programme		-	-	(13)	-	-	-	**(13)**
Dividend		-	-	(220)	-	-	-	**(220)**
Equity as of 31 December 2015	269 000 000	91	729	1 468	11	287	(36)	**2 550**

The notes on pages 24 to 64 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows 01.01 - 31.12

Amounts in NOK million	Note	2015	2014
Cash flow from operating activities			
Profit/(loss) for the period		**393**	(69)
Adjusted for:			
Income tax expense	13	**241**	280
Net interest cost	12	**(86)**	105
Depreciation, amortisation and impairment	19, 20	**81**	336
Difference between pension premiums paid and pension expense, defined benefit schemes		**(16)**	(17)
Difference between income and dividends received from equity accounted investees	22	**174**	(117)
Sales (gains)/losses		**-**	1
Interest paid and received		**12**	8
Income taxes paid		**(203)**	(16)
Changes in other net operating assets		**587**	(320)
Net cash from operating activities	8	**1 183**	193
Cash flow from investing activities			
Acquisition of property, plant and equipment	19	**(55)**	(157)
Change in other investments		**5**	(13)
Net cash from investing activities		**(50)**	(171)
Cash flow from financing activities			
Net proceeds from external borrowings			
Interest paid		**(52)**	(46)
Instalment borrowings		**(500)**	-
Payment of dividend		**(220)**	(336)
Transactions in own shares		**(14)**	12
Net cash from financing activities		**(786)**	(370)
Effect of exchange rate changes on cash and bank equivalents		**6**	11
Net increase/(decrease) in cash and bank equivalents		**352**	(337)
Cash and cash equivalents at the beginning of the period		**1 208**	1 545
Cash and cash equivalents at the end of the period	26	**1 560**	1 208

The notes on pages 24 to 64 are an integral part of these consolidated financial statements.

Note 1 General information

Kværner ASA was incorporated on 12 January 2011 and is domiciled in Norway. Kværner ASA's registered office address is Drammensveien 264, 0283 Oslo, Norway.

Kværner ASA (the company) and its subsidiaries (together Kvaerner or the group) is a specialised provider of engineering, procurement and construction services for offshore platforms and onshore plants. See Note 8 Operating segments, for further details.

Note 2 Basis of preparation

General
The consolidated financial statements of Kværner ASA incorporate the financial statements of the company and its subsidiaries, and the group's interest in associates and joint ventures.

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, relevant interpretations and additional requirements following the Norwegian Accounting Act as of 31 December 2015.

The consolidated financial statements were approved by the Board of Directors and President & CEO as shown on the dated and signed balance sheet.

The consolidated financial statements will be approved by the Annual General Meeting on 19 April 2016.

Basis of measurement
The consolidated financial statements are prepared on the historical cost basis, except for derivative financial instruments and defined benefit pension plan assets and liabilities which are measured at fair value.

Functional and presentation currency
The consolidated financial statements are presented in Norwegian kroner (NOK), which is Kværner ASA's functional currency.

All financial information presented in NOK has been rounded to the nearest million, except where otherwise indicated. As a result of rounding differences, numbers or percentages may not add up to the total.

Measurement of performance
The group's key measure of financial performance is Adjusted EBITDA. Adjusted EBITDA excludes impact of embedded foreign currency derivatives reported in jointly controlled entities closely related to Kvaerner's operating activities. Referred to Note 8 for adjusted EBITDA performance. EBITDA definition: Earnings before interest (net financial items), Taxes, Depreciation, Amortisation and Impairment.

Note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation
Business combinations
Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries
Subsidiaries are entities controlled by the group. Control exists when the group is exposed to or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in associates
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, but this is assessed on a case-by-case basis.

Investments in associates are accounted for using the equity method and are recognised initially at cost.

The consolidated financial statements include the group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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 recognised except to the extent that the group has legal or constructive obligations or has made payments on behalf of the investee.

Joint arrangements
Joint arrangements exist when the group has joint control over such an arrangement, established by contractual agreement and requiring unanimous consent of the parties to the arrangement for strategic, financial and operating decisions. Joint arrangements may be either joint ventures or joint operations:

Joint ventures
A joint venture is a joint arrangement whereby the ventures have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method, with Kvaerner's share of net result after tax recognised in profit or loss. Results from joint ventures where tax is levied on the partners rather than the joint venture; Kvaerner's share of the tax will be included in the tax expense line in the group's consolidated income statement.

Joint operations
A joint operation is a joint arrangement whereby the parties have rights to the assets, liabilities and obligations relating to the arrangement. Joint operations are proportionately consolidated in the group financial statements. For the years reported, the group have not had any joint operations.

Transactions eliminated in consolidation
Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures 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.

Presentation of results
The purpose of the investment determines where its results are presented in profit or loss. When entities are formed to share risk in executing a project or are closely related to Kvaerner's operating activities, the share of the profit or loss is reported as part of other income in operating profit. Share of profit or loss from financial investments is reported as part of financial items.

Foreign currency
Foreign currency transactions and balances
Transactions in foreign currencies are translated to the respective functional currencies of the group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities measured at 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 according to the functional currency at the exchange rates on the date the fair value was determined.

Foreign exchange translation differences are recognised in profit or loss, except for differences arising from translation of qualifying cash flow hedges (to the extent that the hedge is effective), which are recognised in other comprehensive income. Translation impacts of monetary assets and liabilities related to operating activities are recognised within operating result.

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 group entities that have a functional currency different from the group's presentation currency are translated to the group's presentation currency of NOK as follows:

- Assets and liabilities, including goodwill and applicable consolidation 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 the average exchange rates for the year, calculated on the basis of 12 monthly rates

Foreign exchange differences arising from this translation are recognised in other comprehensive income, and presented as a separate component in equity.

Exchange differences arising from the translation of the net investment in foreign operations are included in other comprehensive income as a translation reserve. These translation differences are reclassified to the income statement upon disposal or liquidation of the related operations.

Exchange differences arising from non-current monetary receivable or payable by a foreign operation where settlement is neither planned nor likely in the foreseeable future, forms part of the net investment in that entity and are recognised in other comprehensive income. These translation differences are reclassified to the income statement upon disposal of the related operations or when settlement of the receivable or payable is planned or is considered likely to happen in the foreseeable future.

FINANCIAL INSTRUMENTS

Financial assets
The group initially recognises loans and receivables on the date that they originate. All other financial assets are recognised on the trade-date, being the date that the group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has substantially transferred all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount presented only when the group has the legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group classifies its financial assets according to the following categories: at fair value through profit or loss; loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, with transaction costs expensed in profit or loss as incurred, and are subsequently carried at fair value with any changes therein recognised in profit or loss.

The group's financial assets at fair value through profit or loss comprise derivative financial instruments which are not designated as hedges.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are initially recognised at fair value, plus any attributable transaction costs, and are subsequently carried at amortised cost using the effective interest method, less any impairment losses.

The group's loans and receivables comprise "trade and other current assets" in the balance sheet.

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. Restricted cash primarily relates to projects executed through joint ventures. The amounts fluctuate with the projects' life cycle and are usually released when the project is delivered or close to delivery.

Available-for-sale
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are initially recognised at fair value, plus any attributable transaction costs, and are subsequently carried at fair value with any changes therein recognised in other comprehensive income and presented in fair value reserve in equity. If fair value is lower than book value and the fall in value is significant or long term, impairment will be recognised in the income statement.

Financial liabilities
Kvaerner initially recognises financial liabilities on the trade-date, being the date that the group becomes party to the contractual provisions of the instrument. Financial liabilities are derecognised when the group's contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities are classified as other financial liabilities category. Such financial liabilities are initially recognised at fair value, less any attributable transaction costs, and are subsequently carried at amortised cost using the effective interest method.

The group's other financial liabilities comprise interest-bearing liabilities, bank overdrafts and trade and other payables in the balance sheet.

Derivative financial instruments
The group holds derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financial and investment activities.

Embedded derivatives may exist where commercial contracts are to be settled in a currency different from the functional currency of the contracting parties. Embedded foreign exchange derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

All derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The gain or loss on re-measurement of the group's embedded derivatives and other derivatives that do not qualify for hedge accounting is recognised immediately in profit or loss.

Where derivatives qualify for hedge accounting, recognition of any gain or loss depends on the nature of the item being hedged.

Hedging activities
Kvaerner engages in these types of hedging relationships:

- Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction with variability in cash flows (cash flow hedge)
- Hedges of the fair value of assets or liabilities (fair value hedge)

On initial designation of the derivative as a hedging instrument, the group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The group makes an assessment, at inception and on an on-going basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows, and whether the actual results of each hedge are within a range of 80–125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognised in other comprehensive income and presented as a hedge reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss within finance income and expenses. The amount accumulated in hedge reserves is reclassified as profit or loss in the periods when the hedged item affects profit or loss.

Hedge accounting is discontinued when the group revokes the hedging relationship, or when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in comprehensive income as a hedge reserve at that time, remains in the hedge reserve and is recognised in the income statement when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in the hedge reserve is recognised immediately in profit or loss.

Fair value hedges

The change in fair value of the hedging instrument is recognised in profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss related to the hedging instrument is recognised in profit or loss within financial items.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity.

Revenue recognition

Engineering and construction contracts

Revenues from contracts to provide construction, engineering, design or similar services are recognised using the percentage-of-completion method, based primarily on contract costs incurred to date compared to estimated total contract costs. As a general practice, total amount of any settlement with customers related to disputed matters and arbitration awards are included within revenues.

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent costs incurred are expected to be recoverable. The revenue recognised 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 recognised 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 recognised when it is probable the customer will accept the claim and the amount can be measured reliably. Management updates its assessment of recognised revenues at each reporting period.

See Note 4 Accounting estimates and judgements, for further details of revenue recognition criteria in respect of engineering and construction contracts.

Goods sold and other services rendered

Revenue from the sale of goods is recognised 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 other services rendered is recognised 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 recognised if there is significant uncertainty regarding recovery of consideration due.

When the group acts in the capacity of an agent rather than as the principal in the transaction, revenue recognised is the net amount earned by the group.

Other income

Other income include share of profit from associated companies and jointly controlled operations closely related to the group's operating activities, gains and losses related to sale of operating assets and further revenue from FEED, studies and other projects.

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 as incurred and are classified as other operating expenses.

Bidding costs are capitalised when it is probable that the company will be chosen as a party to the resulting customer contract. All other bidding costs are expensed as incurred.

Finance income and expenses

Finance income and expenses comprise interest receivable on funds invested, dividend income, foreign exchange gains and losses, interest payable on borrowings calculated using the effective interest rate method, fair value gains or losses on financial assets at fair value through profit or loss, gains or losses on hedging instruments that are recognised in profit or loss and reclassification of amounts previously recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis.

Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other 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.

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised 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 and joint ventures 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 at 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 recognised 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 amounts that can be utilised. 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.

Property, plant and equipment

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, interest cost on qualifying assets, an appropriate proportion of production overheads, and, where relevant, the estimated costs of dismantling and removing the items and restoring the site on which they are located.

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

Subsequent costs

The group capitalises 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 expenses are recognised on a straight line basis based upon the costs of the assets less any residual value over the estimated useful lives of the assets.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets. Where fair value of net assets acquired exceeds consideration paid, the resulting gain arising on an acquisition is recognised directly in the income statement. Goodwill recognised on acquisitions of subsidiaries is presented within intangible assets.

Acquisitions of equity accounted investees do not result in goodwill as the full cost of acquisition is included in the carrying value of the investment.

Goodwill is carried at cost less accumulated impairment losses (see Impairment). Gains and losses on the disposal of an entity or an interest in an entity include the carrying amount of goodwill relating to the ownership interest sold.

Research and development

Expenditures on research activities undertaken with the prospect of obtaining new scientific or technical knowledge and understanding is recognised in profit or loss as incurred.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible as well as being a separable asset. Capitalised costs include the cost of materials, external contractors, direct labour and capitalised interest on qualifying assets arising. Other development expenditures are recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets, all of which have finite useful lives, are amortised on a straight-line basis over their estimated useful lives, from the date they are available for use.

Construction work in progress

Construction work in progress represents the value of construction work performed less payments by customers. The value of construction work performed is measured at revenue recognised to date less progress billings and recognised losses. If payments by customers exceed revenues recognised, the difference is presented as advances from customers.

IMPAIRMENT

Financial assets

Kvaerner recognises impairment of financial assets measured at amortised cost, including trade receivables, when there is objective evidence that it will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being unlikely.

Non-financial assets

Carrying amounts of the group's non-financial assets, other than inventories, deferred tax assets and employee benefit assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment annually or more frequent if impairment indicators are identified.

An impairment loss is recognised if the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount.

Recoverable amount

The recoverable amount of an asset or a CGU is the greater of their net selling price and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash flows independently of other assets or CGUs. Subject to the operating segment limit, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed, reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill is allocated to groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Impairment loss recognition

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs) and then, to reduce the carrying amount of the other non-financial assets in the CGU (or group of CGUs) on a pro rata basis.

Reversals of impairment

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.

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 amortisation, if no impairment loss had been recognised.

OTHER ACCOUNTING POLICIES

Provisions

A provision is recognised in the balance sheet when the group has a present obligation as a result of a past event, it is probable that the group will be required to settle the obligation and the amount can be reliably estimated. 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 recognised as a finance cost.

Warranties

A provision for warranties is recognised 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.

Leases

Payments made under an operating lease are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Employee benefits

Variable pay programme

Executives in the group receive remuneration in the form of a variable pay program. One part of the program is a short term employee benefit and is recognised at estimated value over the period the employee must work to receive the bonus.

In addition the employee is entitled to a matching element that is paid in the form of Kvaerner shares. The monetary amount if the earned bonus is converted to a corresponding number of shares based on the market value of the shares in May in the year after the award is granted.

The shares are delivered to the employee three years after the grant date. The employee must be in service over the period until the shares are delivered. The fair value of the grant is the monetary amount reduced by expected dividend in the period, if this impact is significant. The fair value of the grant is expensed over the vesting period until the shares are delivered. A provision for social security tax is recognised over the vesting period based on the fair value of the shares at the balance sheet date until settled.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss 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 return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of plan assets is deducted. When the actuarial calculation results in a benefit to the group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

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

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 net defined benefit liability/(asset).

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, and the return on plan assets excluding interest. The group recognises actuarial gains and losses immediately in other comprehensive income and all other expenses related to defined benefit plans are recognised as employee benefits in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs. The group recognises gains and losses on settlements of defined benefit plans when settlements occur.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash and bank deposits. Changes in other net operation assets within operating cash flows are presented net and is mainly related to the group's Net current operating assets arising from projects.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been published, but are not yet effective and have not been applied in preparing these consolidated financial statements.

The most relevant changes for Kvaerner are:

IFRS 15 Revenue from Contracts with Customers, effective for annual reporting periods beginning from 1 January 2018, replaces the existing revenue recognition guidance, including IAS 11 Construction Contracts and IAS 18 Revenue. The standard introduces a new revenue recognition model that features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. Kvaerner's current assessment of the new standard is that it will not significantly change revenue recognition in the group. Progress-based measurement of revenue over time is expected to continue to be applicable revenue recognition method for Kvaerner's projects. Based on Kvaerners preliminary analysis, upon transition to IFRS 15, reported results may be impacted by the following changes:

- Variable consideration (bonuses and incentives) and change of scope (variation orders and amendments) will have a higher threshold for revenue recognition than under the current standard
- Waste cost must be expensed immediately and cannot be considered as project cost recognised in accordance with progress as under the current standard. The group is currently working to define examples of waste costs to be in compliance with the new standard

Other changes are currently not expected to have significant effects; however, this may change as clarifications are issued by the IASB, as practise develops in the industry.

It is expected that Kvaerner will use the retrospective implementation method in 2018, with restatement of comparative figures for 2017. IFRS 15 has yet not been endorsed by the EU.

IFRS 9 Financial Instruments, effective for annual reporting periods beginning from 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. The standard includes revised guidance on classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. Kvaerner expects limited potential impact on its consolidated financial statements resulting from the application of IFRS 9. The group hedges its cash-flows on a one-to-one basis towards external banks, so under normal circumstances most hedges should qualify for hedge accounting under the current IAS 39 standard. The percentage of qualifying hedges is expected to increase under IFRS 9 as the hedge accounting model is more aligned with risk management, including prospective testing and less restrictive requirements on qualifying hedging instruments. This is expected to result in less foreign currency effects reported under financial items.

The effect of classification of financial instruments and the expected credit loss principle are not expected to have material impact on the financial reporting, but have to be assessed further. IFRS 9 has yet not been endorsed by the EU.

IFRS 16 Leasing, was issued on 13 January 2016 and will be effective for annual reporting periods beginning from 1 January 2019. Current assessment is that the new standard will significantly change how the group accounts for its lease contracts. All leases, except for immaterial items, will have to be presented as financial lease upon transition to IFRS 16 with the following impacts:

- Assets and liabilities are expected to increase with an amount close to net present value of future lease payments
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) will increase as the lease payments will be presented as depreciation and finance cost rather than operating expense
- Operating cash flow will increase and investing and financing cash flow will decrease as lease payments will not be classified as operating cash flow

IFRS 16 has yet not been endorsed by the EU.

The expected impacts as described above may change as clarifications are issued by IASB or as practice develops in the industry.

Note 4 Accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the group's reported revenues, expenses, assets and liabilities. Given the size and complexity of Kvaerner's projects, the financial results could be materially impacted for the differences between current estimates and actual outcomes. Estimation uncertainties result primarily from the outcome of arbitration processes and final project results impacted by costs to complete, incentives etc. Estimates and underlying assumptions are continuously reviewed, based on historical experiences and expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation uncertainties that may impact the next financial year are detailed 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 recognised when, based on management's judgment, it is probable that they will result in revenue and are reliably measurable. This assessment is adjusted upon 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 contracts with customers include procedures for submission of variation orders for agreement. At any point in time, there will be unapproved variation orders and claims included in project revenue where recovery is assessed as probable and other criterias are met. Even though management has extensive experience in assessing the outcome of such negotiations, uncertainties exist.

Cost to complete depends on productivity factors and the cost of inputs. Weather conditions, 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 reduces 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 and is updated throughout the project as the need for contingencies lapses or new risks are identified.

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 plan 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 recognising revenue in excess of costs on large projects before the contract reaches 20 percent completion.

In the group's view there is one legacy projects that is subject to significant estimation uncertainty and where the outcome could have a material impact on the consolidated financial statements. This is the Nordsee Ost project, which is further described in Note 28 Contingent events.

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. The evaluations 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. See Note 17 Provisions, for further information about provisions for warranty expenditures on delivered projects.

Goodwill
In accordance with the stated accounting policy, the group tests whether goodwill has suffered any impairment, annually or more frequently if impairment indicators are identified. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates and judgments. Further details about assumptions used for value-in-use calculations are included in Note 20 Intangible assets.

Investments in associated companies and joint ventures
Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment including goodwill or other intangible assets identified on the acquisition, are tested for impairment annually or more frequently if there are indicators of impairment. See Note 22 Equity-accounted investees for recognised value of investments in associated companies and joint ventures.

Income taxes
Kvaerner 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 Kvaerner 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 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 13 Income taxes.

Pension benefits
The present value of pension obligations depends on a number of factors determined on the basis of actuarial assumptions. These assumptions include financial factors such as discount rate, expected salary growth 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. Further information about the pension obligations and the assumptions used are included in Note 3 Significant accounting policies and Note 24 Employee benefits – pensions.

Note 5 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. Market risk affects the value of financial instruments held. The objective of financial risk management is to manage and control financial risk exposure and thereby increase the predictability and minimise the potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposure and applies hedge accounting in order to reduce profit or loss volatility.

The group's approach to risk management includes identifying, evaluating and managing risk in all activities using a top-down approach with the purpose of avoiding sub-optimisation and utilising correlations observed from a group perspective.

Risk management is present in every project and it is the responsibility of the project managers in cooperation with Treasury to identify, evaluate and hedge financial risk 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.

Currency risk
Kvaerner operates internationally and is exposed to currency risk on commercial transactions, recognised assets and liabilities. Commercial transactions and recognised 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 related to RUB, USD, GBP, CAD, SEK, PLN, and EUR, but it is also exposed to several other currencies on a smaller scale.

The purpose of the group's hedging policy is generally to secure that entities hedge their entire contractually binding currency risk exposure in any project using forward contracts. Treasury manages internal exposures by entering into external forward contracts. The group has a large number of contracts involving foreign currency exposures and the currency risk policy has been established for many years.

For segment reporting purposes, each legal entity designates all currency hedge contracts with Treasury as cash flow hedges. External foreign exchange contracts are designated at group level as hedges of currency risk on a gross basis. These hedges are done back-to-back. When hedges do not qualify for hedge accounting under IFRS, an adjustment is done at group level. See Note 18 Derivative financial instruments, for information regarding the accounting treatment of hedging and embedded derivatives.

The group's exposure to its main foreign currencies

2015

Amounts in million	RUB	PLN	SEK	CAD	GBP	USD	EUR
Cash	34	1	25	16	9	26	30
Balance sheet exposure	**34**	**1**	**25**	**16**	**9**	**26**	**30**
Estimated forecast receipts from customers	-	-	34	15	10	16	93
Estimated forecast payments to vendors	-	(142)	-	-	-	-	(16)
Cash flow exposure	**-**	**(142)**	**34**	**15**	**10**	**16**	**77**
Forward exchange contracts	**-**	**142**	**(34)**	**(15)**	**(10)**	**(16)**	**(77)**
Net exposure	**34**	**1**	**25**	**16**	**9**	**26**	**30**

2014

Amounts in million	CAD	GBP	USD	EUR
Cash	-	6	59	19
Balance sheet exposure	**-**	**6**	**59**	**19**
Estimated forecast receipts from customers	30	-	1	25
Estimated forecast payments to vendors	-	-	-	(1)
Cash flow exposure	**30**	**-**	**1**	**24**
Forward exchange contracts	**(30)**	**-**	**-**	**(24)**
Net exposure	**-**	**6**	**60**	**19**

Estimated forecasted receipts and payments in the tables above are calculated based on the group's hedge transactions through Treasury. These are considered to be the best estimate of the currency exposure given that all currency exposure is hedged, in accordance with the group's policy. A foreign currency sensitivity analysis indicates that changes in the foreign currency rates would only have minor effects on equity and profit and loss. A ten percent weakening of the NOK against the currencies listed as of 31 December would have increased/(decreased) equity and profit and loss by the amounts shown in the table below. Larger movements in foreign currency rate have been seen in 2015, but the selected rate of ten percent reflects average of recent years' changes in currency rates.

Changes in currency rates change the values of hedging derivatives, embedded derivatives, and cash balances. The table below illustrates the aggregated effects of derivatives and cash balances. Hedges that qualify for hedge accounting are reported in the profit and loss according to the progress of projects. Deferred value of cash flow hedges is reported as hedging reserve in equity. Any changes to currency rates will therefore affect equity.

Value of hedging instruments that do not qualify for hedge accounting cannot be deferred from profit and loss. Changes in profit and loss are based on changes in fair values of the hedges that do not qualify for hedge accounting and any ineffectiveness in hedges that are hedge accounted. The analysis includes only project-related items and assumes that all other variables, in particular interest rates, remain constant. Calculations are based on amounts and foreign currency exchange rates as of 31 December 2015. The analysis is performed on the same basis as it was for 2014.

Although not all foreign exchange contracts are part of hedge accounting relationships, they are used to economically hedge currency risk. The effect on profit and loss under financial items in the table below will have an opposite effect on future operating income or expense as progress on projects increases. Equity in the following table is the hedge reserve that follows from cash flow hedges.

	2015		2014	
Amounts in NOK million	Profit before tax[2]	Equity[1]	Profit before tax[2]	Equity[1]
USD	**8**	**-**	-	6
EUR	**14**	**(5)**	(12)	(7)
CAD	**-**	**-**	(19)	-
GBP	**4**	**(1)**	(1)	-
SEK	**3**	**(3)**	-	-
PLN	**-**	**7**	-	-

1 The effects to equity that follow directly from the effects to profit and loss are not included
2 The effect on profit before tax is mainly related to embedded derivatives

A ten percent strengthening of the NOK against the above currencies as of 31 December 2015 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.

Translation exposure
Translation exposure occurs when foreign operations are translated for inclusion in the financial statements of the group.

Kvaerner has several investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is normally only hedged to the extent of agreed future payments.

Significant exchange rates applied for group consolidation

	Average rate		Closing rate	
Currency	**2015**	2014	**2015**	2014
USD	**8.0605**	6.3172	**8.8222**	7.4560
CAD	**6.3342**	5.7226	**6.3698**	6.4304
EUR	**8.9610**	8.3764	**9.6003**	9.0467
GBP	**12.3016**	10.3982	**13.0550**	11.6146
SEK	**0.9585**	0.9211	**1.0478**	0.9593
PLN	**2.1353**	2.0011	**2.2452**	2.1088

The next table illustrates the group's exposure to translation risk. Had the Norwegian currency depreciated by a further ten percent during 2015, the consolidated financial statements would have been affected by the changes in the table below. The sensitivity analysis is only a translation sensitivity and does not reflect changes in competitiveness, derivatives or other effects from currency fluctuations. Sensitivity analysis per currency has been made. The total result is given in the presented table.

	Total			10% depreciation			Change		
	Revenue	EBITDA	Equity	Revenue	EBITDA	Equity	Revenue	EBITDA	Equity
Amounts in million									
2015	**12 084**	**574**	**2 550**	**12 118**	**568**	**2 616**	**34**	**(6)**	**66**
2014	13 945	828	2 603	14 028	860	2 789	83	32	186

Interest rate risk

Kvaerner's interest rate risk arises from interest-bearing liabilities with related parties and external loans. Interest-bearing liabilities issued at variable rates expose the group to cash flow interest rate risk.

An increase of 100 basis points in interest rates during 2015 would have increased/(decreased) equity and profit or loss by the amounts shown in the table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2014.

Amounts in NOK million	2015	2014
Cash and cash equivalents	**16**	12
External loan	**-**	(5)
Cash flow sensitivity (net)	**16**	7

Price risk

Kvaerner is exposed to fluctuations in market prices in the operating businesses related to individual contracts, including changes in market price for raw materials, equipment and development in wages. These risks are managed in bid processes by locking in committed prices from vendors as a basis for offers to customers or through escalation clauses with customers.

Credit risk

Customer credit risk

Credit risk is the risk of financial loss to the group if customer or counterparty to financial investments/instruments fails to meet its contractual obligations, and arises principally from external receivables. 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 on using credit assessment tools available (e.g. Dun & Bradstreet). 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. Provisions for loss on debtors are based on individual assessments. Provisions for loss on receivables are low, and there are no historical losses of any significance.

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 payment is due to disagreements related to project deliveries and is solved together with the customer or escalated for resolution through arbitration or other mechanisms provided for in the contract.

Customers are typically large and highly reputable oil companies with a low credit risk, which reduces the credit risk significantly. However, the contractual counterparty may be a special purpose asset owning vehicle or similar entity of the customer. In these cases an evaluation of credit risk takes into account the facts and circumstances of such arrangements, and credit risk is mitigated where possible by requiring parent company guarantees, customer pre-payments, obtaining contractor liens and other such actions. The risk of counterparties not meeting their contractual obligations will normally be related to legal disputes, see Note 29 Contingent events.

The maximum exposure to credit risk as at the reporting date equals the book value of each category's financial assets. The group does not hold collateral as security.

Derivative credit risk

Derivatives are only traded against approved banks, through Treasury. All approved banks are participants in the group's loan syndicate and have the highest ratings at Moody's and S&P. Credit risk related to derivatives is therefore considered to be insignificant.

Liquidity risk

Liquidity risk is the risk that the group could encounter difficulty in meeting the obligations associated with its financial liabilities. The group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity reserves to meet its liabilities when due. The nature of the group's business dictates a close monitoring of liquidity. Payment from customers is often monthly cash-calls and involves large sums of cash.

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, Treasury maintains flexibility in funding by maintaining availability under committed credit lines, see Note 23 Interest-bearing liabilities.

Management monitors rolling weekly and monthly forecasts of the group's liquidity reserve on the basis of expected cash flows. For information regarding capital expenditures and net operating assets, see Note 8 Operating Segments.

Financial liabilities and the period in which they mature

2015

Amounts in NOK million	Note	Book value	**Total undiscounted cash flow[1]**	6 mths and less	6-12 mths	1-2 years
Interest-bearing liabilities	23	-	**-**	-	-	-
Trade and other payables	16	(2 620)	**(2 620)**	(2 620)	-	-
Total		(2 620)	**(2 620)**	(2 620)	-	-

2014

Amounts in NOK million	Note	Book value	Total undiscounted cash flow[1]	6 mths and less	6-12 mths	1-2 years
Interest-bearing liabilities	23	(487)	(527)	(10)	(9)	(508)
Trade and other payables	16	(4 109)	(4 109)	(4 109)	-	-
Total		(4 596)	(4 636)	(4 119)	(9)	(508)

1 Nominal currency value including interests

Group policy for the purpose of optimising availability and flexibility of cash within the group is to operate a centrally managed cash-pooling arrangement. Such arrangements are either organised with a bank as a service provider, or as a part of the operation of the internal treasury function. An important condition for the participants (legal entities) in such cash-pooling arrangements is that the group as an owner of such pools is financially viable and capable of servicing its obligations concerning repayment of any net deposits made by the entities.

Capital management
The group's objective for managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

The group monitors capital on the basis of equity ratio (gross debt/total equity), cash (gross debt less Net Current Operating Assets (NCOA) and cash and cash equivalents) and interest coverage ratio (EBITDA/net finance cost). The ratios are calculated from gross debt, including all interest-bearing liabilities as shown in Note 25 Financial instruments, EBITDA and finance cost. The reported ratios are well within the requirements of the loan agreements.

Guarantee obligations
The group has provided the following guarantees on behalf of wholly owned subsidiaries as of 31 December 2015 (all obligations are per date of issue):

Amounts in NOK million	**2015**	2014
Parent company guarantees to group companies[1]	**56 304**	50 707
Counter guarantees for bank/surety bonds	**1 555**	1 566
Total	**57 859**	52 273

1 Kværner ASA has provided indemnities to Akastor of NOK 16.5 billion in respect of parent company guarantees issued by Akastor (included in the figures) on behalf of Kvaerner group companies

Note 6 Earnings/(loss) per share

Kværner ASA's share capital has a value of NOK 91 460 000, consisting of 269 000 000 shares.

	2015	2014
Profit/(loss) attributable to ordinary shares (NOK million):		
Net profit – continuing operations	**337**	27
Net profit – discontinued operations	**56**	(96)
Net profit/(loss) – total operations	**393**	(69)
Weighted average number of shares outstanding	**267 709 674**	269 000 000
Earnings/(loss) per share (NOK):		
Basic and diluted EPS – continuing operations	**1.26**	0.10
Basic and diluted EPS – discontinued operations	**0.21**	(0.36)
Basic and diluted EPS – total operations	**1.47**	(0.26)

Note 7 Related parties

The largest shareholder of Kværner ASA, Aker Kværner Holding AS, is controlled by Aker ASA (70 percent) which in turn is controlled by Kjell Inge Røkke and his family through TRG Holding AS and The Resource Group AS. All entities controlled by Aker ASA are considered related parties to Kvaerner. These entities are referred to as Aker Solutions, Akastor and other entities controlled by Aker in this note.

Kvaerner operates in an industry where it is common to establish associated companies and joint ventures to deliver large and complex projects to customers. In such arrangements two or more suppliers have responsibility for parts of a project. The group holds stakes in associated companies and joint ventures related to significant projects in the portfolio, and these meet the definition of a related party. See Note 22 Equity-accounted investees.

In accordance with International Accounting Standards 24 Related Party Disclosures, all entities controlled by Aker ASA, associated companies and joint ventures of Kvaerner and certain other related parties are reported as related parties to Kvaerner.

Related party transactions with entities controlled by Aker Solutions and Akastor
Services acquired from Aker Solutions and Akastor include subcontracting, hire of personnel and shared services, transactions which are all part of Kvaerner's ordinary business operations. Revenue is mainly related to sale of man hours.

Pricing models vary between types of projects and services, but all transactions with related parties are based on arms-length terms.

Related party transactions with associated companies and joint ventures
Operating revenue from joint ventures is mainly sale of man hours to joint venture projects. Operating expenses from associated entities are mainly related to rent of buildings and sale of man hours. Refer to further details in Note 22 Equity accounted investees on joint venture dividends and Note 10 Operating leases for details on long term lease entered with related party Fornebuporten AS.

Related party transactions with entities controlled by Aker
Aker Pensjonskasse
Aker Pensjonskasse was established by Aker ASA to manage the retirement plan for employees and retirees in Kvaerner as well as other Aker companies. Kvaerner's premiums paid to Aker Pensjonskasse amounts to NOK 31 million in 2015 (2014: NOK 26 million).

Other
Kvaerner ASA has entered into an agreement with employee representatives that regulates use of grants to employee unions for activities related to professional updating. The grant in 2015 was NOK 492 000 (2014: NOK 492 000).

2015

Amounts in NOK million	Aker Solutions	Akastor	Other entities controlled by Aker	Associated companies	Joint ventures	Other related parties	**Total[1]**
Income statement							
Operating revenues	137	12	-	3	286	-	**438**
Operating expenses	(984)	(208)	(9)	(92)	1	(3)	**(1 295)**
Balance sheet as of 31 December							
Trade and other receivables	20	6	0	1	56	-	**84**
Trade and other payables	(56)	(27)	(1)	(6)	-	-	**(91)**

2014

Amounts in NOK million	Aker Solutions	Akastor	Other entities controlled by Aker	Associated companies	Joint ventures	Other related parties	**Total[1]**
Income statement							
Operating revenues	213	19	2	1	244	-	479
Operating expenses	(2 439)	(391)	(3)	(52)	(19)	(0)	(2 904)
Net financial items	-	-	-	-	-	-	-
Balance sheet as of 31 December							
Trade and other receivables	33	4	1	0	42	-	79
Trade and other payables	(246)	(48)	-	(5)	(3)	-	(302)

1 Figures include discontinued operations

Trade receivables and trade payables are derived from ordinary business operations.

Note 8 Operating segments

Kvaerner does not have any remaining operations in the USA within the Downstream & Industrials segment, and remaining legacies within the segment are presented as discontinued operations in the group's financial statements. Consequently, Kvaerner only has one reportable segment; Upstream.

As from 1 January 2015 a new corporate organisational structure was implemented, and the Upstream segment includes four separate business areas: Topsides delivering topsides and floaters; Jackets delivering large steel jackets for oil and gas installations; Concrete Solutions delivering concrete substructures and Onshore delivering onshore upstream facilities. The new corporate organisational structure has not changed the group's segment reporting.

The business areas within the Upstream segment may meet the definition of an operating segment but have been aggregated based upon criteria in IFRS.

As from 1 January 2016, Kvaerner has changed to a matrix based organisation, removing current business area structure. See Note 30 Subsequent events for more information.

Measurement of segment performance
Performance is measured by segment operating profit before depreciation, amortisation and impairment (EBITDA) and operating profit (EBIT), as included in the internal management reports. The Upstream segment reporting includes Kvaerner's share (proportionate consolidation) of jointly controlled entities closely related to Kvaerner's operating activities. Segment profit, together with key financial information as described below, gives management relevant information in evaluating the results of the operating segment and is relevant in evaluating the results of the segment relative to other entities operating within the industry. The President & CEO will normally not review financial items or total liabilities on segment level.

Inter-segment pricing is determined according to arm's length principles.

The accounting principles of the reportable segment are the same as described in Note 2 Basis of preparation and Note 3 Significant accounting policies, except for hedge accounting. When contract revenues and contract costs are denominated in a foreign currency, the subsidiaries hedge the exposure with Treasury. Hedge accounting is applied independently of whether the hedge qualifies for hedge accounting in accordance with IFRS or not. The correction of the non-qualifying hedges to ensure that the consolidated financial statements are in accordance with IFRS, is made as an adjustment at Kvaerner's corporate level. This means that the group's segment reporting reflects all hedging relationships as if hedge accounting applies even though they may not qualify in accordance with IFRS.

2015 Operating segments

Amounts in NOK million	Note	Upstream	Other/Eliminations[1]	Total
Operating revenue and other income				
Construction contracts		11 318	-	**11 318**
Services revenue		101	-	**101**
Share of result from joint ventures		2 946	(2 774)	**173**
Other income[2]		498	(5)	**492**
External operating revenue		14 863	(2 779)	**12 084**
Inter-segment revenue		53	(53)	**-**
Total operating revenue and other income		14 917	(2 832)	**12 084**
EBITDA		613	(39)	**574**
Depreciation and amortisation	19, 20	(77)	(4)	**(81)**
EBIT		536	(43)	**493**
EBITDA		613	(39)	**574**
Adjustment for equity accounted investees[3]			(38)	**(38)**
Adjusted EBITDA		613	(77)	**536**
Assets				
Current operating assets		1 528	212	**1 740**
Non-current operating assets		1 501	70	**1 571**
Operating assets		3 030	282	**3 311**
Tax-related assets				**2**
Investments in associates and jointly controlled entities				**134**
Investments in other companies				**7**
Financial receivables				**2**
Cash and cash equivalents				**1 560**
Retained assets of business sold				**633**
Total assets				**5 649**

Amounts in NOK million	Note	Upstream	Other/Eliminations[1]	Total
Liabilities				
Current operating liabilities		2 634	163	**2 797**
Non-current operating liabilities		163	17	**180**
Operating liabilities		2 797	180	**2 977**
Tax-related liabilities				**73**
Retained liabilities of business sold				**49**
Total liabilities				**3 099**
Net current operating assets		(1 106)	49	**(1 057)**
Cash flow				
Cash flow from operating activities		736	447	**1 183**
Acquisition of property, plant and equipment[4]	19	24	4	**28**
Order intake (unaudited)		12 846	(49)	**12 798**
Order backlog (unaudited)		14 346	(0)	**14 346**
Own employees (unaudited)		2 769	42	**2 811**

1 Other/Eliminations include figures for the Downstream & Industrials segment for cash flow from operating activities and own employees
2 Other income includes studies, FEEDs, sale of man hours etc
3 Impact of embedded derivatives reported in jointly controlled entities closely related to Kvaerner's operating activities
4 Compared to capital expenditure in the cash flow statement acquisition of property, plant and equipment excludes NOK 27 million for intangible assets

2014 Operating segments

Amounts in NOK million	Note	Upstream	Other/Eliminations[1]	Total
Operating revenue and other income				
Construction contracts		12 968	-	**12 968**
Services revenue		53	-	**53**
Share of result from joint ventures		3 918	(3 577)	**341**
Other income[2]		583	-	**583**
External operating revenue		17 522	(3 577)	**13 945**
Inter-segment revenue		9	(9)	**-**
Total operating revenue and other income		17 531	(3 586)	**13 945**
EBITDA		911	(83)	**828**
Depreciation	19	(70)	0	**(70)**
Goodwill impairment	20	(266)	-	**(266)**
EBIT		575	(83)	**492**
Assets				
Current operating assets		3 242	26	**3 268**
Non-current operating assets		1 581	7	**1 588**
Operating assets		4 823	33	**4 856**
Tax-related assets				**155**
Investments in associates and jointly controlled entities				**288**
Investments in other companies				**9**
Financial receivables				**2**
Cash and cash equivalents				**1 208**
Retained assets of business sold				**906**
Total assets				**7 424**

Amounts in NOK million	Note	Upstream	Other/Eliminations[1]	Total
Liabilities				
Current operating liabilities		4 081	109	**4 190**
Non-current operating liabilities		169	7	**176**
Operating liabilities		4 251	115	**4 366**
Tax-related liabilities				**182**
Current interest-bearing liabilities				**-**
Non-current interest-bearing liabilities				**487**
Retained liabilities of business sold				**51**
Total liabilities				**5 087**
Net current operating assets		(839)	(83)	**(922)**
Cash flow				
Cash flow from operating activities		424	(232)	**193**
Acquisition of property, plant and equipment[3]	19	99	(6)	**94**
Order intake (unaudited)		10 727	(9)	**10 718**
Order backlog (unaudited)		16 451	-	**16 451**
Own employees (unaudited)		3 002	47	**3 049**

1 Other/Eliminations include figures for the Downstream & Industrials segment for cash flow from operating activities and own employees
2 Other income includes studies, FEEDs, sale of man hours etc
3 Compared to capital expenditure in the cash flow statement acquisition of property, plant and equipment excludes NOK 35 million for intangible assets

Major customers
For the group, revenue from the three largest customers represented NOK 10.8 billion, or 89 percent, of total revenue of NOK 12.1 billion (2014: NOK 12.2 billion and 87 percent). Of this, one customer represented 69 percent (2014: 41 percent), the second represented 13 percent (2014: 31 percent) and the third represented seven percent (2014: 16 percent) of the total revenue of the Kvaerner group.

For the Upstream segment, revenue from the three largest customers represented NOK 12.7 billion, or 85 percent, of the segment's total revenue of NOK 14.9 billion (2014: NOK 13.9 billion and 79 percent). Of this, one customer represented 56 percent (2014: 33 percent), the second represented 18 percent (2014: 24 percent) and the third represented 11 percent (2014: 22 percent) of the total revenue of the Upstream segment.

Geographical information
Geographical segment revenue is based on the geographical location of customers' operations. Non-current segment assets are based on geographical location of the assets.

	Operating revenues		Non-current segment assets	
Amounts in NOK million	**2015**	2014	**2015**	2014
Norway	**11 646**	13 122	**1 499**	1 616
Europe	**58**	13	**1**	1
Canada	**352**	600	**0**	0
Rest of the world[1]	**28**	210	**1**	11
Total	**12 084**	13 945	**1 501**	1 629

1 Includes operations in Kazakhstan and the Russian Federation

Note 9 Salaries, wages and social security costs

Amounts in NOK million	Note	**2015**	2014
Salaries and wages including holiday allowance		**1 998**	1 897
Social security tax/national insurance contribution		**247**	272
Pension cost	24	**117**	110
Other employee costs		**134**	65
Salaries, wages and social security costs		**2 497**	2 345

Employee share purchase programmes
Kvaerner offered a share purchase programme in 2015. A total of 1 561 303 Kværner ASA shares were distributed to employees and managers of the company during the fiscal year. Shares included in the manager's programme were sold at a price of NOK 7.65 and allocated 18 December. Shares included in the employee programme were sold at a price of NOK 8.11 and allocated 30 November. The difference in share price for the two programmes is caused by fluctuations from late November to mid-December. No share purchase programme was offered in 2014.

Guidelines for remuneration to the President & CEO and the executive management of Kvaerner
The main purpose of the executive remuneration programme is to encourage a strong and sustainable performance-based culture, which supports growth in shareholder value. The total remuneration to executives consists of a market competitive base salary, standard employee benefits and participation in the company's executive variable pay programme.

General
The company practices standard employment contracts and standard terms and conditions regarding notice period and severance pay for the President & CEO and executive management.

Benefits
The President & CEO and the members of the executive management team participate in the standard pension and insurance plan applicable to all employees in the company.

Variable pay programme
The company has a deliberate policy of offering limited fixed benefits, and rather securing market competitiveness by offering participation in an annual executive variable pay programme. The objective of the programme is to recognise and reward the achievement of financial- and operational results as well as personal performance. The earnings under the programme are dependent on annual achievement of financial targets, the company's key performance indicators and personal performance rating.

One element of the programme will be paid in Kvaerner shares after three years. The monetary amount earned is converted into a number of shares based on the market value of the shares in May in the year after the grant of the programme. The shares will be delivered to the employee in May two years later based upon continued employment. If the employee leaves Kvaerner or has delivered his or her resignation before the shares are delivered, the employee will lose the shares. The employee does not receive any dividends until the shares are delivered.

In May 2015 the company awarded 493 460 shares under the 2014 programme which will be delivered to executive management employees in 2017 provided they have fulfilled the service requirements. Expected dividends per annum at grant date has been reflected in determining the grant date fair value per share of NOK 4.95. The total expense for the executive management variable pay programme in 2015 was NOK 15.9 million (18.5 million in 2014), of which NOK 2.3 million was related to the share based part of the scheme (NOK 1.6 million in 2014).

Share options programme
The company does not offer share options programmes to any managers or employees, or other share based payment compensation programmes except for the share based variable pay programme described above.

Severance pay
Severance pay is applicable in case the company requests the resignation of the executive out of concern for the affairs of Kvaerner or there is a mutual understanding between the company and the executive to the effect that the employment shall be terminated. If so, the executive would be entitled to severance pay corresponding to three or six month's regular fixed salary. Severance pay does not include holiday allowance or pension entitlements.

Kvaerner has no outstanding loans or guarantees to any employees, managers or Directors.

Remuneration to members of the executive management team

2015

Amounts in NOK		Base salary[1]	Variable pay[2]	Other benefits[3]	Pension benefit[4]	**Total remuneration**
Jan Arve Haugan	01.01.2015 - 31.12.2015	5 056 954	1 910 720	11 942	81 184	**7 060 800**
Steinar Røgenes	01.01.2015 - 31.12.2015	2 275 221	2 365 578	10 456	159 597	**4 810 852**
Sverre Myklebust	01.01.2015 - 31.12.2015	2 211 935	2 782 902	74 534	333 647	**5 403 018**
Arnt Knudsen	01.01.2015 - 31.12.2015	2 117 523	1 952 414	34 081	294 840	**4 398 859**
Olav Jan Støve[5]	01.01.2015 - 31.12.2015	3 066 503	-	94 000	-	**3 160 503**
Eiliv Gjesdal	01.01.2015 - 31.12.2015	2 240 036	2 593 777	10 456	136 658	**4 980 927**
Henrik Inadomi	01.01.2015 - 31.12.2015	2 161 276	2 335 842	10 966	89 187	**4 597 271**
Knut Johan Malvik	01.01.2015 - 31.12.2015	2 227 077	1 972 334	10 456	202 424	**4 412 291**
		21 356 524	**15 913 569**	**256 891**	**1 297 538**	**38 824 521**

1 Base salary represents salary expensed while holding an executive position, and includes holiday pay
2 Variable pay reported is based on expensed, rather than paid benefits
3 Other benefits include telephone, insurance agreements, car allowance, etc
4 Pension benefits include the standard employee and management pension scheme, a pension compensation scheme related to the transfer from a defined benefit scheme to a defined contribution scheme and a disability pension scheme
5 External hired in consultant. Base salary represent hours invoiced from privately held company

2014

Amounts in NOK		Base salary[1]	Variable pay[2]	Other benefits[3]	Pension benefit[4]	**Total remuneration**
Jan Arve Haugan	01.01.2014 - 31.12.2014	5 014 310	1 848 000	20 120	75 472	6 957 902
Eiliv Gjesdal	01.01.2014 - 31.12.2014	2 220 410	1 847 740	10 238	117 697	4 196 085
Sverre Myklebust	01.01.2014 - 31.12.2014	2 173 662	2 088 500	95 627	345 375	4 703 164
Steinar Røgenes	01.01.2014 - 31.12.2014	2 203 100	849 746	21 879	143 678	3 218 403
Anthony Paul (Tony) Allen[5]	01.01.2014 - 31.12.2014	3 431 264	3 482 652	168 274	477 267	7 559 457
James Harry (Jim) Miller[5]	01.01.2014 - 31.12.2014	3 320 475	4 152 769	64 308	94 150	7 631 702
Henrik Inadomi	01.01.2014 - 31.12.2014	2 098 465	1 487 771	14 780	83 712	3 684 728
Bjørn Gundersen[6]	01.01.2014 - 31.12.2014	2 366 836	2 614 655	19 465	181 843	5 182 799
Arnt Knudsen	01.01.2014 - 31.12.2014	183 432	86 975	1 653	23 411	295 471
		23 011 955	18 458 807	416 344	1 542 605	43 429 711

1 Base salary represents salary expensed while holding an executive position, and includes holiday pay
2 Variable pay reported is based on expensed, rather than paid benefits
3 Other benefits include telephone, insurance agreements, car allowance, housing etc
4 Pension benefits include the standard employee and management pension scheme, a pension compensation scheme related to the transfer from a defined benefit scheme to a defined contribution scheme and a disability pension scheme. Pension benefits has been decreased for Jan Arve Haugan by NOK 180 761, which is a correction of total pension benefit reported for 2014
5 Jim Miller and Tony Allen are paid in USD and GBP respectively. Amounts reported are translated to NOK using applicable average currency rates for the portion earned each year, please refer to Note 5
6 Variable pay includes severance pay at end of employment

Remuneration to the Board of Directors

2015

Amounts in NOK	Board fees[1]	Audit Committee fees[1]	Remuneration Committee fees[1]
Leif-Arne Langøy	602 000	74 578	31 500
Tore Torvund[2]	521 900	-	31 500
Kjell Inge Røkke	328 000	-	-
Vibeke Hammer Madsen	328 000	-	31 500
Birgit Nørgaard[3]	269 589	69 041	-
Trine Sæther Romuld[4]	177 929	88 422	-
Rune Rafdal[5]	164 000	84 000	-
Ståle Knoff Johansen[5]	164 000	-	-
Bernt Harald Kilnes[5]	164 000	-	-

1 Fees listed in table are earned remuneration for work performed in 2015 related to Board, Audit Committee and Remuneration Committee meetings based on fees approved by the Annual General Meeting in April 2015
2 Directors resident outside Scandinavia are granted additional compensation of NOK 12 700 per physical Board meeting
3 Resigned from the Board in October 2015.
4 Resigned from the Board in July 2015. Leif-Arne Langøy replaced Ms Romuld as Chair of the Audit Committee
5 Directors appointed by and from the employees. Board fees to employee elected Directors are reduced in accordance with agreement with employee representatives. Employee elected directors have in addition received ordinary salaries from the companies in which they are employed

2014

Amounts in NOK	Board fees[1]	Audit Committee fees[1]	Remuneration Committee fees[1]
Leif-Arne Langøy	602 000	40 750	31 500
Tore Torvund[2]	521 500	-	31 500
Kjell Inge Røkke	328 000	-	-
Vibeke Hammer Madsen	328 000	-	31 500
Birgit Nørgaard[3]	246 000	63 000	-
Trine Sæther Romuld[3]	246 000	122 250	-
Rune Rafdal[4]	164 000	84 000	-
Ståle Knoff Johansen[4]	164 000	-	-
Bernt Harald Kilnes[4]	164 000	-	-
Live Haukvik Aker[5]	82 000	21 000	-

1 Fees listed in table are earned remuneration for work performed in 2014 related to Board, Audit Committee and Remuneration Committee meetings based on fees approved by the Annual General Meeting in April 2014
2 Directors resident outside Scandinavia are granted additional compensation of NOK 12 700 per physical Board meeting
3 Director from the Annual General Meeting in April 2014
4 Directors appointed by and from the employees. Board fees to employee elected Directors are reduced in accordance with agreement with employee representatives. Employee elected Directors have in addition received ordinary salaries from the companies in which they are employed
5 Resigned from the Board in April 2014

Fees to Directors employed in companies in which Aker has ownership will be paid to the companies, not to the Directors in person. The same procedure applies for fees to members of the Remuneration and Audit Committees.

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:
Arild S. Frick (Chair), Leif Teksum and Georg F. Rabl. Kvaerner's General Meeting has adopted guidelines governing the duties of the Nomination Committee.

Audit Committee
The current members of the Audit Committee are the following two Directors:
Leif-Arne Langøy (Chair) and Rune Rafdal. Trine Sæther Romuld and Birgit Nørgaard have resigned from the Audit Committee during 2015.

Fees to the current Audit Committee members are subject to approval by the Annual General Meeting 19 April 2016.

Remuneration Committee
The current members of the Remuneration Committee are the following three Directors: Leif-Arne Langøy (Chair), Tore Torvund and Vibeke Hammer Madsen.

Fees to the current Remuneration Committee members are subject to approval by the Annual General Meeting 19 April 2016.

Directors' and members of executive management team's shareholding

		Direct shareholding[2]	Shares allocated as part of 2014 variable pay programme[3]
Jan Arve Haugan[1]	President & CEO	190 944	-
Steinar Røgenes	EVP Contractors Norway	14 000	61 706
Sverre Myklebust	EVP Jackets	-	123 478
Arnt Knudsen	EVP Concrete Solutions	24 194	64 497
Eiliv Gjesdal	EVP & CFO	22 989	114 877
Henrik Inadomi	SVP Legal Counsel	4 981	108 553
Knut Johan Malvik	EVP Business Suport	-	20 349
Ståle Johansen	Director	8 431	-
Rune Rafdal	Director	6 329	-
Bernt Harald Kilnes	Director	19 265	-

1 Jan Arve Haugan and related parties
2 The overview includes only direct ownership of Kvaerner shares and does not include:
- Chairman Leif-Arne Langøy holdings of 44 827 shares through a privately owned company
- Director Kjell Inge Røkke's indirect ownership in Aker ASA through the Resource Group TRG AS and subsidiaries which he co-owns with his wife
3 Shares will be transferred in 2017 if still employed

Note 10 Operating leases

Kvaerner has entered into various operating lease contracts, mainly related to rental of buildings and equipment. The lease terms vary from short term contracts to contracts with duration up to 12 years. None of the leases include significant contingent rent. The majority of the contracts are renewable at the end of the lease period at market rates.

On 23 April 2013 Kvaerner signed an agreement with Fornebuporten AS for a long term lease for Kvaerner's new headquarters at Fornebu. Kvaerner moved to new offices at Fornebuporten end of June 2015. The lease contract is for approximately 8 000 square metres at market terms, representing an all-inclusive annual average lease payment of NOK 27 million for the initial lease term. The term of the agreement is 12 years with options for five plus five years. Fornebuporten AS was owned by Aker ASA, related party to Kvaerner, when the lease agreement was entered into. In November 2015 Fornebuporten AS was owned by Aker ASA, related party to Kvaerner, when the lease agreement was entered into. In November 2015, Fornebuporten AS was sold to Forebu Gateway AS that is related party to Aker ASA and Kvaerner.

Total non-cancellable operating lease commitments

Amounts in NOK million	2015	2014
Contracts due within one year	**49**	70
Contracts running from one to five years	**152**	168
Contracts running for more than five years	**156**	205
Total	**357**	444

Minimum lease payments recognised in the income statement

Amounts in NOK million	2015	2014
Buildings	**80**	85
Plant, equipment and machinery	**5**	42
Total	**84**	127

Sublease payments and contingent rent recognised in the income statement for the years ended 31 December 2015 and 2014 were insignificant. The group has entered into non-cancellable sublease contract for offices in Houston, USA and Perth, Australia. Future minimum lease income at year end 2015 is NOK 11 million.

Note 11 Other operating expenses

Amounts in NOK million	2015	2014
Rental cost for buildings and other office and premises cost	72	86
Other operating expenses related to office and equipment	113	82
Hired services and external consultants including audit fees	175	176
Travel expenses	37	35
Insurance, guarantee and other service cost	33	56
Maintenance buildings and equipment	64	43
Other[1]	86	151
Total	**580**	628

1 Other expenses of NOK 86 million in 2015 and NOK 151 million in 2014 mainly include electricity, gas, tools, welding material and miscellenauous maintenance and personnel costs

Fees to auditor

Amounts in NOK million	2015	2014
Audit	5	7
Other assurance services	1	1
Other services[1]	1	2
Total fees to KPMG	**7**	11
Total audit fees - other auditor	0	0
Total continuing operations	**7**	11
Total discontinued operations	0	1
Total	**8**	12

1 Other services of NOK 1.3 million include NOK 1.1 million in tax advisory services

Note 12 Finance income and expenses

Amounts in NOK million	2015	2014
Interest income on bank deposits measured at amortised cost	12	8
Net foreign exchange gain	30	-
Other finance income	13	6
Foreign exchange gain embedded derivatives	133	-
Finance income	**188**	15
Interest expense on financial liabilities measured at amortised cost	(47)	(55)
Interest expense related party	-	(0)
Net foreign exchange loss	(27)	(34)
Net finance cost pension	(3)	(5)
Other finance cost[1]	(25)	(26)
Finance expenses	**(102)**	(120)
Net finance expenses recognised in profit and loss	**86**	(105)

1 For 2015 NOK 24 millon relates to loss on foreign currency contracts (2014: NOK 25 million)

See Note 25 Financial instruments for information of the finance income and expense generating items.

Note 13 Income taxes

Income tax expense

Amounts in NOK million	2015	2014
Current tax expense	128	240
Prior year adjustment	1	7
Total current tax expense	**128**	246
Current year's deferred tax expense	113	56
Prior year deferred tax adjustment	-	(1)
Total deferred tax expense/(income)	**113**	55
Total tax expense	**241**	301

Effective tax rate reconciliation

Amounts in NOK million	**2015**	2014
Profit before tax, total	**579**	329
Expected income taxes (27 percent) of profit before tax	**156**	89
Tax effects of:		
Prior year adjustments (current and deferred tax)	**1**	6
Permanent differences[1]	**(20)**	80
Effect of unrecognised timing differences and tax loss[2]	**7**	3
Change in tax rates[3]	**0**	-
Differences in tax rates from 27 percent	**(0)**	7
Other reconciling items		
– Write down of tax balances (including tax credits)	**46**	72
– Cost related to tax audits[4]	**41**	26
– Other[5]	**11**	19
Total tax expense	**241**	301
Effective tax rate	**42%**	92%
Tax effect of differences	**85**	213

1 Permanent differences in 2015 was mainly related to tax credits and tax payments in foreign branch claimed as tax deductible costs. Permanent differences in 2014 were significantly impacted by goodwill impairment and loss on associated investment not being tax deductible
2 Effect of non-recognised timing differences and tax losses is related to tax losses in international operations
3 Change in Norwegian nominal tax rate from 27 to 25 percent as from 2016, with minor impacts on 2015 deferred tax charge as deferred tax balance was close to nil at yearend 2015
4 Tax charge impacts in 2015 reflects final ruling in tax audit in foreign branch
5 Other items are mainly related to paid withholding taxes

Recognised deferred tax assets and liabilities

Amounts in NOK million	**2015**	2014
Property, plant and equipment	**30**	34
Pensions	**40**	47
Projects under construction	**(1 286)**	(1 146)
Tax loss carry-forwards	**1 194**	1 133
Provisions	**40**	18
Financial instruments	**(28)**	-
Other	**11**	38
Total	**1**	**123**

Change in net recognised deferred tax assets and liabilities

2015

Amounts in NOK million	Balance as of 1 January	Recognised in profit and loss	Other adjustments	Translation differences	**Balance as of 31 December**
Property, plant and equipment	34	(1)	(2)	-	**30**
Net pensions	47	(6)	(1)	0	**40**
Projects under construction	(1 146)	(140)	-	-	**(1 286)**
Tax loss carry-forwards	1 133	58	2	-	**1 194**
Provisions	18	22	-	-	**40**
Financial instruments	-	(26)	(1)	-	**(28)**
Other	38	(19)	(7)	-	**12**
Total	123	(113)	(9)	0	**1**

2014

Amounts in NOK million	Balance as of 1 January	Recognised in profit and loss	Other adjustments	Translation differences	**Balance as of 31 December**
Property, plant and equipment	33	(2)	2	-	34
Net pensions	44	(0)	3	-	47
Projects under construction	(765)	(381)	(0)	-	(1 146)
Tax loss carry-forwards	785	380	(33)	1	1 133
Provisions	88	(70)	-	(0)	18
Other	7	18	14	(0)	38
Total	193	(55)	(14)	0	123

Tax loss carry-forwards

Amounts in NOK million	2015	2014
Recognised tax losses carried forward	**4 768**	4 195
Unrecognised tax losses carried forward	**106**	85
Total tax losses carried forward – continuing operations	**4 874**	4 280

Recognised tax losses are related to the Norwegian operations of which NOK 25 million is related to interest deduction limitation rules in Norway and expire after ten years. Remaining recognised tax losses have indefinite expiry dates. Unrecognised tax losses are related to international offices of which NOK 18 million expire after five years and the remaining have indefinite expiry dates.

In addition to the tax losses above for continuing operations, unrecognised tax losses in the group's discontinued operations in North America amounted to NOK 830 million at yearend 2015 (2014: NOK 552 million). Increased loss carried forward is following current year loss, but also significant currency impact on accumulated losses.

Tax losses are recognised in the balance sheet to the extent that forecasts and realistic expectations about results show that Kvaerner will be able to use the tax losses before they expire.

Current tax liabilities of NOK 73 million (2014: NOK 182 million) is mainly related to tax on joint venture results where tax is levied on the partners.

Note 14 Trade and other current receivables

Amounts in NOK million	Note	2015	2014
Trade receivables		**557**	985
Less provision for impairment of receivables		**(31)**	(4)
Trade receivables, net		**526**	981
Advances to suppliers		**2**	3
Work in progress	15	**199**	1 689
Accrued operating revenue		**554**	462
Other receivables		**251**	124
Derivative financial instruments	18	**50**	2
Total trade and other receivables		**1 583**	3 261
Other		**7**	7
Total trade and other current assets		**1 590**	3 268

Impairment losses in 2015 was nil (2014: nil).

Aging of trade receivables

Amounts in NOK million	2015	2014
Current	**454**	515
Past due 0-30 days	**39**	444
Past due 31-90 days	**7**	5
Past due 91 days to one year	**58**	17
Past due more than one year	**-**	4
Total	**557**	985

Note 15 Construction contracts

Amounts in NOK million	Note	2015	2014
Construction revenue in the period		**11 318**	12 968
Amounts due from customers for construction work		**199**	1 689
Advances received from customers		**(137)**	(54)
Construction contracts in progress, net position		**62**	1 635
Construction contracts in progress at the end of the reporting period			
Aggregate amount of cost incurred and recognised gross profits to date		**27 055**	27 022
Retensions		**-**	-

Largest projects in progress at yearend 2015 (unaudited):

Project	Customer	Estimated delivery
Upstream segment:		
Nyhamna onshore	Shell	2017
Hebron gravity based structure	ExxonMobil	2017
Johan Sverdrup utility and living quarter topside	Statoil	2019
Johan Sverdrup riser platform jacket	Statoil	2017
Johan Sverdrup drilling platform jacket	Statoil	2018
Johan Sverdrup process platform jacket	Statoil	2018

Note 16 Trade and other payables

Amounts in NOK million	Note	2015	2014
Trade creditors		**653**	1 433
Advances from customers		**137**	54
Accrued operating and financial costs		**1 441**	2 219
Derivative financial instruments	18	**111**	41
Sundry taxes		**214**	244
Other current liabilities		**64**	118
Total trade and other payables		**2 620**	4 109

Note 17 Provisions

Amounts in NOK million	Warranties	Other	Total
Balance as of 1 January 2014	83	248	**330**
Provisions made during the year	33	2	**34**
Provisions used during the year	(16)	(207)	**(222)**
Provisions reversed during the year	(20)	(42)	**(62)**
Currency translation differences	-	0	**0**
Balance as of 31 December 2014	80	1	**81**
Provisions made during the year	116	23	**139**
Provisions used during the year	(24)	(2)	**(26)**
Provisions reversed during the year	(30)	-	**(30)**
Currency translation differences	-	0	**0**
Balance as of 31 December 2015	142	22	**164**
Expected timing of payment as of 31 December 2015			
Non-current	112	2	**114**
Current	30	20	**50**
Total	142	22	**164**

Warranties
The provision for warranties relates to the possibility that Kvaerner, based on contractual agreements, needs to perform guarantee work related to products and services delivered to customers. The provision has been estimated based on historical warranty data associated with similar products and services. See Note 4 Accounting estimates and judgements, for further description.

Other
Other provisions mainly relate to severance pay to employees.

Note 18 Derivative financial instruments

Kvaerner uses derivative financial instruments to hedge foreign exchange risks. Further information regarding the group's risk management policies is available in Note 5 Financial risk management and exposures.

Forward foreign exchange contracts
The table below presents fair value of derivative financial instruments and a maturity analysis of the derivative's undiscounted cash flows. The total notional amount of the instruments is NOK 2 490 million (2014: NOK 416 million). The financial derivatives are both related to cash flow hedges for project expenses and revenues, and to secure NOK dividends from overseas projects. Given the Kvaerner's 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 recognised in accordance with International Accounting Standard 11 Construction Contracts using the percentage-of-completion method. This may result in different timing of cash flows related to project revenues and revenue recognition. Loss of NOK 24 million (2014: NOK 28 million) related to non-qualifying hedges has been recognised in the income statement in 2015.

Fair value of foreign currency derivative financial instruments are calculated as the difference between contract forward rate and market forward rate, discounted with applicable interest rate.

2015

Amounts in NOK million	Assets at fair value	Liabilities at fair value	**Net fair value**	**Total undiscounted cash flow[1]**	6 mths or less	6-12 mths	1-2 years
Cash flow hedges	5	(21)	**(16)**	**(16)**	(16)	-	-
Embedded derivatives	150	(13)	**137**	**138**	34	34	70
Not hedge accounted	-	(45)	**(45)**	**(45)**	(45)	-	-
Total	155	(79)	**76**	**77**	(27)	34	70

2014

Amounts in NOK million	Assets at fair value	Liabilities at fair value	**Net fair value**	**Total undiscounted cash flow[1]**	6 mths or less	6-12 mths	1-2 years
Cash flow hedges	-	(3)	(3)	(2)	(2)	-	-
Embedded derivatives	-	(8)	(8)	(9)	(7)	(2)	-
Not hedge accounted	-	(29)	(29)	(30)	(12)	(11)	(7)
Total	-	(40)	(40)	(41)	(21)	(13)	(7)

1 Undiscounted cash flows are translated to NOK using the exchange rates as of the balance sheet date

Fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity is more than 12 months and as a current asset or liability if the maturity is less than 12 months. If the hedged item is related to projects, such as work in progress or trade receivables, the hedging derivative is classified as a current asset or liability.

Foreign exchange derivatives
Kvaerner hedges the group's future transactions in foreign currencies against external banks, with currency exposure hedged back-to-back in order to meet the requirements for hedge accounting. All other hedges are not designated as hedges for accounting purposes and will have an effect on profit or loss. These are related to hedging of anticipated future dividends receivable and hedging of embedded derivatives. All hedges qualifying for hedge accounting are cash flow hedges. The company has entered into currency forward contracts in 2015 for economic hedging of embedded derivatives.

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 two years, depending on progress in the projects. Gains and losses on forward foreign exchange contracts are recognised in comprehensive income and reported as hedging reserve in equity until they are recognised in the income statement in the period or periods during which the hedged transactions affect the income statement. This is generally within 12 months from the balance sheet date.

Foreign currency embedded derivatives
Embedded derivatives may exist where commercial contracts are to be settled in a currency different from the functional currency of the contracting parties. If certain conditions are met, embedded foreign exchange derivatives are separated from the host contract and accounted for separately at fair value.

Embedded derivatives themselves are non-cash items, and their fair values will converge to zero as the underlying cashflows are realised.

The majority of project revenues and costs are recognised in accordance with International Accounting Standard 11 Construction Contracts using the percentage-of-completion method. This may result in different timing of cash flows related to project revenues and costs, and embedded derivative effects. The total notional amount of the embedded instruments is NOK 3 003 million (2014: NOK 333 million).

Forward exchange contracts
The following table shows unsettled cash flow hedges' impact on profit or loss and equity (not adjusted for tax).

Forward exchange contracts

Amounts in NOK million	2015	2014
Fair value of all hedging instruments	**(16)**	(3)
Hedging reserve from settlements	-	1
Recognised in profit and loss	**18**	1
Deferred in equity (hedging reserve)	**2**	(0)

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 recognised in the income statement in accordance with progress. Hedging reserve in equity will be reclassified to income statement within the next six months.

Note 19 Property, plant and equipment

Amounts in NOK million	Buildings and sites	Machinery, equipment and software	Under construction	Total
Historical cost as of 1 January 2014	751	989	4	**1 743**
Additions	69	25	-	**94**
Disposals	-	(7)	-	**(7)**
Transfers	4	-	(4)	**-**
Currency translation differences	1	0	0	**1**
Historical cost as of 31 December 2014	825	1 007	0	**1 832**
Accumulated depreciation as of 1 January 2014	(439)	(591)	-	**(1 030)**
Depreciation for the year	(35)	(35)	-	**(70)**
Disposals	-	5	-	**5**
Currency translation differences	(1)	(0)	-	**(1)**
Accumulated depreciation as of 31 December 2014	(475)	(621)	-	**(1 095)**
Book value as of 31 December 2014	350	386	0	**736**
Historical cost as of 1 January 2015	825	1 007	0	**1 832**
Additions	11	16	-	**28**
Disposals	(1)	(0)	-	**(1)**
Scrapping	-	(68)	-	**(68)**
Transfers	218	(218)	-	**-**
Currency translation differences	1	0	0	**1**
Historical cost as of 31 December 2015	1 054	737	0	**1 791**
Accumulated depreciation as of 1 January 2015	(475)	(621)	-	**(1 095)**
Depreciation for the year	(42)	(35)	-	**(77)**
Disposals	1	0	-	**1**
Scrapping	-	68	-	**68**
Transfers	(4)	4	-	**-**
Currency translation differences	(1)	(0)	-	**(1)**
Accumulated depreciation as of 31 December 2015	(521)	(583)	-	**(1 104)**
Book value as of 31 December 2015	533	154	0	**687**

Kvaerner has not entered into any financial lease contracts as of 31 December 2015. At yearend 2015, Kvaerner has contractual commitments for acquisition of three new cranes at the facility for steel jackets in Verdal, Norway amounting to NOK 144 million.

Depreciation
Assets are mainly depreciated on a straight-line basis over their expected economic useful lives as follows:

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

Estimates for residual values are reviewed annually.

Note 20 Intangible assets

Amounts in NOK million	Intangible assets excl. goodwill	Goodwill	Total
Balance as of 1 January 2014	9	1 071	**1 080**
Impairment	-	(266)	**(266)**
Additions	35	-	**35**
Balance as of 31 December 2014	44	805	**850**
Amortisation	(4)	-	**(4)**
Additions	27	-	**27**
Balance as of 31 December 2015	68	805	**873**

Intangible assets other than goodwill have finite useful lives and are amortised over their expected economic useful life, ranging between five to ten years.

Research and development costs
For the year ended 31 December 2015, the group capitalised NOK 9 million related to development of a cost estimation model and its Subsea-on-a-Stick™ concept (2014: NOK 23 million). In addition the group capitalised NOK 18 million related to IT activities (2014: NOK 12 million). NOK 11 million has been expensed for research and development as the criteria for capitalisation were not met (2014: NOK 11 million). There were no research and development costs paid by customers in the period (2014: NOK 5 million).

Goodwill- allocation by operating segment

Amounts in NOK million	2015	2014
Topsides/Onshore	**421**	421
Jackets	**186**	186
Concrete Solutions	**198**	198
Total Upstream	**805**	805

Impairment testing of goodwill
Goodwill originates from a number of historic acquisitions. Goodwill was allocated to the business areas, based on relative fair value estimates of the businesses at the time of demerger from Aker Solutions in 2011.

The group performs an impairment test annually, or more frequently if indications of impairment exists, to ensure that the recoverable amount related to recorded goodwill exceeds the related carrying value. Recoverable amounts are based on value in use calculations.

In 2014 Kvaerner recognised a goodwill impairment loss of NOK 266 million related to previous business area Contractors International.

2015 Impairment test
In the 2014 impairment test of business areas Topsides/Onshore (previously Contractors Norway), Jackets and Concrete Solutions, recoverable amount for recognised goodwill exceeded related carrying values with substantial headroom. The 2014 detailed calculations are used in the 2015 impairment test as the criteria in IAS 36 are considered met. The calculations have been updated for discount rates and carrying values.

Key assumptions
Management's approach to determine the values that are assigned to each key assumption reflect past experience and are as follows:

- Cash flow projections based on budgets and strategic forecasts for the period 2015–2018. These projections include both current on-going projects and assumed project wins. Prior years' forecasts have been assessed with regards to actual wins, and main deviation has been related to assumed international project wins.
- An annual growth rate of 1.5 percent for subsequent periods.
- The pre-tax discount rate (weighted average cost of capital) used is calculated based on the post-tax rate using an iterative process that gives the same net present value of cash flows pre- and post-tax. The post-tax discount rate applied in the testing is 10.4 percent, and pre-tax discount rates range from 12.8 percent to 13.4 percent for the different business areas.

Recoverable amounts for recognised goodwill for all business areas exceed related carrying values by a substantial margin, and consequently the analysis show that no impairment is required. No reasonable changes in key assumptions would lead to required impairment of goodwill.

Note 21 Other non-current assets

Amounts in NOK million	Note	2015	2014
Pension funds	24	**11**	2
Interest-bearing non-current receivables		**2**	2
Other non-current operating assets		**0**	0
Other investments		**7**	9
Total		**20**	13

Note 22 Equity-accounted investees

Joint ventures are accounted for using the equity method. Associated companies and joint ventures are defined as related parties to Kvaerner. See Note 7 Related parties, for overview of transactions and balances between Kvaerner and associated companies and joint ventures.

Joint Venture Agreement with Peter Kiewit Infrastructure Co
Kiewit-Kvaerner Contractors (KKC) is a partnership under Newfoundland and Labrador law, owned 50 percent by each of the partners Peter Kiewit Infrastructure Co and Kvaerner. The partnership is regulated by a partnership agreement and it follows from the partnership act and the partnership agreement that both partners are jointly and several liable for the obligations of the partnership. The risk is however limited on partner level as the partners are limited liabilities companies. Partnership property is held in the name of the partnership. Profit is shared 50:50 by the partners.

KKC is building the gravity base structure (GBS) for the Hebron oil platform for ExxonMobil Corporation. The work is performed in Newfoundland and Labrador, Canada.

Joint Venture Agreement with Kellegg Brown Root AS
Kvaerner and Kellogg Brown Root AS have formed a joint venture, K2JV ANS, for project execution with an ownership of 51 percent to Kvaerner and 49 percent to KBR. A Norwegian ANS entity implies that both partners are jointly and several liable for the obligations of the partnership. The risk is however limited on partner level as the partners are limited liabilities companies. Partnership property is held in the name of the partnership. Profit is shared 51:49 by the partners. K2JV is executing the Johan Sverdrup ULQ platform topside EPC project for Statoil.

Joint Venture Agreement with KGNT Holding LLP
Investment in Kvaerner Caspian B.V. was impaired in 2014 with no further exposure for the group. Kvaerner sold its shares in the company in 2015 to a party related to its former joint venture partner for a nominal amount.

Investments in associated companies and jointly controlled entities

2015

Amounts in NOK million	Book value as of 1 January	Additions/ Disposals	Dividend	Profit/ (loss)[1]	Other movements[2]	Currency translation differences	**Book value as of 31 December**
Kiewit-Kvaerner Contractors (KKC)	270	-	(340)	139	-	(4)	**65**
K2JV ANS[3]	-	-	-	38	8	-	**46**
Other associated companies and jointly controlled entities	17	-	(7)	(4)	19	(3)	**22**
Total	288	-	(347)	172	27	(7)	**134**

2014

Amounts in NOK million	Book value as of 1 January	Additions/ Disposals	Dividend	Profit/ (loss)[1]	Other movements[2]	Currency translation differences	**Book value as of 31 December**
Kiewit-Kvaerner Contractors (KKC)	54	-	(165)	352	-	30	**270**
Kvaerner Caspian B.V.	58	-	-	(57)	-	(2)	**-**
Other associated companies and jointly controlled entities	20	12	(5)	(7)	-	(3)	**17**
Total	132	12	(170)	288	-	25	**288**

1 Purpose of investment decides presentation in the income statement. Results from KKC and K2JV are presented within operating revenue and other income in the income statement. In addition for 2015, loss of NOK 4 million related to other associated companies and jointly controlled entities are presented on the same line in the income statement for 2015
2 Other movements for K2JV relates to cash flow hedges qualifying for hedge accounting
Other movements for other associated companies and jointly controlled entities relate to write down of receivables recognised in Profit/(loss) from equity accounted investees and against receivables in the balance sheet
3 Profit from K2JV is accounting effect of embedded derivatives

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

2015

Amounts in NOK million	Business office	Percentage held[2]	Assets	Liabilities	Equity	Revenues	Net profit/(loss)
Kiewit-Kvaerner Contractors (KKC)[1]	Newfoundland, Canada	50.0%	212	81	131	5 412	278
K2JV ANS[1]	Stord, Norway	51.0%	329	239	90	451	75

2014

Amounts in NOK million	Business office	Percentage held[2]	Assets	Liabilities	Equity	Revenues	Net profit/(loss)
Kiewit-Kvaerner Contractors (KKC)[1]	Newfoundland, Canada	50.0%	615	74	541	7 823	704

1 Jointly controlled entity
2 Percentage of voting rights equals percentage held

Note 23 Interest-bearing liabilities

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings which are measured at amortised cost. For more information about the group's exposure to capital risk, including interest rates, foreign currency and liquidity risk, see Note 5 Financial risk management and exposures.

Bank debt

The term loan and revolving credit facilities agreement of NOK 3 000 million established May 2011, originally to mature in May 2016, was cancelled and refinanced per 8 July 2015. The new loan agreement, a revolving credit facility of NOK 2 000 million, is maturing in July 2020. The facility is provided by a syndicate of high quality international banks. The revolving credit facility was undrawn per 31 December 2015. The terms and conditions include restrictions which are customary for these kind of facilities, including inter alia negative pledge provisions and restrictions related to acquisitions, disposals and mergers. There are also certain provisions of change of control included in the agreement. There are no restrictions for dividend payments. The facility is unsecured.

The financial covenants are based on three sets of key financial ratios; an equity ratio based on consolidated total borrowings/consolidated total equity, a cash covenant calculated by consolidated total borrowings less consolidated net current operating assets and consolidated cash and cash equivalent assets and an interest coverage ratio based on consolidated EBITDA/ consolidated finance costs. The financial covenants are tested on a quarterly basis. As of 31 December 2015 the company was in compliance with all covenants. The margin applicable to the facility is based on a price grid determined by the gearing ratio.

2015

Amounts in NOK million	Currency	Nominal currency value	**Book value[1]**	Interest margin	Interest rate	Effective interest rate	Maturity date	Interest terms
Revolving credit facility	Multi currency	2 000	-	2.00%	-	-	8 July 2020	IBOR + Margin[2]
Total non-current borrowings			-					

2014

Amounts in NOK million	Currency	Nominal currency value	**Book value[1]**	Interest margin	Interest rate	Effective interest rate	Maturity date	Interest terms
Revolving credit facility	Multi currency	2 500		2.10% - 2.50%	-	-	3 May 2016	IBOR + Margin[2]
Term loan	NOK	500	487	2.50%	4.18%	4.25%	3 May 2016	NIBOR + Margin
Total credit facility		3 000	487					
Total non-current borrowings			487					

1 The book value is calculated by reducing the nominal value by total issue costs related to the credit facility
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

Note 24 Employee benefits – pensions

The group'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 the annual contribution is also the cost. In a defined benefit plan it is the company's responsibility to provide a certain pension benefit. The measurement of the cost and the pension liability for such arrangements are subject to actuarial valuations.

Pension plans in Norway
The main pension arrangement in Norway is a general pension plan organised 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 organised as a defined benefit plan or as a defined contribution plan. Kvaerner closed its defined benefit plans in 2008 and are now providing defined contribution plans for all of their employees under 66 years of age.

Defined contribution plan
The annual contribution expensed for the defined contribution plan was NOK 100 million (2014: NOK 95 million). The estimated contributions expected to be paid in 2016 is NOK 97 million.

Defined benefit plan
Employees who were 58 years or more in 2008, when the plan was closed, are still in the defined benefit plan. This is a funded plan and represent most of the funded pension liability reported. Kvaerner's contribution to this plan in 2015 was NOK 22 million (2014: NOK 26 million) and expected contribution for 2016 is NOK 24 million. Contributions will reduce as the employees retire during the next three years.

The net pension obligation is sensitive to deviations in mortality for the members versus the mortality table used for calculating the obligation. As payments of the funds are relatively close in time, in a pension perspective, the net pension obligation is sensitive to reductions in the values of the investments.

Compensation plan
To ensure that the employees were treated fairly at the change from the defined benefit plan to the defined contribution plan, the company introduced a compensation plan. The employees are entitled to a compensation amount being 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. The compensation plan is an unfunded plan, and the obligation is calculated by actuary on a yearly basis. The first payment to employees from this plan will start in two years.

AFP - early retirement arrangement
AFP is an early retirement arrangement organised by Norwegian employers, The Norwegian Confederation of Trade Unions (LO) and the Norwegian state. The "old AFP" arrangement was established to provide pension between the age of 62 and 67 for employees who retired before the general retirement age of 67. This pension plan is now closed and estimated remaining employer contributions to cover the plan deficit have been provided for. Payments from the plan was finished in 2015.

A "new AFP" plan was established in 2011 to provide additional life long pensions to employees that retire early to compensate for the reduction in the ordinary pension entitlements. In this plan the employees are given a choice of retirement age, but with lower pension at earlier retirement. The Norwegian Accounting Standards Board has issued a comment concluding that the "new AFP" plan is a multi-employer defined benefit plan. The "new AFP" plan exposes the participating entities to actuarial risk associated with employees of other entities with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual participating entities. Sufficient information is not available to use defined benefit accounting and the "new AFP" plan is accounted for as a defined contribution plan.

Pension plans outside Norway
All pension plans outside Norway are defined contribution plans. Contributions to these plans were NOK 2 million in 2015 (2014: NOK 1 million). Estimated contributions in 2016 is NOK 2 million.

Pension cost including payroll tax

Amounts in NOK million	2015	2014
Service cost[1]	**18**	11
Administration cost	**2**	1
Curtailments and settlements	**(4)**	1
Net periodic pension cost defined benefit plans	**15**	14
Pension cost defined contribution plans	**102**	97
Net periodic pension cost	**117**	110
Net interest cost /(income)	**4**	4
Net periodic pension cost incl. net interest cost	**121**	115

1 In 2015 and 2014, the service cost was reduced by NOK 5 million and NOK 15 million following reversal of AFP accruals

Movement in pension obligation and plan asset

Amounts in NOK million	2015	2014
Projected benefit obligation as of 1 January	539	515
Service cost including cost related to the compensation plan	18	11
Interest cost on projected benefit obligation	13	19
Plan amendments	(3)	-
Acquisition and disposal	(0)	4
Payroll tax of employer contribution assets	(3)	(3)
Benefits paid	(35)	(34)
Remeasurements loss/(gain) to other comprehensive income (OCI)	(34)	27
Projected benefit obligation as of 31 December	**494**	**539**
Plan assets at fair value as of 1 January	365	360
Interest income on plan assets	8	14
Acquisition and disposal	-	3
Contributions paid into the plan	22	26
Payroll tax of employer contribution assets	(3)	(3)
Benefits paid by the plan	(27)	(25)
Remeasurements loss/(gain) to other comprehensive income	(29)	(9)
Plan assets at fair value as of 31 December	**335**	**365**
Net benefit obligation as of 31 December	**158**	**174**
As presented in the balance sheet		
Employee benefit assets	11	2
Employee benefit obligations	(169)	(176)
Total	**(158)**	**(174)**

Defined benefit obligation specified by funded and unfunded pension plans

Amounts in NOK million	2015	2014
Funded	331	375
Unfunded	163	164
Net employee benefit assets/(employee benefit obligations)	**494**	**539**

Plan assets at fair value of funded schemes are NOK 335 million (2014: NOK 365 million)

Included in other comprehensive income (OCI)

Amounts in NOK million	2015	2014
Remeasurements loss/(gain) from changes in:		
Discount rate	(5)	66
Other financial assumptions	(19)	(36)
Experience defined benefit obligation (DBO)	(10)	(3)
Experience Assets	17	1
Investment management cost	13	9
OCI losses/(gains)	**(5)**	**37**

Analyses of plan assets

Plan assets comprise:

Amounts in NOK million	2015	2014
Equity instruments		
– Oil & Gas	5	10
– Maritime Transportation	0	1
– Energy Infrastructure	0	-
– Oilfield Services & Equipment	5	8
– Telecom Services	1	5
– Chemicals	2	-
Bonds		
– Goverment	2	11
– Finance	56	30
– Private and Government enterprise	60	69
– Municipalities	193	221
Fund/Private Equity	10	10
Plan assets	**335**	**365**

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

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

Investments in fund/private equity are mainly funds that invest in listed securities and where fund value is based on quoted prices.

Actuarial assumptions
The following are the principal actuarial assumptions at the reporting date.

	2015	2014
Discount rate	**2.60%**	2.50%
Asset return	**2.60%**	2.50%
Salary progression	**2.50%**	3.25%
Pension indexation	**0.75 - 2.60%**	1.25 - 2.50%
G - multiplier	**2.25%**	3.00%
Mortality table	**K2013 BE**	K2013BE

The discount rate is based on the Norwegian high quality corporate bond rate.

Assumptions regarding future mortality are based on the dynamic mortality table K2013 BE. The dynamic model expects improvements in life expectancy over time, and that is expected for Kvaerner employees as well. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	2015	2014
Longevity at age of 65 for current pensioners		
Males	**21.3**	21.3
Females	**24.4**	24.4
Longevity at age of 65 for current members aged 40		
Males	**23.5**	23.5
Females	**26.8**	26.8

Sensitivity analysis
Calculation of the defined benefit obligation is sensitive to the actuarial assumptions set out above. An entity shall disclose a sensitivity analysis for each significant actuarial assumption. Possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by amounts shown below:

	Defined benefit obligation	
Effects in NOK million	**Increase**	**Decrease**
Discount rate (1% movement)	(43)	50
Future salary growth (1% movement)	6	(6)
Future pension growth (1% movement)	48	(35)
One year longer life all members	6	-

Note 25 Financial instruments

Financial instruments are classified into level 1, 2 and 3 in the measurement hierarchy based on how objective the measuring method is. Level 1 indicates use of quoted prices in an active market for identical assets and liabilities. Kvaerner has limited financial instruments beyond cash and short term receivables and payables. The fair value of cash, receivables and payables are approximates to their carrying values based on their short maturities.

Level 2 implies fair value measurements based on price inputs, other than quoted prices, which are derived from observable market transactions in an active market for identical assets or liabilities. Kvaerner's financial instruments within this category is related to derivative financial instruments, where fair value is determined based on forward prices on foreign currency exchange rates, see Note 18 Derivative financial instruments. Fair value measurements in level 3 indicate use of unobservable inputs; fair value calculations on the basis of input and assumptions that are not from observable market transactions. Kvaerner has no such level 3 assets or liabilities.

Note 26 Cash and Cash Equivalents

Amounts in NOK million	**2015**	2014
Restricted cash	**1**	4
Cash pool	**1512**	1132
Interest-bearing deposits	**47**	72
Total	**1 560**	1 208

Note 27 Group companies as of 31 December 2015

Company name	City	Country of incorporation	Ownership (percent)[1]
Kværner ASA	Oslo	Norway	
Kværner AS	Oslo	Norway	100
Kværner Engineering AS	Oslo	Norway	100
Kværner Stord AS	Stord	Norway	100
Kværner Verdal AS	Verdal	Norway	100
Kværner Concrete Solutions AS	Oslo	Norway	100
Kværner Jacket Technology Trondheim AS	Trondheim	Norway	100
Kværner Jacket Technology AS	Oslo	Norway	100
Kværner Piping Technology AS	Verdal	Norway	100
Verdal 1309 AS	Verdal	Norway	100
Kværner Contracting Spain AS	Oslo	Norway	100
Kværner Contracting Italy AS	Oslo	Norway	100
Kværner Contracting Russia AS	Oslo	Norway	100
Norwegian Contractors AS	Sandvika	Norway	100
Aker Solutions Contracting AS	Oslo	Norway	100
Kværner Resources AS	Oslo	Norway	100
Kvaerner Finland Oy	Ulvila	Finland	100
Kvaerner Contracting Ltd	London	UK	100
Kvaerner Resources Ltd	London	UK	100
Kvaerner Field Development Inc	Houston	USA	100
Kvaerner Americas Holdings Inc	Canonsburg	USA	100
Kvaerner North American Construction Inc	Canonsburg	USA	100
Kvaerner Oil & Gas Australia Pty Ltd	Perth	Australia	100
Kvaerner Canada Ltd	St. John's	Canada	100
Kvaerner Engineering & Technology (Beijing) Co Ltd	Beijing	China	100

1 Ownership equaling the percentage of voting shares

There have been no significant changes to the group composition in 2015.

Note 28 Discontinued operations

Following the sale of Kvaerner's onshore construction business in North America in December 2013, Kvaerner does not have any remaining operations in the US within the Downstream & Industrials segment, and remaining legacies within the segment are presented as discontinued operations in the group's financial statements.

The results for the discontinued business is reported separately under the heading Profit/(loss) from discontinued operations in the group's income statement. Reference is made to Note 29 Contingent Events for more information on the Longview project.

Summary of financial data for discontinued operations

Amounts in NOK million	2015	2014
Total revenue and other income	**(0)**	4
Operating expenses	**(85)**	(121)
EBIT	**(85)**	(117)
Net financial income/(expense)	**142**	(0)
Profit/(loss) before tax	**57**	(117)
Income tax expense	**(1)**	21
Net profit/(loss) discontinued operations	**56**	(96)
Basic and diluted earnings/(losses) per share (NOK)	**0.21**	(0.36)
Net assets	**584**	855

Financial income in 2015 is mainly related to foreign exchange accounting effect on repayment of capital of NOK 139 million, with no impact on group equity.

Cash flow from discontinued operations

Amounts in NOK million	2015	2014
Cash flow from operating activities	**1**	(38)
Translation adjustments	**5**	6
Net increase/(decrease) in cash and bank deposits	**6**	(32)
Cash and cash equivalents at the beginning of the period	**24**	56
Cash and cash equivalents at the end of the period	**30**	24

Note 29 Contingent events

Given the scope of Kvaerner's worldwide operations, group companies are inevitably involved in legal disputes in the course of their activities. Provisions have been recognised to cover expected outcome of any disputes and litigation proceedings in accordance with applicable accounting rules. Such provisions are based on management's best judgement and estimates of a likely outcome of the dispute and will be subject for review by in-house or external legal advisors. However, the final outcome of such disputes and litigation proceedings will always be subject to uncertainties, and resulting liabilities may exceed recorded provisions. The disputes and litigation proceedings are continuously monitored and reviewed, and recognised provisions are adjusted to reflect management's best estimates of most recent facts and circumstances. Litigation and arbitration costs are recognised as they occur.

Significant current disputes

Longview project

In 2011, Kvaerner North American Construction, Inc (KNAC) and its consortium partner initiated arbitration against Longview and Amec Foster Wheeler North America Corp. (Foster Wheeler) related to the Longview project delivered in 2011.

In early January 2015, settlement agreements were reached with Longview Power, LLC, KNAC'S consortium partner and others, resulting in an aggregate amount of USD 48 million received by KNAC from the various parties in February 2015. On 18 October 2015 Kvaerner North American Construction, Inc (a subsidiary of Kvaerner) was awarded USD 74 million in the arbitration proceedings against Foster Wheeler North America Corporation related to the Longview project delivered in 2011. Refer to Note 30 for final settlement with Foster Wheeler reached in March 2016.

Nordsee Ost project

In 2012, arbitration related to the Nordsee Ost project was filed. The last wind jackets for the project were delivered in October 2013. The arbitration process for the project will take more time than earlier anticipated due to high complexity and resolution has been delayed. It is currently not possible to estimate when the arbitration will be finalised.

There remain substantial uncertainties with respect to the final financial outcome of the Nordsee Ost project, and to avoid prejudicing Kvaerner's position, no estimate of the expected final outcome is disclosed.

Note 30 Subsequent events

Revised operating model and executive management changes

Kvaerner started to operate according to its new matrix based organisation model from 1 January 2016 with enhanced focus on project execution. The business area structure has been removed and the revised operating model will provide clearer roles and accountabilities. The aim is to increase productivity through better internal cooperation and use of common resources. Simultaneously, cost savings can be enabled by fewer man-hours spent on internal processes. As part of the revised model, there has been changes to the executive management team, please visit www.kvaerner.com/emt for a complete overview of the executive management team as from 2016.

Capacity reductions and restructuring costs

Kvaerner continues to drive cost reductions and measures to strengthen competitiveness. It is expected that further restructuring and capacity reduction costs will be recognised during 2016. The level of these costs will depend on outcome of tender activities and phasing of ongoing projects.

Longview project arbitration award settlement

In early March 2016 Kvaerner and Amec Foster Wheeler North America Corp. reached a settlement of all claims related to the Longview Power Project. The final settlement resulted in cash payment to Kvaerner of USD 70 million, and a positive currency accounting effect of approximately NOK 200 million is expected within discontinued operation in Kvaerner's income statement in first quarter 2016.

This settlement concludes the arbitration awarded in October 2015 and terminates the court proceeding in connection with the award.

Note 31 Capital and reserves

Share capital
Kværner 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 269 000 000 at par value of NOK 0.34 per share. All issued shares are fully paid.

Dividends	**2015**	2014
Paid dividend per share (NOK)	**0.82**	1.25
Dividend per share proposed by the Board of Directors (NOK)	-	0.67
Total dividend proposed (NOK million)	-	180

Dividends paid in 2015 consist of a dividend payment of NOK 0.67 per share in April and NOK 0.15 per share in October.

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 recognised 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 recognised 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 18 Derivative financial instruments.

Currency translation reserve
The currency translation reserve includes exchange differences arising from the translation of the net investment in foreign operations.

Annual accounts Kværner ASA

Income statement 01.01 - 31.12

Amounts in NOK thousands	Note	2015	2014
Operating revenue	2	**20 057**	14 439
Operating expenses	2	**(41 979)**	(47 844)
Operating loss		**(21 922)**	(33 405)
Net financial items	3	**(60 858)**	(126 723)
Profit/(loss) before tax		**(82 780)**	(160 128)
Tax income/(expense)	4	**19 018**	22 181
Net profit/(loss)		**(63 762)**	(137 947)
Net profit/(loss) for the year and dividends are distributed as follows:			
Dividends paid		**40 070**	-
Proposed dividend		**-**	180 230
Transferred from other equity		**(103 832)**	(318 177)
Net profit/(loss)		**(63 762)**	(137 947)

Balance sheet as of 31 December

Amounts in NOK thousands	Note	2015	2014
Assets			
Deferred tax asset	4	**41 659**	22 641
Investments in group companies	5	**6 843 335**	6 843 335
Non-current interest-bearing receivables from group companies	7	**696**	1 422
Total non-current assets		**6 885 690**	6 867 398
Non interest-bearing receivables from group companies	7	**60 365**	39 149
Other current receivables	9	**16 738**	1 810
Cash and cash equivalents	7	**47 530**	56 175
Total current assets		**124 633**	97 134
Total assets		**7 010 323**	6 964 532
Liabilities and shareholders' equity			
Issued capital		**91 460**	91 460
Share premium reserve		**729 027**	729 027
Other equity		**3 584 767**	3 699 106
Total equity	6	**4 405 254**	4 519 593
Non-current liabilities	8	**10 535**	-
Non-current interest-bearing borrowing		**-**	487 424
Total non-current liabilities		**10 535**	487 424
Interest-bearing current borrowing from group companies	7	**2 396 245**	1 624 439
Provision for dividend	6	**-**	180 230
Other current liabilities to group companies	7	**90 862**	104 432
Other current liabilities to related parties	7	**27 522**	-
Other current liabilities	9	**79 905**	48 414
Total current liabilities		**2 594 534**	1 957 515
Total liabilities and shareholders' equity		**7 010 323**	6 964 532

Fornebu, 17 March 2016
Board of Directors and President & CEO of Kværner ASA

Leif-Arne Langøy Chairman	Tore Torvund Deputy Chairman	Kjell Inge Røkke Director	Vibeke Hammer Madsen Director
Rune Rafdal Director	Ståle Knoff Johansen Director	Bernt Harald Kilnes Director	Jan Arve Haugan President & CEO

KVÆRNER

Statement of cash flows 01.01 - 31.12

Amounts in NOK thousands	Note	2015	2014
Profit/(loss) before tax		**(82 780)**	(160 128)
Changes in accounts receivable		**1 810**	4 024
Changes in accounts payable		**13 851**	-
Changes in other net operating assets		**578**	15 705
Non-cash effect on group hedging		**6 306**	
Amortisation of loan costs		**1 325**	8 246
Net cash from operating activities		**(58 910)**	(132 153)
Increase/(decrease) in long term borrowings to group companies	10	**(500 000)**	87 192
Increase/(reduction) in short term debt		**770 537**	496 216
Group contribution paid		**-**	(161 579)
Proceeds from employee share purchase programme	6	**412**	-
Share purchase for the variable pay program, net of refund from subsidiaries	6, 8	**(384)**	-
Dividends paid	6	**(220 300)**	(336 250)
Net cash from financing activities		**50 265**	85 579
Net increase (decrease) in cash and bank deposits		**(8 645)**	(46 574)
Cash and bank deposits at the beginning of the period		**56 175**	102 749
Cash and bank deposits at the end of the period		**47 530**	56 175

Notes to the financial statements

Note 1 Accounting principles

Kværner ASA was incorporated on 12 January 2011 and is domiciled in Norway. Kværner ASA's registered office address is Drammensveien 264, 0283 Oslo, Norway.

The accounts are prepared in accordance with Norwegian legislation and Norwegian generally accepted accounting principles. The functional and presentation currency is Norwegian kroner (NOK).

Foreign currency translation
Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Foreign currency exchange impacts are recognised in the income statement as they occur.

Revenue recognition
Operating revenue comprise parent company guarantees recharged entities within the group. The revenue is recognised over the guarantee period.

Tax
Tax income/(expense) in the income statement comprises current tax and changes in deferred tax. Current tax is calculated at 27 percent at 31 December 2015. Deferred tax at 31 December 2015 is calculated as 25 percent of temporary differences between accounting and tax values as well as any tax losses carried forward at yearend. A net deferred tax asset is recognised only to the extent it is probable that future taxable profits will be available against amounts that can be utilised.

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. Other balance sheet items are classified as non-current assets/debt.

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

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

Accounts receivable and other current receivables are recognised in the balance sheet at nominal value less provisions for doubtful accounts.

Variable pay programme
Executives in the group receive remuneration in the form of a variable pay program. One part of the program is a short term employee benefit and is recognised at estimated value over the period the employee must work to receive the bonus.

In addition the employee is entitled to a matching element that is paid in the form of Kværner ASA shares. The monetary amount of the earned bonus is converted to a corresponding number of shares based on the market value of the shares in May in the year after the award is granted. The shares are delivered to the employee three years after the grant date assuming that the employee must be in service over the period until the shares are delivered. Kværner ASA hold the shares presented as own shares until they are distributed to the eligible employees.

Investment in subsidiaries and associates
Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends or group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Cash in cash pool system
Kværner ASA has a cash pool that includes parent company's cash as well as net deposits from subsidiaries in the group cash pooling system owned by parent company. Correspondingly, the parent company's current debt to group companies will include their net deposits in the group's cash pool system.

Share capital
Cost related to purchase and sale of own shares are accounted for directly against equity, including any transactions costs.

Cash flow
The cash flow is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other shorterm liquid investments.

Note 2 Operating revenue and operating expenses

Operating revenue relates to parent company guarantees recharged entities within the Kvaerner group. Total recharged guarantees in 2015 amounts to NOK 25.8 million (2014: NOK 42 000) and has been fully paid by the entities. Remaning recharged amount will be recognised as revenue over the guarantee period.

There are no employees in Kværner ASA and hence no salary or pension related costs, and no loans or guarantees related to the executive management team. Group management and corporate staff are employed by other Kvaerner companies and costs for their services as well as other parent company costs are recharged to Kværner ASA. Total parent company cost for 2015 amounts to NOK 42 million (2014: NOK 47.8 million).

Fees to KPMG for statutory audit of the parent company amounted to NOK 2.6 million (2014: NOK 2.8 million) excluding VAT.

NOK 3.5 million (2014: NOK 3.3 million) has been allocated to payable fees to the Board of Directors for 2015.

See Note 9 Salaries, wages and social security costs in the group accounts for further details regarding remuneration of the Board of Directors and President & CEO.

Note 3 Net financial items

Amounts in NOK thousands	**2015**	2014
Interest income from group companies	**3 092**	18 915
Interest expense to group companies	**(18 050)**	(8 618)
Net interest group companies	**(14 958)**	(10 297)
External interest expense	**(45 470)**	(54 428)
Net interest external	**(45 470)**	(54 428)
Net other financial items	**(430)**	(82 592)
Net financial items	**(60 858)**	(126 723)

Note 4 Tax

Amounts in NOK thousands	**2015**	2014
Taxable income		
Profit/(loss) before tax	**(82 780)**	(160 128)
Interest deduction limit	**14 958**	-
Changes in temporary differences	**-**	(1 705)
Permanent differences[1]	**-**	77 977
Taxable income/(loss)	**(67 822)**	(83 856)
Temporary differences and deferred tax		
Tax loss carried forward due to interest deduction limit	**(14 958)**	-
Tax losses carried forward	**(151 678)**	(83 856)
Total temporary differences	**(166 636)**	(83 856)
Deferred tax asset	**41 659**	22 641
Tax income		
Change in deferred tax	**22 351**	22 181
Effect of change in tax rate	**(3 333)**	-
Total tax income in income statement	**19 018**	22 181
Effective tax rate	**23%**	14%

1 Permanent differences relates to write-down on loans to group companies

Note 5 Investments in group companies

Amounts in NOK thousands	Registered office	Share capital	Number of shares held	Book value[1]	Percentage owner-/ voting share
Kværner AS	Oslo, Norway	1 010	10 000	6 843 335	100%

Kværner AS results 2015

Amounts in NOK thousands	
Profit/(loss) for the period	24 277
Equity as of 31 December 2015	5 903 256

1 Impairment test performed by 31 December supports the book value of subsidiary Kværner AS

Note 6 Shareholders' equity

Amounts in NOK thousands	Number of shares	Share capital	Share premium	Other equity	**Total**
Equity as of 31 December 2013	269 000 000	91 460	729 027	4 189 443	**5 009 930**
Profit/(loss) for the period	-	-	-	(137 947)	**(137 947)**
Dividends paid	-	-	-	(172 160)	**(172 160)**
Proposed dividend	-	-	-	(180 230)	**(180 230)**
Equity as of 31 December 2014	269 000 000	91 460	729 027	3 699 106	**4 519 593**
Own shares – Shares purchase programme	-	-	-	412	**412**
Own shares – Variable pay programme	-	-	-	(10 919)	**(10 919)**
Profit/(loss)for the period	-	-	-	(63 762)	**(63 762)**
Dividends paid	-	-	-	(40 070)	**(40 070)**
Equity as of 31 December 2015	269 000 000	91 460	729 027	3 584 767	**4 405 254**

The share capital of Kværner ASA is divided into 269 000 000 shares with a par value of NOK 0.34

Note 7 Receivables and borrowings from group companies and related parties

Amounts in NOK thousands	2015	2014
Kværner ASA bank deposits	47 530	56 175
Total Cash in cash pool system	**47 530**	56 175
Non-current interest-bearing receivables from group companies	696	1 422
Interest-bearing current borrowings from group companies	(2 396 245)	(1 624 439)
Net interest-bearing receivables/(liabilities) from group companies	**(2 395 549)**	(1 623 017)
Non interest-bearing receivables from group companies	60 365	39 149
Other current liabilities to group companies	(90 862)	(104 432)
Other current liabilities to related parties[1]	(27 522)	-
Net non interest-bearing liabilities to group companies	**(58 091)**	(65 283)
Net cash and group receivables/(liabilities)	**(2 406 038)**	(1 632 125)

1 Current liabilities to related party is representing fair value of hedging instruments provided to joint venture

Note 8 Non-current liabilities

Amounts in NOK thousands	2015	2014
Debt to Kvaerner employees for matching shares[1]	**(10 535)**	-
Total non-current liabilities	**(10 535)**	-

1 See also Note 9 in Group accounts for futher details on the variable pay programme

Note 9 Other current receivables and current liabilities

Amounts in NOK thousands	2015	2014
Other current external receivables	**16 738**	1 810
Other current external liabilities	**(79 905)**	(48 414)
Net other current receivables and liabilities	**(63 167)**	(46 604)

Net other current receivables and other current liabilities include unrealised forward exchange contracts with external counterparts, see also Note 12 Financial risk management and exposures.

Note 10 Interest-bearing liabilities

This note provides information about the contractual terms of Kværner ASA's interest-bearing loans and borrowings which are measured at amortised cost. For more information about Kværner ASA's exposure to interest rates, foreign currency and liquidity risk, see Note 12 Financial risk management and exposures.

Bank debt
The term loan and revolving credit facilities agreement of NOK 3 000 million established May 2011, originally to mature in May 2016, was cancelled and refinanced per 8 July 2015. The new loan agreement, a revolving credit facility of NOK 2 000 million, is maturing in July 2020. The facility is provided by a syndicate of high quality international banks. The revolving credit facility was undrawn per 31 December 2015. The terms and conditions include restrictions which are customary for these kind of facilities, including inter alia negative pledge provisions and restrictions related to acquisitions, disposals and mergers. There are also certain provisions of change of control included in the agreement. There are no restrictions for dividend payments. The facility is unsecured.

The financial covenants are based on three sets of key financial ratios; an equity ratio based on consolidated total borrowings/consolidated total equity, a cash covenant calculated by consolidated total borrowings less consolidated net current operating assets and consolidated cash and cash equivalent assets and an interest coverage ratio based on consolidated EBITDA/consolidated finance costs. The financial covenants are tested on a quarterly basis. As of 31 December 2015 the company is in compliance with all covenants. The margin applicable to the facility is based on a price grid determined by the gearing ratio.

For further details refer to Note 5 and 23 in the Annual accounts for the group.

Note 11 Guarantees

Amounts in NOK million	2015	2014
Parent company guarantees to group companies[1]	**56 304**	50 707
Counter guarantees for bank/surety bonds[2]	**1 555**	1 566
Total	**57 859**	52 273

1 Kværner ASA has provided indemnities to Akastor of NOK 16.5 billion (included in the amount above) in respect of parent company guarantees issued by Akastor on behalf of Kvaerner group companies

2 Financial guarantees including counter guarantees for bank/surety bonds

The guarantees/surety bonds are issued under contractual obligations with third party, hence these are not included in Kværner ASA accounts as liabilities.

Note 12 Financial risk management and exposures

Foreign exchange
Kværner ASA's outstanding currency contracts with subsidiaries and related parties per 31 December 2015 has a notional value of NOK 2 490 million. Hundred percent of contracts are hedged back-to-back with external banks.

Currency exposure from equity investments in foreign currencies is only hedged when specifically instructed by management. As of 31 December 2015, the company has secured its currency exposures on anticipated dividends.

Currency risk and balance sheet hedging

Amounts in NOK thousands	2015 Assets	2015 Liabilities	2014 Assets	2014 Liabilities
Fair value of forward exchange contracts with group companies	**69 030**	**(8 665)**	40 959	(1 810)
Fair value of forward exchange contracts with related parties	**14 144**	**(41 666)**	-	-
Fair value of forward exchange contracts with external counterparts	**50 331**	**(83 174)**	1 810	(40 959)
Total	**133 505**	**(133 505)**	42 769	(42 769)

Interest rate risk
The company is exposed to changes in interest rates because of floating interest rate on loan receivables and loan payables. The company does not hedge transactions exposure in financial markets, and does not have any fixed interest rate loan receivables nor loan payables. The company is therefore not exposed to fair value risk on its outstanding loan receivables or loan payables. Interest bearing loan receivables and loan payables expose the company to income statement and cash flow interest rate risk.

Credit risk
Credit risk relates to loans to subsidiaries and associated companies, hedging contracts, guarantees to subsidiaries and deposits with external banks and related parties. Loans to subsidiaries are assessed by the internal credit committee. Loss provisions are made in situations of negative equity and where the company is not expected to be able to fulfil its loan obligations from future earnings. External deposits and forward contracts are done according to a list of approved banks and primarily with banks where the company also have a borrowing relation.

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. Development in the group's and thereby Kværner ASA's available liquidity, is continuously monitored through weekly and monthly cash forecasts, annual budgets and long term planning.

Note 13 Shareholders

Shareholders with more than one percent shareholding as of 31 December 2015

2015

Company	Nominee	Number of shares held	Ownership percent
AKER KVÆRNER HOLDING AS		110 333 615	41.02
NORTH SEA STRATEGIC INVESTMENTS AS		38 427 198	14.29
JPMORGAN CHASE BANK, N.A	X	4 993 984	1.86
JP MORGAN BANK LUXEMBOURG S.A	X	4 429 687	1.65
THE BANK OF NEW YORK MELLON SA/NV	X	4 321 745	1.61
MORGAN STANLEY & CO, LLC	X	4 292 995	1.60
STATE STREET BANK AND TRUST CO.	X	3 539 245	1.32
JP MORGAN CHASE BANK, NA	X	3 000 000	1.12
MSIP EQUITY MORGAN STANLEY & CO. INTERNATIONAL	X	2 725 643	1.01

Source: Norwegian Central Securities Depository (VPS)

Declaration by the Board of Directors and President & CEO

The Board of Directors and the President & CEO of Kværner ASA have today considered and approved the annual report and financial statements for the 2015 calendar year ended on 31 December 2015 for the Kvaerner group and its parent company Kværner ASA.

The Board has based this declaration on reports and statements from the President & CEO of Kværner ASA, on the results of the group's activities, and on other information that is essential to assess the group's position.

We confirm to the best of our knowledge that:

- The 2015 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 view of the group's assets, liabilities, profit and overall financial position as of 31 December 2015
- 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

Fornebu, 17 March 2016
Board of Directors and President & CEO of Kværner ASA

Leif-Arne Langøy Chairman	Tore Torvund Deputy Chairman	Kjell Inge Røkke Director	Vibeke Hammer Madsen Director
Rune Rafdal Director	Ståle Knoff Johansen Director	Bernt Harald Kilnes Director	Jan Arve Haugan President & CEO

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Internet www.kpmg.no

To the Annual Shareholders' Meeting of Kværner ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Kværner ASA, which comprise the financial statements of the parent company Kværner ASA and the consolidated financial statements of Kværner ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2015, the income statement and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the balance sheet as at 31 December 2015, 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 President and CEO's Responsibility for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting standards and practices 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 President and CEO 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.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo, Alta, Arendal, Bergen, Bodø, Elverum, Finnsnes, Hamar, Haugesund, Knarvik, Kristiansand, Larvik, Mo i Rana, Molde, Skien, Sandefjord, Sandnessjøen, Stavanger, Stord, Straume, Tromsø, Trondheim, Tynset, Tønsberg, Ålesund

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

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 Kværner ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and generally accepted accounting standards and practices 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 Kværner ASA and its subsidiaries as at 31 December 2015, 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 proposal for the coverage of the 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, 17 March 2016
KPMG AS

Tom Myhre
State Authorized Public Accountant

Board of Directors

Leif-Arne Langøy
Chairman

Leif-Arne Langøy (born 1956) is chairman of the board for Det Norske Veritas and Sparebanken Møre. Mr Langøy has gained senior executive experience from several companies, including as President & CEO of Aker Yards and Aker ASA. Mr Langøy has extensive experience as the chairman of non-executive boards from a number of different industrial companies. Mr Langøy holds M.Sc. in economics from the Norwegian School of Economics in Bergen, Norway. He holds 44 827 shares in Kværner ASA through a privately owned company, and has no stock options. Mr Langøy is a Norwegian citizen. He has been elected for the period 2015–2017.

Tore Torvund
Deputy Chairman

Tore Torvund (born 1952) is the President & CEO of REC Silicon ASA. Mr Torvund has senior executive experience from more than twenty years in the oil and gas industry, including as executive vice president of Exploration & Production Norway at the oil company StatoilHydro, and executive vice president of Oil and Energy at Norsk Hydro. He has held several management positions related to drilling operations, field development and technology projects. Mr Torvund holds a M.Sc. in petroleum engineering from the Norwegian University of Science and Technology. He holds no shares in Kværner ASA, and has no stock options. Mr Torvund is a Norwegian citizen. He has been elected for the period 2015–2017.

Kjell Inge Røkke
Director

Kjell Inge Røkke (born 1958) is an entrepreneur and industrialist, and has been a driving force in the development of Aker since the 1990's. Mr Røkke owns 67.8 percent of Aker ASA through The Resource Group TRG AS and subsidiaries which he co-owns with his wife. He is chairman of Aker ASA, board member of Aker Solutions ASA, Det norske oljeselskap ASA and Ocean Yield ASA. He holds no shares in Kværner ASA, and has no stock options. Mr Røkke is a Norwegian citizen. He has been elected for the period 2015–2017.

Vibeke Hammer Madsen
Director

Vibeke Hammer Madsen (born 1955) has been the CEO of Virke (The Enterprise Federation of Norway) since 2002. Prior to this, she was a partner in the PA Consulting Group working for international companies. From 1993 to 1999 she was vice president holding various positions in Statoil. Ms Madsen is currently a director of Verdens Gang, and has previously held a number of board positions, including as board member of the Research Council of Norway, chair of the Board of Innovation, chair of the Board of Junior Achievement Young Enterprise, as well as a board member of Aker Floating Production (2006 to 2010) and of Aker Solutions ASA (2008 to 2011). Ms Madsen is a graduate of the Norwegian School of Radiography. She holds no shares in Kværner ASA, and has no stock options. Ms Madsen is a Norwegian citizen. She has been elected for the period 2015–2017.

Rune Rafdal
Director

Rune Rafdal (born 1963) was elected by the employees of Kvaerner to the Board of Directors in June 2011. Mr Rafdal has been employed by Kvaerner since 1980 and has been a local union representative for Aker Stord AS and Kværner Stord AS on a full-time basis since 1996, a group union leader since 2005 and served several periods on the boards of Aker Stord AS and Aker Kværner Stord AS during the period between 2000 and 2011. Mr Rafdal is a sheet metal worker and holds a certificate of apprenticeship in the sheet metal discipline. He holds 6 329 shares in Kværner ASA, and has no stock options. Mr Rafdal is a Norwegian citizen. He has been elected for the period 2015–2017.

Ståle Knoff Johansen
Director

Ståle K. Johansen (born 1968) was elected by the employees of Kvaerner to the Board of Directors in June 2011. Mr Johansen has been employed by Kvaerner since 1986 and has been a local union representative for Aker Verdal AS and Kværner Verdal AS on a full-time basis since 2010 and served on the boards of Aker Verdal AS and Kvaerner Verdal AS. Mr Johansen is a welder and sheet metal worker and holds a certificate of apprenticeship in the welding discipline. He holds 8 431 shares in Kværner ASA, and has no stock options. Mr Johansen is a Norwegian citizen. He has been elected for the period 2015–2017.

Bernt Harald Kilnes
Director

Bernt Harald Kilnes (born 1949) was elected by the employees of Kvaerner to the Board of Directors in June 2011. Mr Kilnes has been employed by Kvaerner since 1989 and is a group union representative for white-collar employees on a half-time basis and has served on the boards of Kværner ASA, Aker Kværner ASA and Aker Verdal AS. Mr Kilnes holds degrees within telecommunication as well as economics and business administration. He holds 19 265 shares in Kværner ASA, and has no stock options. Mr Kilnes is a Norwegian citizen. He has been elected for the period 2015–2017.

Company information

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