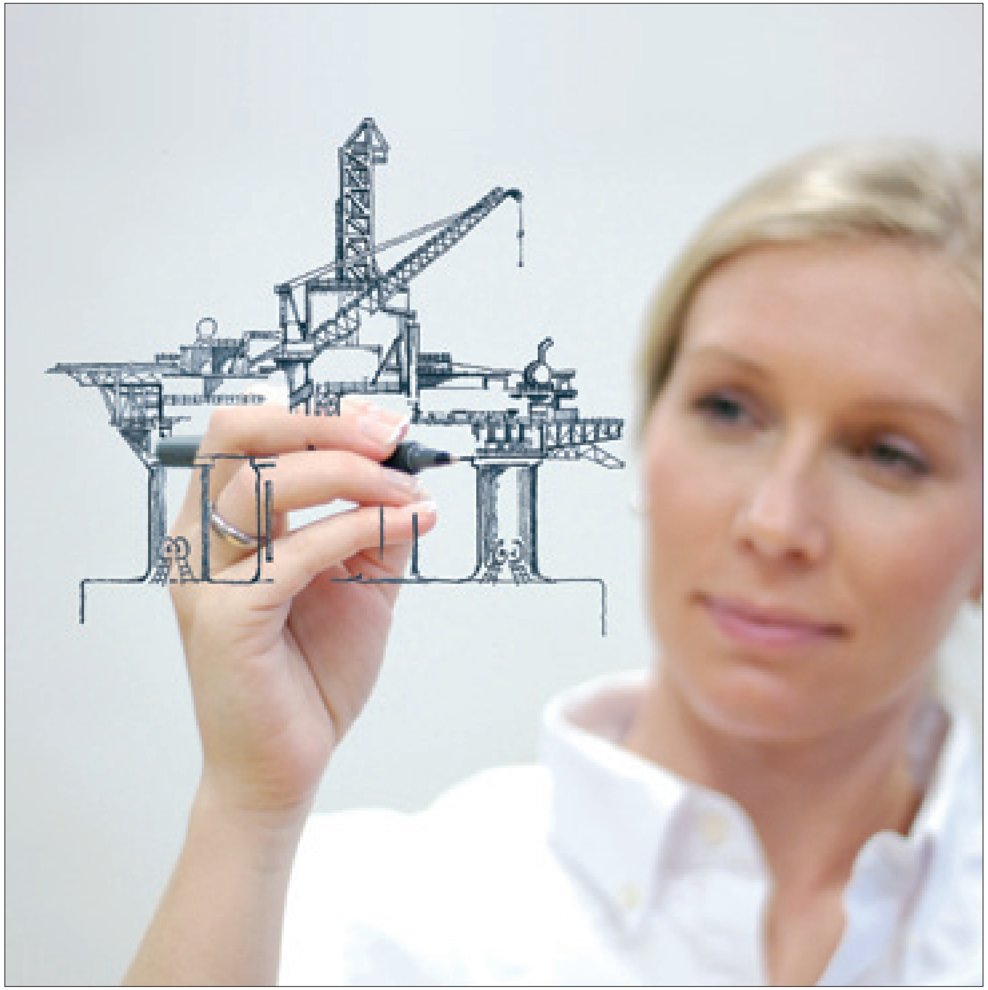
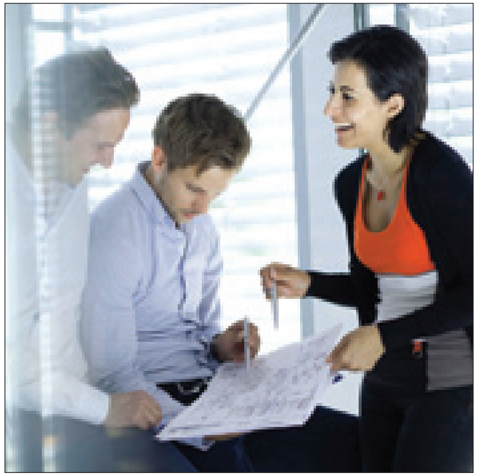
AkerSolutions™

part of Aker



2011
Annual report



Contents

Key figures 2011 3

Letter to shareholders 4

Board of directors' report 5

Summary 5
Business overview 5
Strategic priorities 6
Research and development (R&D) 6
Report for 2011 7
Presentation of the accounts 7
Segment reviews 8
Corporate governance and risk management 10
Corporate responsibility 11
Environment 12
Health, safety and working environment 12
People and teams 13

Annual accounts 15

Declaration by the Board of Directors and President & CFO 15
Aker Solutions Group 16
Aker Solutions ASA 67
Auditor's report 77

Share and shareholder information 78

Share and shareholder information 78
Analytical information 82

Corporate governance 83

Corporate governance 83
Board of directors 90
Executive chairman and President 92
Business management 92
Corporate centre functions 94
Regional management 95
Company information 96

Aker Solutions annual report 2011

Key figures 2011

(Continuing operations only)

Orders and results		**2011**	2010
Order backlog 31 December	NOK mill	**41 449**	38 528
Order intake	NOK mill	**41 327**	38 773
Operating revenues	NOK mill	**36 474**	33 365
EBITDA	NOK mill	**3 445**	3 308
EBITDA-margin	Per cent	**9.4%**	9.9%
Net profit	NOK mill	**1 591**	1 334
Cash flow			
Net cash from operating activities	NOK mill	**3 827**	2 131
Balance sheet			
Borrowings	NOK mill	**6 000**	8 224
Equity ratio	Per cent	**33.2%**	25.9%
Return on equity	Per cent	**17.9%**	19.6%
Return on captial employed[1]	Per cent	**13.1%**	12.1%
Share			
Share price 31 December	NOK	**62.95**	99.25
Dividend per share[2]	NOK	**3.90**	2.75
Basic earnings per share (NOK)	NOK	**5.77**	4.76
Diluted earnings per share (NOK)	NOK	**5.76**	4.75
Employees			
Employees 31 December	Full time equivalents	**18 397**	16 967
HSE			
Lost Time Incident Frequency	Per million worked hours	**0.66**	0.83
Total recordable incident frequency	Per million worked hours	**2.29**	2.62
Sick leave rate	Per cent of worked hours	**2.17**	2.04

1) *Adjusted for gain on discontinued and demerged operations.*
2) *Proposed dividends for 2011.*

Letter to shareholders

In the past few years we have made significant changes and improvements to Aker Solutions. I believe the basics are in place. Now it is time to make Aker Solutions develop and grow. In order to succeed, we need to attract and inspire the best talents in the industry and to build a strong performance culture on the basis of the Aker Solutions core values. The potential is undisputed – and we have just started!

We have spent the time wisely. We have scrutinised ourselves and our markets and arrived at a more honest understanding of our current position, with all of its strengths – and weaknesses. On this insight, we have hammered out a new direction for the years ahead.

In 2011, we took the first few steps down this path. We strengthened the team with approximately 6 000 new colleagues; we changed the company structure in order to get closer to the markets and customers; we insisted on transparency and more discipline in the performance; we re-emphasised the importance of high and consistent ethical behaviour; we separated from businesses which we considered non-core to our future; we put in place a new executive team in order to get better leadership and role models; and we established a framework of improved management processes.

Much good was achieved in 2011, but we also failed severely. Three people were killed while they were working for Aker Solutions. My thoughts and prayers go out to the families, friends and colleagues of the three men.

Develop and grow

Two words sum up our ambitions for the coming years: development and growth.

We believe the company has the potential to grow its revenues by 9-15 per cent per year and improve profit margins by 3-4 per cent points by 2015 compared to 2010. Demand for our services is strong, and we expect near term revenue growth to be at least in the high end of the range in 2012.

The growth will not come by itself. We are prepared to make significant investments in increased engineering, manufacturing and service capacity. And we will continue to pursue acquisition candidates and opportunities for strategic alliances.

At the same time, we will continue to develop our company's performance. Our vision is to be the preferred partner for solutions in the oil and gas industry. To achieve this we need to continually improve our customer focus, our technologies, our people and teams and our ability to deliver consistently top quality.

Preferred partner

It is our experience that our customers too, are looking for ways to develop and grow their business. Unlike many other oilfield products, systems and services companies, Aker Solutions' capabilities span the entire upstream value chain from reservoir to production, and through the life of the field. This broad range of competence gives us a deep understanding of our customers' needs.

In Aker Solutions we bring together engineering capacity and knowledge, and we create and use the best of technologies to provide the customers' solutions. Hopefully, this will continue to make us the preferred partner for some of the world's most sophisticated customers.

Preferred employer

As our industry continues to experience high activity in almost every corner of the world, the ability to retain and attract talent and experience is crucial to a company's success. Our vision to be the preferred partner also describes our relation to employees.

We seek to attract people who want to work with the best, and with people who want to become among the best in our industry. We seek people who want to share and learn, people who want to have the best experts available and be able to share with them and learn from them. We seek people who share our company's values and who want to work with other people – and in a company – that care.

Our commitment to be the preferred employer has led Aker Solutions to invest in world-class training, competence and leadership development programmes; knowledge sharing initiatives; HSE and employee welfare programmes as well as widely available share purchase programmes, which aligns the employees' interests with those of the shareholders.

A strong and unified culture is a prerequisite for consistent quality in performance. The nature of the Aker Solutions culture is summed up by our core values: HSE mind-set, open and direct dialogue, customer drive, delivering results, people and team, hands on management.

These core values are not only nice words on paper. They are guiding principles for each individual and team in their daily operation and behaviour.

Preferred investment

It is our belief that all these efforts to develop and grow Aker Solutions will result in increased shareholder values. Last year started well in this respect, but unfortunate quality issues that came to the surface mid-year reversed the positive trend. These specific issues in our Subsea business area reduced our earnings before interest tax and depreciation (EBITDA) with NOK 0.6 billion in 2011.

Revenues increased by 9.3 per cent from 2010 to NOK 36.5 billion in 2011, and we increased the net profit from NOK 2 billion to NOK 5.3 billion, mainly due to gains from the sale of businesses and demerger from the EPC business Kvaerner. The board has proposed to pay NOK 3.90 per share in dividend.

The market responded well to our full-year results and outlook for the coming years. The Aker Solutions stock gained 54 per cent in the first two months of 2012.

This is an inspiration for all of us to continue the work to develop and grow Aker Solutions. Aker Solutions should be the preferred partner for the world's most sophisticated customers, the preferred employer for highly skilled and competent people, and our preferred investment.

The potential is undisputed – and we have just started!

Øyvind Eriksen

Øyvind Eriksen, Executive Chairman

Board of directors' report

Summary

In 2011 Aker Solutions completed transactions and organisational changes according to the strategy and plans presented to shareholders at the end of 2010. The company is now concentrating on further development and growth, which is required to fulfil its ambitions for the longer term.

Despite continuous efforts to avoid serious incidents, three lives were lost in 2011 in tragic accidents in operations under Aker Solutions management. The board's thoughts and prayers go out to the family, friends and colleagues of the three men.

The sale of the Process & Construction businesses and demerger of EPC turnkey contracting business, Kvaerner, were completed as planned. The remaining businesses were organised in a transparent structure with nine business areas in three reporting segments.

The role of the corporate centre was redefined. It now has a stronger impact than before on strategic development and safeguarding of the operations. The change of management and organisational structure was completed with the introduction of a regional dimension.

Operating revenues increased by 9.3 per cent from 2010 to 2011, and the order backlog increased by 7.6 per cent in the same period. The changes reflect the continued strong market, but the company's market shares have not changed significantly.

Net profit after tax in 2011 was NOK 5.3 billion, compared with NOK 2.0 billion in 2010. Increased net profit from discontinued operations is the main reason for the change and relates mainly to an accounting gain from the Kvaerner demerger and the sale of Process & Construction. Net profit from continuing operations in 2011 was NOK 1.6 billion in 2011, up 19.3 per cent compared to the previous year.

Earnings before interest, tax and depreciation (EBITDA) also increased, while the EBITDA margin was reduced from 9.9 per cent in 2010 to 9.4 per cent in 2011. This was mainly due to weak performance and quality issues in the subsea business in Brazil, which reported NOK 0.6 billion losses in 2011.

Earnings per share for 2011 were NOK 19.37. The board has resolved to propose to the annual general meeting in 2012 that the company pays NOK 3.90 per share in dividend for 2011. This represents 30 per cent of net profit adjusted for profits related to Kvaerner, and is in accordance with the company's dividend policy. In addition shareholders have already received shares in Kvaerner, which on the first day of trading in July 2011 were valued at NOK 14.00 per share.

The demand for products, systems and services provided by Aker Solutions continues to be strong. Further development and growth is therefore at the core of the company's strategy. Aker Solutions will continue to build on its current strong features and market positions and will seek opportunities to strengthen its weaker positions.

The board emphasises that assessments of the future are subject to uncertainty. Nevertheless, a review of market outlook, ambitions and plans at the end of 2011 confirmed that the five-year targets for the period 2011 to 2015 are within reach.

According to these targets revenue growth in the period should be in the 9–15 per cent per year range and EBITDA margin should increase by 3–4 per cent points. Near term opportunities are strong and revenue increase could therefore be in the high end of the range in 2012. It will be more difficult to lift margins in the near term, as the company continues to invest and build capacity required for growth.

Business overview

Principal operations

Aker Solutions is a leading supplier of oilfield products, systems and services. With competence that spans from the reservoir to production and through the life of a field, the company's vision is to be the preferred partner for solutions in the oil and gas industry.

Oil and gas resources must be discovered, developed and produced in a responsible manner. Aker Solutions brings together engineering, technologies and services and understands these challenges. The company applies knowledge and creates and uses technologies that deliver the customers' solutions.

The Aker Solutions group is organised in a number of separate legal entities. Aker Solutions is used as the common trademark for most of these entities.

At the end of 2011 the group had 18 397 employees and activities in more than 30 countries. Its head office is in Norway, at Fornebu outside Oslo. The parent company, Aker Solutions ASA, is listed on the Oslo Stock Exchange.

In 2011 Aker Solutions had three main reporting segments and nine business areas. These business areas are described below in the "Presentation of the 2011 accounts" section.

Markets

Demand for Aker Solutions' technology, products and services is driven by the world's increasing consumption of oil and gas for transportation, energy production and industrial purposes.

Market prospects are regarded as good. The world's hydrocarbon consumption is expected to continue to grow. Combined with declining reserves and reduced oil and gas production in many parts of the world, this is expected to generate a persistent need for investments in new fields and increased recovery from existing fields.

By geography

For many years, the North-West European continental shelf has been the world's primary geographical market for offshore oil and gas activities. Historically, this was also Aker Solutions' home market and a breeding ground for new technologies and solutions.

This region continues to play a key role for Aker Solutions. Norway and UK represented 43 and 8 per cent respectively of group revenues in 2011. In the future, the region will be a stepping stone for Aker Solutions into the Arctic.

The Asia Pacific region represented 20 per cent of group revenues in 2011. Aker Solutions' sales to yards in the Far East, which build deep-water drilling units for Brazil and other international markets, are included in this number.

Brazil and West Africa are important markets for Aker Solutions' products, systems and services for deep water fields. The company has a strong local presence in Brazil, and seeks to add further presence in West Africa beyond its current operation in Angola.

North America is an important region for Aker Solutions, in terms of domestic market opportunities, and because some of the world's most prominent exploration and production companies have their global head offices located here.

By industry segments and type of customer

In a global perspective, Aker Solutions' main market segments are subsea production systems, floating and fixed production units and drilling units

The end customer is almost always international oil companies, national oil companies or smaller and independent operators. In 2011 approximately 60 per cent of group sales were to oil companies directly.

Operators of drilling units and owners of floating production units and other type of ships represented 20 per cent of Aker Solutions' customer base. Construction and marine installation companies are other important customers for Aker Solutions.

The oil and gas prices influence oil companies' priorities for, and choices between, new developments, upgrades to existing facilities and commitments to improving recovery from producing fields. Oil prices thereby affect activity in Aker Solutions' main markets.

Aker Solutions' success depends on its reputation among its customers. The most important success factors for achieving recognition is to deliver quality products, systems and services as promised and with no incidents related to health, safety and the environment.

Strategic priorities

Growth and further development of the quality of Aker Solutions' performance are the two key elements in the company's strategy.

Aker Solutions enjoys a prominent position in several of its key markets. Its long tenure in the oil service industry has left it with business relations and experience which are embedded in individuals and in organisational structures. A growing installed base of products and solutions represents opportunity for service deliveries and repeat sales. These are foundations for growth.

Growth

In the 2010 strategy process the company stated an ambition to grow revenues between 9 and 15 per cent per year in the period to 2015. This ambition was reconfirmed in 2011 with a further clarification that growth could be in the high-end of the range over the next couple of years.

Aker Solutions has a sound financial platform which allows the company to increase investments in technology and manufacturing capacity to support organic growth, and to consider expansion through mergers and acquisitions. In 2011, Aker Solutions acquired two smaller technology companies; Benestad (high-power penetrators, connectors and sensors for subsea) and X3M (down hole plugs). Furthermore, Aker Solutions invested in the solids control and drilling waste management company Step Oiltools.

Acquisitions aimed at strengthening the company's international footprint are also considered, for instance in the Middle East and North Africa region, which holds more than 60 per cent of the world's proven oil and gas reserves. Aker Solutions has limited sales to and presence in this region, which is also a stepping stone for frontier deepwater Mediterranean and offshore east Africa.

In 2009 Aker Solutions decided to invest in the development of a new range of light well intervention technologies and services. Performed from specialised mono-hull vessels, these will allow oil companies to increase recovery rate from deep-water fields. By the end of 2011, Aker Solutions' had invested a total of NOK 3.4 billion in this technology. When technology and markets have matured further, Aker Solutions will seek to release some of these assets by partnering with new investors.

Development

The strategic reviews conducted in 2010 and 2011 have pointed to four key areas, which will need further development in 2012 and beyond. They are performance quality, customer focus and positioning in the market, technology development and people.

Performance quality is of special concern to the Board. In 2011 Aker Solutions again had to recognise financial losses and loss of customer trust related to some specific regions and projects. And worse, three lives were tragically lost in accidents at Aker Solutions sites.

Quality will be addressed in many dimensions. Risk management measures and control procedures will be reinforced, and the cultural aspects of performance and quality will be focused in teams and on the personal level.

In order to develop market positioning and customer relations, the roll-out of regional management structure in target areas, which started in 2011, will continue. The global key account approach will be further expanded. The abovementioned investments, mergers and acquisitions will also be used actively to strengthen market positions.

The people dimension is crucial in any knowledge driven company. Generally, Aker Solutions is regarded as a preferred employer and will continue to invest in the development of individuals and teams.

Research and development (R&D)

Aker Solutions' portfolio of technologies is strong, but technology investments will be stepped up to make it even stronger and more relevant for the future. Coordination and synergies between the various operating entities will be accelerated. A global knowledge management programme will be rolled-out.

The company will continuously evaluate and pursue different options in order to fill gaps in its product and technology offering, Such options include investment in in-house technology development, mergers and acquisitions, and strategic partnerships with customers or other industry players.

R&D portfolio investments are balanced between near-term project driven product development, medium-term feasibility studies and market driven development as well as investments in more long-term, higher risk development tracks. The majority of the product development expenditure was still clearly invested in the more near-term opportunities and projects.

The company is increasing investments in non-contract related product development and product qualification projects. In 2011, Aker Solutions signed an agreement with NTNU for joint applied research work and initiated programs. The company will expand on this approach going forward, working closer with both customers and global R&D institutions.

Time to market of new technology and fast-track technology qualification carry much value. Aker Solutions will continue working with customers to secure their commitment and participation in product development; this will in turn guide Aker Solutions to define the right product specifications and prioritise its own investments.

The company believes there is value in addressing customer challenges by combining products and capabilities across multiple business areas towards specific themes.

In 2011 the company established EOR (enhanced oil recovery) as a corporate-wide theme that will be explored and further developed. EOR solutions are identified as key in improving the recovery from producing oilfields. Aker Solutions has already multitude of related products and experience from such activities.

Other technology themes are currently being developed, including an overall approach to CO2 management, which is a major concern for all companies involved in oil and gas production.

Total research and development (R&D) investments in 2011 was NOK 498 million (NOK 361 million), of which NOK 245 million (NOK 189 million) was expensed because the criteria for capitalisation was not met.

In addition the group received contributions from customers and public funding worth NOK 34 million for R&D (NOK 79 million) related to specific projects. Several of these projects are running with commitments over multiple years.

Report for 2011

Highlights

Operational highlights and milestones for 2011 are described in the business area review later in this report. The main strategic and structural highlights for 2011 were as follows.

During the first half of the year, Aker Solutions concluded a comprehensive streamlining of the business, as outlined in the 2010 strategy process.

- Principal parts of the Process & Construction business area were sold.
- The turnkey EPC project business was transferred to a new company, which in turn was named Kvaerner and separated from Aker Solutions through a demerger.
- The sale of the marine construction business (AMC), which was agreed in 2010, was concluded.
- New office buildings in Stavanger and Oslo which had been developed by Aker Solutions were sold to real estate investors

The financial impact of these transactions made a significant positive contribution to Aker Solutions' accounts for the year. Net debt declined from NOK 4.2 billion to NOK 3.5 billion, and the cash buffer increased to approximately NOK 6.3 billion.

During 2011, Aker Solutions organised its operating businesses in nine business areas. They are further described below in the segment review section. This flat organisation has brought the board and group management closer to operations. Transparency has increased and facilitated more open and direct dialogue in the company.

The corporate centre was reinforced. The corporate functions mandates were defined as shaping and safeguarding of their respective areas across the operational entities, and to drive implementation of the strategic initiatives described above.

There are six main corporate functions, which each are headed by executives who are part of the group management team: Chief Operating Officer, Chief Financial Officer, Chief of HR, Chief of Strategic Marketing, Chief Technology Officer and Chief of Staff.

At the end for 2011 the regional dimension was added to the structure and the two first regional managers were appointed, for Brazil and North America respectively. One key objective with the regional organisation is to get even closer to the market and to the customers.

Presentation of the accounts

Aker Solutions presents its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. Unless otherwise specified, figures in brackets present comparative data for the corresponding accounting period or balance sheet date for the previous year.

Income statement

Operating revenues for 2011 for continuing operations increased by 9.3 per cent to NOK 36 474 million (NOK 33 365 million). Earnings before interest, tax, depreciation and amortisation continuing operations (EBITDA) amounted to NOK 3 445 million (NOK 3 308 million), an increase of 4.1 per cent from 2010. The EBITDA margin in 2011 was 9.4 per cent (9.9 per cent).

The increase in operating revenues and EBITDA partly reflect strong markets and high activity in the businesses. A NOK 757 million net gain from the sale of the marine contracting business is included in the EBITDA for 2011. The reduced EBITDA-margin is mainly due to performance and quality issues in the company's subsea business in Brazil which recorded a NOK 600 million loss in the year.

Depreciation, impairment charges and amortisation from continuing operations totalled NOK 876 million (NOK 817 million).

Consolidated earnings before interest and taxes from continuing operations (EBIT) were NOK 2 569 million (NOK 2 491 million). Net financial expenses amounted to NOK 458 million (NOK 423 million). Financial expenses includes impairment loss of NOK 246 million related to shareholding in EZRA Holding Ltd.

The group hedges currency risk for all project exposures in accordance with well-established practice. Although this provides a full currency hedge, parts of the hedging (about 20 per cent) do not meet the requirements for hedge accounting specified in IFRS. This means that fluctuations in the value of the associated hedging instruments are recognised with full effect as financial items in the accounts.

In 2011, the accounting effects of the above appear as an income of NOK 35 million (expense of NOK 78 million) in a separate line under financial items. The underlying projects hedged by the unqualified hedging instruments have had a positive accounting effect of NOK 44 million, which is recognised in operating profit.

Associated companies and joint ventures reported a loss of NOK 73 million (negative NOK 22 million). The loss includes an impairment loss of NOK 85 million related to the 50 per cent shareholding in Aker Clean Carbon AS.

Tax expense was NOK 482 million (NOK 634 million). This corresponded to an effective tax rate of 23.3 per cent (32.2 per cent).

Consolidated net profit from continuing operations in 2011 was NOK 1 591 million (NOK 1 334 million), while profit from discontinued operations net of income tax was NOK 3 663 million (NOK 676 million). Discontinued operations in 2011 included the Process & Construction business and Kvaerner, and the profit includes gain of NOK 3 433 million related to these transactions.

Net profit for 2011 was NOK 5 254 million (NOK 2 010 million). This represented basic earnings per share of NOK 19.37 (NOK 7.27). Basic earnings per share for continuing operations were NOK 5.77 (NOK 4.76).

Cash flow

Consolidated cash flows from operating activities depend on a number of factors, including progress with and delivery of projects, changes in working capital and prepayments from customers. Net cash flow from operating activities in 2011 was NOK 3 827 million (NOK 2 131 million).

Net cash flow from investment activities in 2011 was negative NOK 202 million (negative NOK 2 109 million). Net cash flow from investment activities include NOK 3 516 million in cash received from disposal of businesses within Process and Construction and marine contractor and NOK 677 million mainly from the disposal of Stavanger office building. Capital expenditure in 2011 was negative NOK 3 385 million (negative NOK 2 467 million).

Net cash flow from financing activities was negative NOK 2 878 million (NOK 121 million), with dividends for the previous year of NOK 741 million (NOK 700 million).

Balance sheet and liquidity

Consolidated interest-bearing debt amounted to NOK 6.0 billion (NOK 8.2 billion) as of 31 December 2011.

Debt includes bond loans in the Norwegian bond market, bank loans with Nordic and international banks, local financing in Brazil and some smaller loan facilities between group subsidiaries and local banks.

As of 31 December, the consolidated debt consists of the following:

- Bond loans of NOK 150 million and NOK 300 million maturing in December 2013, and NOK 1 913 million and NOK 187 million maturing in June 2014.
- A bilateral bank loan of NOK 750 million maturing in October 2014.
- NOK 1 300 million on the new 5 years syndicated bank facility of NOK 6 000 million that was established in June 2011.
- NOK 1 250 million financed locally in Brazil through BNDES Exim program.
- The remaining debt was split into smaller local facilities.

Our liquidity reserves were solid at year end with undrawn committed credit facilities of NOK 5 000 million in addition to cash of NOK 1 308 million.

Consolidated non-current assets totalled NOK 15.9 billion (NOK 15.9 billion) as of 31 December 2011, of which goodwill and other intangible assets amounted to NOK 6.3 billion (NOK 6.8 billion).

The investment in AMC Connector AS has been presented as disposal group held for sale as of 31 December 2011 following the agreement to transfer 50 per cent shareholding in the company to EZRA Holding Ltd in 2012.

As of 31 December 2011 book equity including non-controlling interests totalled NOK 11 317 million (NOK 10 354 million). Non-controlling interests amounted to NOK 169 million (NOK 189 million). The group's equity ratio was 33.2 per cent (25.9 per cent) of the total balance sheet as of 31 December 2011.

Consolidated capital adequacy and liquidity are good, and help to ensure that the group is well equipped to meet the challenges and opportunities faced over the next few years.

Going concern

Based on the group's financial results and position, the board affirms that the annual accounts for 2011 have been prepared on the assumption that the company is a going concern.

Segment reviews

From 2011 Aker Solutions have organised its business in three main reporting segments: Engineering Solutions, Product Solutions and Field-Life Solutions.

Engineering Solutions

Aker Solutions provides concept and front-end studies to oil companies around the world. Its concepts, competence and experience are particularly relevant for complex oil and gas field developments in harsh environment and for deep waters where floating production units are typically required.

Aker Solutions also provides detailed engineering services to large EPC contractors, as partner or as sub-contractor. The company has a broad co-operation with Kvaerner.

This total engineering capability is organised in the Engineering Solutions business segment. Main hubs are in Oslo, Mumbai and Kuala Lumpur. New centres are being established in London, Perth, Houston and Rio de Janeiro.

Key figures

Amounts in NOK million	2010	**2011**
Operating revenues	3 514	**3 253**
EBITDA	292	**374**
EBITDA margin	8.3%	**11.5%**
Order intake	2 692	**4 515**
Order backlog (as of 31.12)	2 517	**3 703**
Own employees	2303	**2 588**

The key figures for the Engineering Solutions business segment reflect that oil and gas companies around the world are increasing investments in new oil and gas production capacity. This drives demand for engineering services.

Whereas operating revenues declined somewhat from 2010 to 2011 as large detailed engineering projects were delivered, order intake was strong. At the end of 2011 order backlog had increased 47 per cent from the beginning of the year.

Two new detailed engineering contracts for the Ekofisk and Eldfisk projects respectively amounted to NOK 1.7 billion in order intake in the year. During 2011 Aker Solutions was involved in a record-high ten front-end engineering design studies.

Aker Solutions continues to expand its engineering capacity to meet projected future demand. Recruitment of additional talent is a key activity, and the company enjoys a favourable position as preferred employer in its key geographical markets.

Product Solutions

Aker Solutions delivers oilfield products for the entire upstream value chain, from reservoir through processing. Product categories include subsea, drilling, umbilicals, processing technology and mooring and loading equipment. Within each category, Aker Solutions delivers individual products or provides integrated systems with high engineering contents. Life-cycle services is also available as part of the total offering.

The product businesses, including associated engineering and life-cycle services, are combined in the Product Solutions reporting segment. Down-hole products and services are part of the Field-Life Solutions segment described below.

The Product Solutions segment consists of five operating entities: Subsea (SUB), Umbilicals (UMB), Drilling Technologies (DRT), Process Systems (PRS) and Mooring and Loading Systems (MLS). SUB and DRT are two of the largest operating entities within Aker Solutions. In 2011 they represented 22 and 19 per cent of group revenues respectively.

From its main engineering offices, manufacturing sites and service bases in Norway, UK, Brazil, USA and Malaysia, SUB delivers products such as wellheads, trees, manifolds, control systems, workover systems, subsea pumps and compressor stations, related services as well as integrated subsea field development systems. Oil companies are the main customer category. Key geographical markets include North-West Europe, Brazil, West Africa and Asia. In a separate business line headed out of Singapore and Indonesia, SUB also offers surface wellheads, trees and related products.

DRT delivers a wide range of drilling products including top drives, handling equipment for blow-out preventers and drill pipe, compensators and tensioners, drill floor equipment, drilling risers, hydraulic power units, mud pumps and drilling simulators. Complete drilling packages and life-cycle services are also part of the offering. Oil companies, rig owners and construction yards are typical customers. The main geographical markets include the North Sea, Brazil and Asia. The main office for DRT is in Norway. Project, sales and service organisations are located close to markets and customers.

Key figures

Amounts in NOK million	2010	**2011**
Operating revenues	18 397	**19 707**
EBITDA	1 591	**1 136**
EBITDA margin	8.6%	**5.8%**
Order intake	18 832	**25 840**
Order backlog (as of 31.12)	17 346	**22 098**

Sub-segments EBITDA

Amounts in NOK million	2010	**2011**
SUB	511	**(138)**
UMB	221	**194**
DRT	605	**878**
PRS	104	**37**
MLS	150	**165**

Operating revenues in the Product Solutions segment increased by 7.1 per cent from 2010 to 2011, driven by growth in UMB and SUB of 30 and 21 per cent respectively. At the same time, operating revenues in DRT declined 10 per cent as several large projects were delivered in 2011.

Product Solutions' EBITDA and EBITDA-margin in 2011 declined. While DRT increased its EBITDA with 45 per cent from 2010 to 2011, this was not enough to outweigh the significant effect of weak performance in certain parts of SUB and PRS. In 2011, SUB reported losses of NOK 600 million in its operations in Brazil. PRS also experienced execution challenges, which reduced EBITDA significantly compared with past performance.

Order intake in 2011 was 37 per cent higher than in the previous year, reflecting the general strong market conditions and order backlog increased 27 per cent through the year.

In 2011 DRT secured contracts for delivery of seven new deep-water drilling packages. SUB was awarded contracts to deliver five subsea production systems to Norway and Malaysia. SUB also secured a break-through contract to supply its new work-over system in Norway. UMB booked orders for five large umbilical deliveries.

Field-Life Solutions

Aker Solutions offers a wide range of services, which has the ultimate objective to increase oil and gas recovery from existing fields and extend the operating life of field assets.

The Field-Life Solutions segment consists of three operating entities: Maintenance, Modifications and Operations (MMO), Well Intervention Services (WIS) and Oilfield Services and Marine Assets (OMA). Representing 26 per cent of group revenues, MMO is the single largest operating entity within Aker Solutions.

Concept and front-end studies, detailed engineering, planning and execution of modifications to existing platforms and other field infrastructure is a large part of the MMO business, which also offers maintenance and operation services in the North Sea. Aker Solutions is market leader within this segment in Norway.

In the WIS area, Aker Solutions provides down-hole services which optimise the flow from reservoir through the well. This business has a strong position in both UK and Norway, and a significant potential elsewhere in the world, both for onshore and offshore fields. In 2011 approximately [30] per cent of WIS revenues came from operations outside the North Sea.

The OMA operating entity includes Aker Solutions' deep-water well intervention business, which operates three highly sophisticated vessels. Two are on contract in Brazil. The third is currently completed from yard and mobilising for a charter in West Africa. OMA owns [8] per cent of the shares in the marine contracting group Ezra Holdings, which is listed in Singapore and Oslo, and a 50 per cent stake in Aker DOF Deepwater, which owns and operates five offshore vessels.

Key figures

Amounts in NOK million	2010	**2011**
Operating revenues	11 096	**12 178**
EBITDA	1 234	**1 025**
EBITDA margin	11.1%	**8.4%**
Order intake	15 787	**10 232**
Order backlog (as of 31.12)	18 144	**16 185**

Sub-segments EBITDA

Amounts in NOK million	2010	**2011**
MMO	898	**833**
WIS	434	**404**
OMA	(98)	**(212)**

In 2011 all operating entities in the Field-Life Solutions segment increased their revenues. Nearly eighty per cent of operating revenues in the segment were from MMO.

EBITDA declined slightly from 2010 to 2011, partly due to costs related to build the organisation in OMA and complete and mobilise its specialised vessels. The 2010 EBITDA number was inflated by a NOK 90 million non-recurring pension related item.

Order intake in 2011 was significantly lower than in 2010, but order backlog at the end of the year remained at a comfortable level. MMO signed major contracts related to the Ekofisk, Eldfisk and Åsgard modification projects in Norway.

Parent company accounts and proposed allocation of net profit

The parent company, Aker Solutions ASA had a net profit of NOK 3 980 million for 2011 (NOK 3 153 million).

The parent company's dividend policy involves an intention to pay shareholders an annual dividend of 30-50 per cent of net profit. The dividend will be paid in cash and/or through share buy-backs.

Pursuant to the company's dividend policy, the board proposes that an ordinary dividend of NOK 3.90 per share be paid.

The board thereby proposes the following allocation of net profit:

In NOK million	
Dividend	1 052
Other equity	2 928
Total allocated	3 980

Unrestricted equity after the proposed dividend payment amounts to NOK 5 687 million.

Corporate governance and risk management

Corporate governance in Aker Solutions is performed within the framework of several different legal regulations and principles. The respective national legal regulations will always prevail at our different locations around the world.

As Aker Solutions exercises ultimate governance and control from its headquarters in Norway, and is listed on Oslo Stock Exchange, Norwegian legislation is naturally a significant framework in terms of company and securities legislation, financial reporting and other corporate issues.

According to the overriding corporate governance principle, shareholders in Aker Solutions appoint a board of directors that act as their representatives in governing the company. The shareholders meet at least once every year.

The board of directors sets the strategic direction, the overall governance structure, values and main policies. The policies, of which there are 20, provide direction on acceptable performance and guide decision-making in all parts of the company. The policy framework provides the delegated authority and authorisations of the chief executive officer and the organisation.

Among its members, the board of Aker Solutions has appointed directors to two sub-committees: The Audit Committee and The Reward Committee.

Aker Solutions has adopted the Norwegian code of practice for corporate governance. A special statement on the way Aker Solutions observes the code of practice issued by the Norwegian Corporate Governance Board can be found on page 83 of this annual report.

Risk management

The intention of the governance framework is to minimise risk through guiding behaviour and decisions in the direction that is most appropriate for the company. The management in Aker Solutions has put in place business processes, management meetings and organisational structures to ensure that the governing framework is being adhered to.

Risk management is a critical success factor and competitive parameter for Aker Solutions. Based on this, risk management is and will be a continuous focus area and is based on best practise and recognised international standards like ISO and COSO.

The internal system for Aker Solutions' control and management of risks is an integrated part of the operating system. In short, the requirements, norms, procedures and authorities are set forth in governing documents, which include policies, standards and tools, business norms and business specific authorisation matrices.

Strategic risks are the risks of pursuing the wrong markets, segments, services and products or customers. These are managed through the annual strategy process. In this process the board of directors ensures that the overall direction, markets and customers are reflected in the strategies.

Operational risks cover risks in project execution, manufacturing and other business operations. These are typically directly managed by the operating businesses and followed up by corporate through the fixed monthly and quarterly review structure, the corporate risk committee and the corporate investment committee. Corporate establishes common working practices and performs in-depth operational reviews.

Operational risk management includes all activities to ensure that the company identifies, understands and mitigates risks related to a project all the way from the tender phase to the final delivery to the client. Risk management is an integrated part of the project execution model both with regards to tenders and projects during execution.

Aker Solutions has experienced increased risk exposure in some projects and product deliveries due to immature technology readiness at time of bidding. As a response to this, the company increased focus on proactive identification of technology challenges potentially attached to target projects. Aker Solutions seeks to engage early with customers and also proactively monitor both market indicators and competitor activities. Several technology risk reduction initiatives commenced in 2011.

The corporate risk committee, reviewing the largest and most complex tenders in Aker Solutions, conducted more than 80 meetings reviewing approximately 70 projects during 2011.

Financial statement risks is the risk of the external financial reporting (either quarterly, annually or other) being materially misstated. A structured review of the main financial statement risks was performed, and weaknesses in the procedures are being addressed. The quality of internal reporting is regularly assessed in monthly and quarterly financial and operational reviews, and in more specific deep-dives into operating entities and projects. Given the nature of the business, the financial statement risks related to projects are significant in Aker Solutions.

Financial risk includes currency, interest rate, counterparty and liquidity risk. The corporate treasury function is responsible for managing financial market risk and the group's exposure to financial markets. Financial risk management and exposure is described in detail in Note 5 on page 23 in this annual report.

- Currency risk: operating units in Aker Solutions identify their own foreign currency exposure and mitigate this via corporate treasury when contracts are awarded. Such cover is provided in the operating unit's functional currency. All major contracts are furthermore hedged in the external market and documented to qualify for hedge accounting. More than 80 per cent of project related currency risk exposure either qualify for hedge accounting or are embedded derivatives.

- Interest rate risk: it has been decided that 30–50 per cent of the group's gross debt will have fixed interest rates with durations related to the outstanding debt at any given time. Floating and fixed interest rate loans are combined with interest rate swaps. 43 per cent of the borrowings had fixed interest rate at the balance date.

- Counterparty risk: assessments are made of major contractual counterparties and sub-contractors. Risk is reduced through bank and parent company guarantees and/or structuring of payment terms. Where bank risk and the placement risk for surplus liquidity are concerned, specific maximum levels have been set for the group's exposure to each financial institution. A special debtor list is signed annually by the group's CFO.

- Liquidity risk: the group's policy is to maintain satisfactory liquidity at the corporate level. This liquidity buffer is expressed as the sum of undrawn bank credit facilities and available cash and bank deposits. Working capital will vary over time, depending on the composition of revenues in the various segments – and good liquidity is important.

Ethical and political risks are risks that the company involves in unethical behaviour, either directly or through third parties or partners, or involves in countries where international sanction regimes are in place. In 2011, safeguarding the company from international trade sanctions as a result of the Arab spring and the developments in Iran became a high priority. The risks within this area is managed inter alia through regular country analysis, mandatory awareness training, compliance reviews and regular integrity due diligence.

Risk management at corporate level

According to the company's revised operating model, which was approved in 2011, control of risks and compliance with policies represent key activities of the corporate functions. Each corporate function has a global responsibility for following up policies and associated framework for its respective area. This is pursued in part through a close dialogue with the company's corporate risk and investment committees and through monthly reporting and meetings which cover financial and operational topics in the business areas. Each corporate function will also follow up its area of responsibility outside these formal processes through direct dialogue with the businesses.

Also part of risk management and in addition to the corporate risk committee, the corporate investment committee will review all major investments before approval.

The independent review capacity in the company is the internal compliance team. This entity performs reviews of individual operating units' compliance with systems and procedures. In 2011 21 such reviews were conducted.

The risk management and internal control systems are further described in the company's Corporate Governance report on page 83.

Risk management in operating entities

Each operating unit will have processes, systems and controls in place to ensure compliance with corporate procedures and systems and with all other applicable regulations and legal requirements. As described above, the corporate functions has a key role in the management of risks for the whole group. They collaborate closely with the operating units to identify, monitor, report on and manage risk. This ensures compliance with requirements from the board of directors and with internal and external frame conditions and regulations.

The Project Execution Model (PEM™) is a key element in the operating units' operating system. The PEM™ is the methodology followed when executing projects. All risk management processes and controls shall be described in the respective operating system of the business unit. The process descriptions in the PEM™ vary according to the type of business or project being performed but the general requirements of the PEM™ are the same across the company.

The PEM™ has defined phases for projects. In each of these phases there are defined milestones that the project needs to pass and between all the phases there are gates. In order for a project to move from one gate to another a gate review is executed. This follows a set of defined controls and templates, all of which must be passed and completed. Risk review is a key control in the gate review. The records from gate reviews are stored for future reference.

All projects in Aker Solutions have a register where identified risks and opportunities are categorised and assessed in terms of impact and probability. These registers support follow-up of all risks in the project as well as the improvement opportunities.

Risks in the operating entities are reported to the executive management in monthly operating reviews. These reviews form the main internal management control procedures and reporting line across Aker Solutions. The reporting consists of a written report and a subsequent review meeting with the CEO, CFO and other functional staff as required.

The operating entities are required to perform regular audits of their projects and operations to ensure they follow the established processes and procedures. Every year management of the unit reviews its operating system to ensure its integrity and relevance to operations. This review includes assessment of opportunities for improvement and the need for changes to the operating system, strategy and objectives.

Aker Solutions has also implemented a control self-assessment procedure, which is compulsory for operating entities. In this process, the operating units assess the quality and relevance of the established control activities. Furthermore, each of the business units is required to conduct an annual evaluation of its internal financial reporting control systems.

Corporate responsibility

Aker Solutions became a member of the UN Global Compact in 2008, and have thereby committed to respecting human and labour rights, to take environmental responsibility and to work against corruption in all its forms. The principles of the UN Global Compact form the basis for corporate responsibility in Aker Solutions.

Aker Solutions' commitment to responsible business increases the company's opportunities to create value, as it makes the company more attractive as a service provider, an investment object, and as an employer. The commitment to corporate responsibility is in line with the company vision: to be the preferred partner.

The following areas have been identified as particularly relevant to Aker Solutions and its business: Environmental issues, human rights, anti-corruption, responsible sustainable chain management and employee relations.

Aker Solutions' priorities for responsibility are defined by our strategy, our context and the expectations of our stakeholders. Aker Solutions maintains dialogue with employees, managers and external stakeholders regarding our business ethics and external impact. Through this dialogue we work to adapt to changing expectations and environments. Participation in networks such as the UN Global Compact (Nordic Network) and anti-corruption initiatives also provided important input to this work.

In order to further define corporate responsibility issues which are important to stakeholders, the company undertook a review together with key stakeholders in the summer of 2011. The review followed the guidance of the Global Reporting Initiative.

Community impact

Aker Solutions businesses are often considered a cornerstone industry in local communities. This imposes important responsibilities on the company; to be a good employer, to have a precautionary approach to the environment and be a good citizen.

Aker Solutions has an ambition to contribute to a positive and sustainable economic development where the company operates. This includes for instance establishment of long-term strategies for local presence in new regions, development of local competence, recruitment of local managers and staff and use of local suppliers.

Human Rights

Aker Solutions is committed to supporting and respecting human and labour rights, and to make sure that the company is not complicit in human rights abuses. This commitment is part of the obligations under the UN Global Compact, and also specified in company policies.

In order to maintain this commitment, a new country risk standard was established in early 2011. Following the new standard, relevant markets are classified according to their risks of human rights complicity, corruption, environmental impacts and regulatory framework, political risks, ethical dilemmas and risk of supporting violence or abetting conflict.

Projects and deliveries to countries that are classified as "high risk" requires separate reporting and review procedures. Project reviews results in specific guidelines on how to manage the relevant risks in the projects, and helps coordinate corporate strategies in specific countries or regions. Aker Solutions reserves the right to refuse participating in projects where there are risks of complicity in human rights abuses.

Supply chain management

Aker Solutions is committed to encourage sustainability, integrity and respect for human and workers' rights in our supply-chain. The general system for supply-management was improved in 2011, and included additional requirements to HSE and corporate responsibility prequalification and follow-up activities.

This work will continue in 2012 with further assessment of the corporate responsibility compliance and streamlining of supply-management procedures. The supply-chain management policy and documentation requirements were strengthened following the updated OECD guidelines for Multinational Enterprises, which were issued in May 2011.

Anti-Corruption

Aker Solutions regularly operates in countries which are considered to have high corruption risks. The company has a zero-tolerance for corruption.

The Aker Solutions anti-corruption compliance programme and organisation was strengthened in 2011 to reflect expectations and regulations to companies' efforts to combat corruption, as defined for example in the UK Bribery Act which came into force in 2011. Risk assessment of business units and new projects has been an important focus in 2011, along with internal communication and training.

In 2011, a new business ethics training course was developed. The programme includes awareness-raising on corporate responsibility and sustainability, and provides workshop-based dilemma training in a class room setting. This is a supplement to online training and is targeted specifically at employee groups with potential high risk exposure.

Environment

The board takes the view that Aker Solutions' activities pose only a limited direct burden on the environment. No significant unintentional discharges or emissions to the surrounding environment were recorded in 2011.

Aker Solutions' work to protect the environment falls in two categories. Firstly, the company offers products, systems and services which are environmentally safe and which reduce the environmental footprint of our customers' operations. Secondly, Aker Solutions seeks to reduce its own direct impact on the environment.

Recent examples of environmentally friendly products include products and systems with zero discharge to sea, arctic bow loading with extra stringent environmental safety design and subsea systems with electronic operations rather than hydraulic oil. The company's subsidiary Aker Clean Carbon has a leading technology position within carbon capture and sequestration.

Total energy consumption by the business in 2011 (figures for 2010 in brackets), based on recorded use of oil, gas and electricity, amounted to 304 181 (473 950) megawatt-hours. Carbon emissions related to this usage are estimated at 77 591 (109 573) tonnes. The methodology used derives from the Greenhouse Gas Protocol (GHG) and the Global Reporting Initiative (GRI).

The reduction is partly a result of our restructuring processes which has reduced our dependency of energy going in to construction. Some reduction has also been measures in our energy use in buildings due to our initiatives to better manage electricity use.

Waste recorded in connection with the business totalled 30 331 (42 171) tonnes, of which 87 per cent was recycled.

At the end of 2011, half of the 50 operating units were certified to the ISO 14001 environmental standard. An eLearning programme with a particular focus on the environment was introduced during 2008. This programme is mandatory for all employees.

The above mentioned HSE leadership development initiatives, eLearning and the management system incorporate clear components which focus attention on the environment. Collectively, these contribute to continuous improvements in environmental awareness and attitudes among managers and other employees.

This inspires the organisation to achieve further gains in environmental performance in Aker Solutions' own activities, and to assist customers in making environmental improvements through the products developed by the group.

Health, safety and working environment

Despite continuous efforts to avoid serious incidents, Aker Solutions regrettably suffered 10 serious personal injuries in 2011, compared to 19 in 2010 and 23 in 2009.

Even more serious, in 2011 three lives were lost in tragic accidents in operations under Aker Solutions management. The Board's thoughts and prayers go out to the family, friends and colleagues of the three men.

All serious incidents and near misses are investigated and the lessons from them implemented with the aim of preventing similar incidents in the future. Of the total ten serious injuries and fatalities in 2011, five involved energy isolation and two involved falling objects. The remaining three involved working at height, lifting operations and the operation of hand tools respectively.

Several incidents involved people working for sub-contractor companies. This fact has resulted in renewed actions to ensure that sub-contractors are aware of and properly trained in safety procedures applicable in Aker Solutions.

The total recordable injury frequency (TRIF) per million working hours fell from 2.6 in 2010 to 2.3 in 2011. The lost-time injury frequency (LTIF) per million working hours declined from 0.8 in 2010 to 0.7 in 2011. These figures also include Aker Solutions' sub-contractors.

Sick leave amounted to 2.2 per cent of total working hours in 2011, compared with 2.0 per cent the year before. Sick leave has remained stable at a low level after a clear decline in 2003-2006. However, it should be noted that differences in local regulations complicate a direct comparison of sick leave between different countries. Statistical effects from the sale of P&C and separation from Kvaerner explains the slight increase in sick leave from 2010 to 2011.

Although low in comparison with national average, company statistics show that sick leave in Aker Solutions' Norwegian operations is relatively higher than in other areas of the group. Special initiatives were introduced in 2010 with a focus on exercise and nutrition. The result of these efforts, which continued in 2011 have been encouraging.

Concern for health, safety and the environment (HSE) is one of Aker Solutions' core values. It has been a top management-driven guiding principle in the business for many years. The fundamental principle and attitude is that all incidents can be prevented. On that basis, Aker Solutions works continuously to prevent incidents which could cause harm to personnel or to material or non-material assets.

A common HSE operating system for the whole company sets standards for the most important elements in HSE management and leadership. Regular audits uncover possible gaps in relation to expectations, and the necessary counter-measures are identified and initiated. This system also functions as a framework for cross-organisational sharing and learning.

The company's Just Care™ concept is a common symbol for the group's HSE culture and work. One key element in the programme, which was introduced in 2005, is that each person must accept personal responsibility for HSE, based on care for people and the environment.

The Just Care concept will be further strengthened in 2012 to ensure that safety remains top priority throughout Aker Solutions.

People and teams

Having highly skilled and motivated employees and leaders is a key success factor for Aker Solutions, and lack of skilled personnel is regarded as a potential risk for most operating entities. The company therefore continuously strives to develop its attractiveness by offering existing and new employees opportunities to develop and grow their skills and careers in Aker Solutions.

As of 31 December 2011, Aker Solutions' total workforce counted 23 545 people, including 18 397 direct employees and 5 148 contract staff. During the year the total workforce grew by 2 648, reflecting increased activity in the businesses.

Aker Solutions has two main categories of employees. Skilled workers and operators represent 29 per cent. White collar staff represents 71 per cent.

Of the number of own employees, 53 per cent worked in Norway, 12 per cent in the Americas, 18 per cent in the Asia Pacific region, 16 per cent in Europe outside Norway and 1 per cent in Africa and the Middle East.

Diversity

Aker Solutions clearly states its commitment to equal opportunity and non-discrimination. This commitment is described in policies and agreements, for instance in a three-party frame agreement with national and international trade unions. This agreement, which was first entered into in 2008, covers general employment terms and employee relations, with specific focus on non-discrimination.

Equal opportunity for genders is a fundamental principle in Aker Solutions. For reasons mainly related to history and industry tradition, male employees continue to be in majority within the company. Of the total employees 21 per cent were women.

The company promotes equal opportunities by setting specific requirements for diversity in recruitment and people development, and by supporting programmes dedicated to equal opportunity.

In 2011 the first Female Leadership Network was kicked off with 87 participants attending the first conference. Ten per cent of this year's participants were men. This demonstrates a broad interest in driving leadership diversity in Aker Solutions. The network is limited to one year during which a range of workshops is being offered. A new round will be kicked off in late 2012.

Aker Solutions fulfils the requirements of the Norwegian Company Act with regard to gender representation on the Board of Directors. Five of ten Directors are women. The corporate management group had three female members as of 31 December 2011 compared to one a year earlier.

A preferred employer

Aker Solutions is investing substantial resources in development of people and teams and other initiatives to maintain its position as a preferred employer. Workforce turnover in 2011 averaged 7.3 per cent, which is considered low according to current industry trends. Turnover in 2010 was 8.9 per cent.

The company builds competitive pay and compensation package with contents adjusted to local requirements and customs. Extensive welfare programmes are common throughout the group. In 2011 decisions were made to pilot a further extended welfare programme in Norway, and to invest more in the company's share purchase programme for employees.

Under the new share purchase programme, which will be rolled out in 2012, employees are entitled to buy shares for up to sixty thousand kroner per year (approximately ten thousand US dollars) with 25 per cent discount in addition to the standard 1 500 kroner discount. To encourage a long-term commitment to the company, a three-year lock-up period is part of this arrangement.

Aker Academy is a global internal arena for competence building and employee development and a competitive advantage for Aker Solutions. The academy offers programmes in professional subject areas such as leadership (at various levels), project execution, commercial management and HSE.

The company offers more than 30 tailored online learning programmes, with a total of 24 000 active users in more than 30 countries. More than 118 000 online courses have been completed by Aker Solutions' employees since 2005. Programme areas covered include project execution, HSE, corporate responsibility, cultural awareness and more company-specific, operational topics. Special courses are available in English, which is the corporate language.

Recruitment

Generally Aker Solutions is well regarded as a potential employer in its key markets and regions, and the company continues to invest in local and regional schemes that support the employer brand. In 2011 special recruitment initiatives were conducted in Norway, Malaysia, India, Brazil, UK and the US with generally good results.

A global recruitment system was implemented in 2011, including a common approach to training and on-boarding of new employees. More than 100 000 job applications were received during 2011 and 49 189 applicants from over 158 countries were registered in the group's recruitment system during the year. A total of 2 580 new own employees were recruited in 2011, in addition to 3 375 new contract and temporary staff.

Performance culture

The group's remuneration policy specifies equal pay for equal work, and emphasises that good performance will be rewarded. Key factors in determining pay are the scope and level of responsibility, job requirements, levels of expertise and commitment, results achieved, and local pay levels.

Aker Solutions is working to increase the correspondence between performance and pay. Objectives are set and performance is measured on both team and individual levels, and for both behaviour and commercial dimensions. Objectives are determined on the basis of strategies and budgets for each unit.

At least once a year, manager and employees evaluate the results achieved. This performance dialogue provides the basis for recognition, rewards and career opportunities, and gives direction for potential individual performance improvements.

Performance based pay is regarded as an attractive part of the total remuneration paid to employees. Different variable pay programmes are in place for different types of positions. Annual variable pay is given to employees on the basis of the commercial results achieved by the relevant business unit or project. Managers earn variable pay on the basis of the commercial results for the units they influence and the extent to which they comply with the group's values.

Variable pay for senior executives is spread over several years to encourage long-term achievement of results and a lasting employee relationship. Further details of the remuneration of senior executives are provided in Note 11 Salaries, wages and social security costs to the consolidated financial statements.

Acknowledgements

The board extends its thanks to the management and workforce for the commitment displayed in 2011. The quality and expertise built up in Aker Solutions will make important contributions to enhancing the group's competitive advantage in a demanding market.

Fornebu, 13 March 2012
Board of Directors of Aker Solutions ASA

Øyvind Eriksen
Executive Chairman

Lone Fønns Schrøder

Kjell Inge Røkke

Anne Drinkwater

Mikael Lilius
Deputy Chairman

Ida Helliesen

Atle Teigland

Åsmund Knutsen

Arild Håvik

Hilde Karlsen

Leif Hejø Borge
President & CFO

Declaration by the board of directors and President & CFO

The board and the President & CFO have today considered and approved the annual report and financial statements for the Aker Solutions group and its parent company Aker Solutions ASA for the 2011 calendar year ended on 31 December 2011.

The board has based this declaration on reports and statements from the group's executive chairman and the President & CFO or, on the results of the group's activities, and on other information that is essential to assess the group's position, provided to the board of directors of the parent company under obligation by the group's administration and subsidiaries.

To the best of our knowledge:

- the 2011 financial statements for the group and parent company have been prepared in accordance with all applicable accounting standards
- the information provided in the financial statements gives a true and fair portrayal of the group and parent company's assets, liabilities, profit and overall financial position as of 31 December 2011
- 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, 13 March 2012
Board of Directors of Aker Solutions ASA

Øyvind Eriksen
Executive Chairman

Lone Fønns Schrøder

Kjell Inge Røkke

Anne Drinkwater

Mikael Lilius
Deputy Chairman

Ida Helliesen

Atle Teigland

Åsmund Knutsen

Arild Håvik

Hilde Karlsen

Leif Hejø Borge
President & CFO

Financial statements and notes

Aker Solutions group

Consolidated income statement 1.1 – 31.12	**17**
Consolidated statement of comprehensive income 1.1 – 31.12	**18**
Consolidated balance sheet as of 31 December	**19**
Consolidated statement of changes in equity 1.1 - 31.12	**20**
Consolidated statement of cash flow 1.1 - 31.12	**21**
Notes to the financial statements	**22**

Note 1	Corporate information	22
Note 2	Basis for preparation	22
Note 3	Accounting principles	22
Note 4	Accounting estimates and judgements	27
Note 5	Financial risk management and exposures	28
Note 6	Business combinations and acquisition of non-controlling interests	31
Note 7	Discontinued operations and disposal groups held for sale	32
Note 8	Other income	34
Note 9	Related parties	34
Note 10	Operating segments	35
Note 11	Salaries, wages and social security costs	38
Note 12	Operating leases	41
Note 13	Other operating expenses	42
Note 14	Finance income and expenses	42
Note 15	Tax	43
Note 16	Net capital employed	45
Note 17	Trade and other receivables	45
Note 18	Inventories	45
Note 19	Construction contracts	46
Note 20	Trade and other payables	46
Note 21	Provisions	46
Note 22	Derivative financial instruments	47
Note 23	Property, plant and equipment	49
Note 24	Intangible assets	50
Note 25	Interest-bearing receivables	51
Note 26	Equity-accounted investees	52
Note 27	Other investments	54
Note 28	Borrowings	55
Note 29	Other non-current liabilities	59
Note 30	Employee benefits - pension	59
Note 31	Capital and reserves	61
Note 32	Earnings per share	62
Note 33	Financial instruments	63
Note 34	Group companies	64

Aker Solutions ASA

Income statement 1.1 – 31.12	**67**
Balance sheet 1.1 – 31.12	**67**
Statement of cash flow 1.1 – 31.12	**68**
Notes to the financial statements	**68**

Note 1	Accounting principles	68
Note 2	Operating revenue and operating expenses	69
Note 3	Net financial items	69
Note 4	Tax	70
Note 5	Investments in group companies	70
Note 6	Shareholders' equity	70
Note 7	Receivables and borrowings from group companies	71
Note 8	Other non-current interest-bearing receivables	71
Note 9	Borrowings	72
Note 10	Guarantees	75
Note 11	Financial risk management and financial instruments	75
Note 12	Related parties	76
Note 13	Shareholders	76

Auditor's report

Auditor's report	**77**

Aker Solutions group

Consolidated income statement 1.1 – 31.12

Amounts in NOK million	*Note*	**2011**	2010
Operating revenue		**35 667**	33 207
Other income	*8*	**807**	158
Total revenue and other income	*10*	**36 474**	33 365
Materials, goods and services		**(16 233)**	(14 589)
Salaries, wages and social security costs	*11*	**(11 353)**	(10 727)
Other operating expenses	*12, 13*	**(5 443)**	(4 741)
Operating expenses before depreciation, amortisation and impairment		**(33 029)**	(30 057)
Operating profit before depreciation, amortisation and impairment		**3 445**	3 308
Depreciation, amortisation and impairment	*23, 24*	**(876)**	(817)
Operating profit		**2 569**	2 491
Finance income	*14*	**183**	86
Finance expenses	*14*	**(641)**	(509)
Profit (loss) from equity-accounted investees	*26*	**(73)**	(22)
Profit (loss) on foreign currency forward contracts	*14*	**35**	(78)
Profit before tax		**2 073**	1 968
Income tax expense	*15*	**(482)**	(634)
Profit from continuing operations		**1 591**	1 334
Profit from discontinued operations (net of income tax)	*7*	**3 663**	676
Profit for the period		**5 254**	2 010
Profit for the period attributable to:			
Equity holders of the parent company		**5 218**	1 957
Non-controlling interests		**36**	53
Profit for the period		**5 254**	2 010

Amounts in NOK million	*Note*	**2011**	2010
Earnings per share	*32*		
Basic earnings per share (NOK)		**19.37**	7.27
Diluted earnings per share (NOK)		**19.32**	7.25
Earnings per share continuing operations			
Basic earnings per share (NOK)		**5.77**	4.76
Diluted earnings per share (NOK)		**5.76**	4.75

Aker Solutions group

Consolidated statement of comprehensive income 1.1 – 31.12

Amounts in NOK million	**2011**	2010
Profit for the period	**5 254**	2 010
Other comprehensive income		
Cash flow hedges, demerger Kvaerner	**(13)**	-
Cash flow hedges, effective portion of changes in fair value	**(171)**	(102)
Cash flow hedges, reclassification to income statement	**203**	46
Cash flow hedges, deferred tax	**(9)**	16
Total cash flow hedges	**10**	(40)
Net gain on hedge of net investment in foreign operations, net of tax	**(123)**	68
Translation differences - equity-accounted investees	**(1)**	(2)
Translation differences - foreign operations	**287**	(73)
Other comprehensive income, net of tax	**173**	(47)
Total comprehensive income for the period, net of tax	**5 427**	1 963
Attributable to:		
Equity holders of Aker Solutions ASA	**5 416**	1 903
Non-controlling interests	**11**	60
Total comprehensive income for the period	**5 427**	1 963

Aker Solutions group

Consolidated balance sheet as of 31 December

Amounts in NOK million	Note	2011	2010
Assets			
Non-current assets			
Property, plant and equipment	23	**7 409**	7 494
Deferred tax assets	15	**533**	487
Intangible assets	24	**6 310**	6 783
Employee benefit assets	30	**103**	95
Non-current interest-bearing receivables	25	**704**	225
Other non-current operating assets		**191**	221
Equity-accounted investees	26	**246**	424
Other investments	27	**418**	157
Total non-current assets		**15 914**	15 886
Current assets			
Current tax assets	15	**103**	238
Inventories	18	**1 765**	1 686
Trade and other receivables	17	**12 117**	14 870
Derivative financial instruments	22	**540**	386
Current interest-bearing receivables	25	**534**	621
Cash and cash equivalents		**1 308**	3 198
Assets classified as held for sale	7	**1 831**	3 136
Total current assets		**18 198**	24 135
Total assets		**34 112**	40 021

Amounts in NOK million	Note	2011	2010
Equity and liabilities			
Equity			
Issued capital	31	**455**	548
Treasury shares		**(7)**	(9)
Other capital paid in		**1 534**	1 534
Reserves		**(565)**	(763)
Retained earnings		**9 731**	8 855
Total equity attributable to the equity holders in Aker Solutions ASA		**11 148**	10 165
Non-controlling interests		**169**	189
Total equity		**11 317**	10 354
Non-current liabilities			
Non-current borrowings	28	**5 371**	7 508
Employee benefits obligations	30	**577**	647
Deferred tax liabilities	15	**1 310**	829
Other non-current liabilities	29	**661**	753
Total non-current liabilities		**7 919**	9 737
Current liabilities			
Current borrowings	28	**629**	716
Current tax liabilities	15	**86**	115
Provisions	21	**935**	1 039
Trade and other payables	20	**12 934**	16 278
Derivative financial instruments	22	**247**	243
Liabilities classified as held for sale	7	**45**	1 539
Total current liabilities		**14 876**	19 930
Total liabilities		**22 795**	29 667
Total liabilities and equity		**34 112**	40 021

Fornebu, 13 March 2012
Board of Directors of Aker Solutions ASA

Øyvind Eriksen
Executive Chairman

Lone Fønns Schrøder

Kjell Inge Røkke

Anne Drinkwater

Mikael Lilius
Deputy Chairman

Ida Helliesen

Atle Teigland

Åsmund Knutsen

Arild Håvik

Hilde Karlsen

Leif Hejø Borge
President & CFO

Aker Solutions group

Consolidated statement of changes in equity 1.1 - 31.12

Amounts in NOK million	*Note*	Share capital	Treasury shares	Other capital paid in	Retained earnings	Hedging reserve[1]	Currency translation reserve[1]	Fair value reserve	**Total parent company equity holders**	Non-controlling interests	**Total equity**
Equity as of 1 January 2010		548	(9)	1 534	7 612	162	(871)		8 976	147	9 123
2010											
Profit for the period					1 957				1 957	53	2 010
Other comprehensive income						(40)	(14)		(54)	7	(47)
Total comprehensive income					1 957	(40)	(14)		1 903	60	1 963
Transactions with equity holders											
Dividend	*31*				(700)				(700)	(14)	(714)
Treasury shares acquired	*31*		(1)		(56)				(57)		(57)
Employee share purchase programme	*31*		1		55				56		56
Change in non-controlling interests					(13)				(13)	(4)	(17)
Total transactions with equity holders					(714)				(714)	(18)	(732)
Equity as of 31 December 2010		548	(9)	1 534	8 855	122	(885)		10 165	189	10 354
2011											
Profit for the period					5 218				**5 218**	36	**5 254**
Other comprehensive income						10	180	8	**198**	(25)	**173**
Total comprehensive income					5 218	10	180	8	**5 416**	11	**5 427**
Transactions with equity holders											
Dividend	*31*				(741)				**(741)**	(6)	**(747)**
Demerger of Kvaerner	*7*	(93)	2		(3 597)				**(3 688)**		**(3 688)**
Treasury shares acquired	*31*		(1)		(78)				**(79)**		**(79)**
Employee share purchase programme	*11, 31*		1		76				**77**		**77**
Change in non-controlling interests					(2)				**(2)**	(25)	**(27)**
Total transactions with equity holders		(93)	2		(4 342)				**(4 433)**	(31)	**(4 464)**
Equity as of 31 December 2011		455	(7)	1 534	9 731	132	(705)	8	**11 148**	169	**11 317**

[1] *See note 32 Capital and reserves.*

Aker Solutions group

Consolidated statement of cash flow 1.1 - 31.12

Amounts in NOK million	*Note*	**2011**	2010
Cash flow from operating activities			
Profit for the period - continuing operations		**1 591**	1 334
Profit for the period - discontinued operations	*7*	**3 663**	676
Profit for the period		**5 254**	2 010
Adjusted for:			
Income tax expense	*15*	**838**	826
Net interest cost		**457**	460
(Profit) loss on foreign currency forward contracts	*14*	**(38)**	84
Depreciation, amortisation and impairment	*23, 24*	**896**	889
(Profit) loss on disposals and non-cash effects[1]		**(4 248)**	(156)
(Profit) loss from equity-accounted investees		**73**	31
Interest paid		**(209)**	(454)
Interest received		**123**	70
Income taxes paid		**(522)**	(997)
Changes in other net operating assets		**1 203**	(632)
Net cash from operating activities		**3 827**	2 131
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash acquired		**(673)**	(101)
Acquisition of property, plant and equipment	*23*	**(3 385)**	(2 467)
Proceeds from sale of businesses		**3 516**	-
Proceeds from sale of property, plant and equipment		**677**	742
Proceeds from sale of equity-accounted investees		**-**	24
Acquisition of/capital contribution to equity-accounted investees		**(99)**	(83)
Payments for capitalised development and other investments		**(281)**	(124)
Proceeds from repayment of interest-bearing receivables		**81**	125
Payment related to increase in interest-bearing receivables		**(38)**	(225)
Net cash from investing activities		**(202)**	(2 109)

Amounts in NOK million	*Note*	**2011**	2010
Cash flow from financing activities			
Proceeds from borrowings		**3 300**	799
Repayment of borrowings		**(5 406)**	(200)
Acquisition of non-controlling interests		**(23)**	(13)
Proceeds from non-controlling interests		**-**	8
Repurchase of treasury shares	*31*	**(79)**	(57)
Proceeds from employees share purchase programme	*31*	**77**	56
Dividends paid to non-controlling interests		**(6)**	(14)
Dividends to shareholders in Aker Solutions	*31*	**(741)**	(700)
Net cash from financing activities		**(2 878)**	(121)
Effect of exchange rate changes on cash and bank deposits		**(432)**	111
Net increase (decrease) in cash and bank deposits		**315**	12
Cash and cash equivalents at the beginning of the period		**3 198**	3 186
Cash and cash equivalents in Kvaerner at demerger		**(2 205)**	-
Cash and cash equivalents at the end of the period[2]		**1 308**	3 198
Of which is restricted cash		**126**	723

1) Includes gain on sale of businesses and gain from demerger of Kvaerner.

2) Additional undrawn committed non-current bank revolving credit facilities amounted to NOK 5.0 billion, and is together with cash and cash equivalents giving a total liquidity buffer of NOK 6.3 billion.

Aker Solutions group

Notes to the financial statements

Note 1 Corporate information

Aker Solutions ASA (the company) is a limited liability company incorporated and domiciled at Fornebu in Bærum, Norway. The consolidated financial statements of Aker Solutions ASA incorporate the financial statements of the company and its subsidiaries (referred to collectively as "the group" and separately as group companies) and the group's interest in associates and jointly controlled entities.

Aker Solutions is a leading supplier of oilfield products, systems and services, with solutions spanning from the reservoir to production and through the life of a field.

The company is listed on the Oslo Stock Exchange under the ticker AKSO.

Note 2 Basis for preparation

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of 31 December 2011.

The consolidated financial statements were approved by the Board of Directors and President & CFO on 13 March 2012. The consolidated financial statements will be authorised by the Annual General Meeting on 13 April 2012. Until the latter date, the Board of Directors have the authority to amend the financial statements.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- non-derivative financial assets and liabilities are presented at amortised cost unless designated otherwise;
- financial assets designated at fair value through profit and loss;
- available-for-sale financial assets are measured at fair value;
- the defined benefit asset is recognised as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

Functional and presentation currency
These consolidated financial statements are presented in Norwegian Krone (NOK), which is Aker Solutions ASA's functional currency. All financial information presented in NOK has been rounded to the nearest million (NOK million), except when otherwise stated.

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

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

Changes in accounting policies
The group has not made any changes in accounting policies in 2011.

Note 3 Accounting principles

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

Basis of consolidation
Business combinations
Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date of which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that currently are exercisable.

The group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Transaction costs, other than those associated with the issue of debt or equity securities incurred in connection with a business combination are expenses as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. Changes in the fair value of the contingent consideration from acquisition of a subsidiary or non-controlling interest for transactions after 1 January 2009 will be recognised in other income as gains or losses. Such changes will continue to be adjusted against goodwill for transactions completed prior to 1 January 2009.

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

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

Subsidiaries
Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When assessing control, voting rights that are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control
On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as en equity-accounted investees or as an available for sale financial asset depending on the level of influence retained.

Investments in associates and jointly controlled entities
Associates are those entities in which the group

has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 per cent of the voting power of another entity. Joint ventures are those entities over whose activities the group has joint control, established by contractual agreement requiring unanimous consent of the venturers for strategic, financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the group's share of the income and expenses and other comprehensive income from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. Adjustments are made to align the accounting policies to the group.

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

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 incurred legal or constructive obligations or has made payments on behalf of the investee.

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

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

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

No reclassifications are made for years prior to the year a business is first classified as a held for sale or distribution.

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

In the consolidated income statement income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are presented in the notes.

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

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

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

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

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

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

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

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents include cash on hand, demand deposits held at banks and other short-term highly liquid investments with original maturity of three months or less. Restricted cash is mainly cash tied up in projects through joint ventures with external parties. The amounts fluctuate with the projects' life cycle and are usually released when the project is delivered or close to delivery.

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

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

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

Derivative financial instruments
The group uses derivative financial instruments such as currency forward contracts, currency options and interest rate swaps to hedge its exposure to foreign exchange and interest rate risks arising from operational, financial and investment activities. The group also has embedded foreign exchange derivatives which have been separated from their ordinary commercial contracts. Derivative financial instruments are recognised initially at fair value. Derivatives are subsequently measured at fair value, and changes in fair value as accounted for as described below.

Cash flow hedges
Hedging of the exposure to variability in cash flows that is attributable to a particular risk or a highly probable future cash flow is defined as cash flow hedges. The effective portion of changes in the fair value is recognised in other comprehensive income as a hedge reserve. The gain or loss relating to the ineffective portion of derivative hedging instruments is recognised immediately in the income statement within Finance income and expense. Amounts accumulated in hedge reserves are reclassified to the income statement in the periods when the hedged item is recognised in the income statement.

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 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 the income statement.

Fair value hedges
Hedging of the exposure to changes in fair value of an asset, liability or commitment that is attributable to a particular risk is defined as fair value hedges. The change in fair value of the hedging instrument is recognised in the income statement. The change in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with corresponding gain or loss recognised in the income statement.

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

Embedded derivatives
An embedded derivative is any contract embedded in a host contract which meets the definition of a derivative. Under certain conditions the embedded derivative must be separated from its host contract and the derivative is then to be recognised and measured as any other derivative in the financial statements. Normally, this is when settlement for a commercial contract is denominated in a currency different from any of the major contract parties' own functional currency. Further, the group also has loans to other companies that can be converted to shares in the company. Changes in the fair value of separated embedded derivatives are recognised immediately in the income statement. All foreign currency exposure is hedged, so the hedging instrument to the embedded derivative will also have corresponding opposite fair value changes in the income statement.

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

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

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

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent of costs incurred that 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 that the customer will accept the claim and the amount can be measured reliably. Options for additional assets are included in the contract when it is probable that the options will be exercised.

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

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

Lease income
Revenue from time charters and bareboat charters are recognised daily over the term of the charter. The company does not recognise revenue during days that the vessel is off-hire.

Other rental income from operating leases is recognised as revenue on a straight-line basis over the term of the relevant lease.

Other income
Gains and losses resulting from acquisitions and disposal of businesses which do not represent discontinued operations are included in other income within operating profit. Such gains may result from the remeasurement of a previously held interest in the acquired entity. Changes in the fair value of the contingent consideration from acquisition of a subsidiary or non-controlling interest for transactions after 1 January 2009 will be recognised in Other income as gains or losses.

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

Expenses
Construction contracts
Contract costs include costs that relate directly to the specific contract and allocated costs that are attributable to general contract activity. Costs that cannot be attributed to contract activity are expensed. Bidding costs are capitalised when it is probable that the company will obtain the contract. All other bidding costs are expensed as incurred.

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

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

Share purchase programme for employees
Aker Solutions employees participate in a share purchase programme whereby an employee can buy Aker Solutions shares at a discount. An employee who is still employed by the group and still holds the shares in September one and a half year after the close of each annual savings programme, will receive one bonus share for each two shares bought under the programme. The cost of the contribution towards the purchase of the shares is expensed as salary costs immediately. The value of the bonus shares is expensed over the vesting period based on the fair value of each award, adjusted for estimated forfeitures.

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is not 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 to the extent that they will not reverse in the foreseeable future.

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

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

A deferred tax asset is 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 which they 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.

Construction work in progress
Construction work in progress represents the value of construction work performed less payments received from customers. The value of construction work performed is measured by revenue recognised to date. Payments by customers are deducted from the value of the same contract or, to the extent they exceed this value, disclosed as advances from customers.

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

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

Impairment
Trade and other receivables
Provision is made when there is objective evidence that the group will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Available-for-sale financial assets
Equity investments classified as available-for-sale are considered to be impaired when there is a significant or prolonged decline in fair value of the investment below its cost. Any subsequent increase in value on available-for-sale assets is considered to be a revaluation and is recognised in other comprehensive income.

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

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

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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

An impairment loss on goodwill is not reversed. Impairment loss on other assets is reversed if there has been a change in the estimates used to determine the recoverable amount, and the change can be objectively related to an event occurring after the impairment was recognised. 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.

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

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.

Loss contracts
An expected loss on a contract is recognised immediately in the income statement. Provisions for loss contract are deducted from the value of the same contracts in work in progress or, to the extent they exceed this value, disclosed as provisions.

Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

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

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

Leased assets
Leases where the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are stated at an amount equal to the lower of the asset's fair value or the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

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

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

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

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

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

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

Capitalised development expenditure are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets
Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

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

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

Employee benefits
Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plans
The group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on government bonds or high-quality corporate bonds with maturities consistent with the terms of the obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan to employees are increased, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, an expense is recognised immediately in the income statement.

To the extent that any subsequent cumulative unrecognised actuarial gain or loss exceeds 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

When the actual calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Share-based payment transactions
For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following changes:

- Amendment to IAS 19 Employee benefits, which becomes mandatory for the group's 2013 consolidated financial statements. All changes in pension obligation and pension assets will be recognised in equity in the period in which they occur (concept of corridor will be removed). As Aker Solutions currently applies the corridor approach, the effect of these changes on actuarial gains or losses will impact the financial statements. The extent of the impact has not yet been determined.
- IFRS 11 Joint Arrangements, which becomes mandatory for the group's 2013 consolidated financial statements and could change the accounting of joint arrangements. The extent of the impact has not been determined.
- IFRS 9 Financial instruments, which becomes mandatory for the group's 2015 consolidated financial statements and could change the classification and measurement of financial assets. The group does not plan to adopt this standard early and the extent of the impact has not been determined.

Note 4 Accounting estimates and judgements

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

Revenue recognition
The per centage-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, in the group's judgement, it is probable that they will result in revenue and are 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 the contracts with customers include procedures for presentation of and agreement of variation orders. At any point in time, there will be unapproved variation orders and claims included in the project revenue where recovery is assessed as probable and other criteria are met. Even though management has extensive experience in assessing the outcome of such negotiations, uncertainties exist.

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

Progress measurement based on costs has an inherent risk related to the cost estimate as described above. In situations where cost is not seen to properly reflect actual progress, alternative measures such as hours or physical progress are used to achieve more precise revenue recognition. The estimation uncertainty during the early stages of a contract is mitigated by a policy of normally not recognising revenue in excess of costs on large projects before the contract reaches 20 per cent completion.

Subsea Brazil project portfolio
In the group's view, the Subsea Brazil project portfolio is subject to estimation uncertainty where the outcome could have a material impact on the consolidated financial statements. In the period 2008-2010 several new contracts were signed for Subsea equipment in Brazil. During 2011 deliveries were delayed several times causing loss provisions of total NOK 600 million in the second and third quarter of the year. The loss provision covers liquidated damages and increased costs due to delays and improvement initiatives. During the autumn 2011 and winter 2012 the operations in Brazil have gradually improved, but there is still uncertainty as to remaining project costs and actual delivery dates of the backlog. A dialogue is ongoing with the main client concerning potential new contracts and existing options that could impact the results short and long term.

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 per cent of the contract value, but can also be a higher or lower amount following a specific evaluation of the actual circumstances for each contract. Both the general one per cent provision and the evaluation of project specific circumstances are based on experience from earlier projects. Factors that could affect the estimated warranty cost include the group's quality initiatives and project execution model. Reference is made to note 21 Provisions for further information about provisions for warranty expenditures on delivered projects.

Property, plant and equipment and intangible assets
At every balance sheet date, the group considers whether there are indications of impairment on the book values of long-term assets. If such indications exist, a valuation is performed to assess whether or not the asset should be written down for impairment. Such valuations will often have to be based on estimates of future results for a number of cash flow generating units. References are made to note 23 Property, plant and equipment and note 24 Intangible assets.

Goodwill
In accordance with the stated accounting policy, the group tests annually whether goodwill has suffered any impairment or more frequently if impairment indicators are identified. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and are consistent with the market valuation of the group. Further details about goodwill and impairment reviews are included in note 24 Intangible assets.

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

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

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

Tax authorities in different jurisdictions may challenge calculation of taxes payable from prior periods. Such processes may lead to changes to prior periods' taxable income, resulting in changes to income tax expense in the period of change. During the period when tax authorities may challenge the taxable income, management is required to make estimates of the probability and size of possible tax adjustments. Such estimates may change as additional information becomes known. Further details about income taxes are included in note 15 Income tax.

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

Pension benefits
The present value of the pension obligations depends on a number of factors determined on the basis of actuarial assumptions. These assumptions include financial factors such as the discount rate, expected salary growth, inflation and return on assets as well as demographical factors concerning mortality, employee turnover, disability and early retirement. Assumptions about all these factors are based on the situation at the time the assessment is made. However, it is reasonably certain that such factors will change over the very long periods for which pension calculations are made. Any changes in these assumptions will affect the calculated pension obligations. The effect on the accounts of such changes is, however, spread over the time periods by the use of the corridor approach, where changes are amortised over several years. The average remaining service period of employees in the Norwegian defined benefit plan is three years. Further information about the pension obligations and the assumptions used are included in note 30 Employee benefits - pension.

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

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. The market risks affects the group's income or the value of financial instruments held. The objective of financial risk management is to manage and control financial risk exposures and thereby increase the predictability and minimise potential adverse effects on the group's financial performance. The Aker Solutions group uses derivative financial instruments to hedge certain risk exposures and seeks to apply hedge accounting in order to reduce the volatility in the income statement.

Risk management is performed in every project. It is the responsibility of the project managers, in cooperation with the central treasury department (Corporate Treasury), to identify, evaluate and hedge financial risks under policies approved by the Board of Directors. The group has well-established principles for overall risk management, as well as policies for the use of derivatives and financial investments. There has not been any changes in these policies during the year.

Currency risk
The group operates internationally and is exposed to currency risk on commercial transactions, recognised assets and liabilities and net investments in foreign operations. 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 to USD, EUR and GBP but also several other currencies.

The Aker Solutions policy requires business units to mitigate currency exposure in any project. The group's Treasury department manages internal exposures by entering into forward contracts or currency options. The Aker Solutions group has a large number of contracts involving foreign currency exposures and the currency risk policy has been well-established for many years.

For segment reporting purposes, each business unit designates all currency hedge contracts with Corporate Treasury as cash flow hedge, fair value hedge or hedge of embedded derivative. External foreign exchange contracts are designated at group level as hedges of currency risk on a gross basis. More than 80 per cent of the value either qualify for hedge accounting or are hedge of embedded derivatives. Non-qualifying hedges are adjusted at group level and included in the "unallocated" part of the segment reporting. See note 22 Derivative financial instruments for information regarding the accounting treatment of hedging and embedded derivatives.

Currency exposure from investments in foreign currencies are only hedged when specifically instructed by management. As of 31 December 2011, the group had no hedging of net investments.

The group's exposure to the main foreign currencies

	2011			2010		
Amounts in million	USD	EUR	GBP	USD	EUR	GBP
Bank	(87)	(66)	(10)	(264)	(84)	(41)
Intercompany loans	93	(124)	29	218	(13)	32
Balance sheet exposure	**6**	**(190)**	**19**	(46)	(97)	(9)
Estimated forecast receipts from customers	2 374	241	202	2 545	162	86
Estimated forecast payments to vendors	(562)	(409)	(246)	(369)	(312)	(163)
Cash flow exposure	**1 812**	**(168)**	**(44)**	2 176	(150)	(77)
Forward exchange contracts	**(1 816)**	**276**	**25**	(2 129)	243	85
Net exposure	**2**	**(82)**	**-**	1	(4)	(1)

The EUR exposure relates to a strategic position outside the trading mandate that has been closed in Januar 2012.

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

A foreign currency sensitivity analysis is shown in the table below. A 10 per cent weakening of the NOK against the currencies listed below at 31 December would have increased (decreased) equity and profit and loss by the amounts shown. The selected rate of 10 per cent reflects the recent years' changes in currency rates. Changes in currency rates change the values of hedging derivatives. Hedges that qualify for hedge-accounting are reported in the profit and loss according to the progress of projects. The deferred value of the hedging derivative is reported as equity reserve. Any changes to currency rates will therefore affect equity.

Changes in fair value of hedging instruments that do not qualify for hedge-accounting are recognised in the income statement. Changes in profit and loss are based on changes in fair values of the hedge instruments 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.

Although hedge-accounting is not applied to all foreign exchange contracts, these contracts are still "economically" hedged. The effect on profit and loss under financial items in the following table, 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 the cash flow hedges.

Currency risk - effect of 10 per cent weakening of NOK

	2011		2010	
Amounts in NOK million	Profit (loss) before tax	Equity[1] Increase/ (decrease)	Profit (loss) before tax	Equity[1] Increase/ (decrease)
USD	**68**	**(211)**	1	(130)
EUR	**119**	**47**	70	56
GBP	**78**	**6**	71	-
Other	**10**	**12**	-	-

1) The effects to equity that follow directly from the effects to profit and loss are not included.

A 10 per cent strengthening of the NOK against the above currencies at 31 December would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant. The sensitivity analysis does not include effects on the consolidated result and equity from changed exchange rates used for consolidation of foreign subsidiaries.

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

Interest rate risk
The group's interest rate risk arises from non-current borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. However, as these borrowings are measured at amortised cost, interest rate variations do not effect the income statement assuming the borrowings are held to maturity. Group policy is to maintain approximately 30-50 per cent of its borrowings in fixed rate instruments using interest rate swaps to achieve this when necessary.

As the group has no significant interest-bearing operating assets, operating income and operating cash flows are substantially independent of changes in market interest rates. At year end, 43 per cent of NOK 2 550 million in bonds was fixed for the duration of the bonds through interest rate swaps. In addition Aker Solutions has entered into a NOK 375 million floating rate swap for a NOK 750 million term loan.

An increase of 100 basis points in interest rates during 2011 would have increased (decreased) equity and profit and loss by the amounts shown on the table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect of increase of 100 basis points in interest rates

	2011		2010	
Amounts in NOK million	Profit (loss) before tax	Equity[1] Increase/ (decrease)	Profit (loss) before tax	Equity[1] Increase/ (decrease)
Cash and cash equivalents	**31**	**-**	24	-
Interest rate swap	**(31)**	**10**	44	35
Non-current interest-bearing receivables	**6**	**-**	2	-
Current interest-bearing receivables	**6**	**-**	6	-
Borrowings	**(23)**	**-**	(55)	-
Cash flow sensitivity (net)	**(11)**	**10**	21	35

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

A decrease of 100 basis points in interest rates during 2011 would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant.

Price risk
The group is exposed to fluctuations in market prices both in the investment portfolio and in the operating businesses related to individual contracts.

The investment portfolio is limited, and the group currently only holds one investment in listed companies (Ezra), see note 27 Other investments.

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

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

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

Based on estimates of incurred losses in respect of trade and other receivables, the group establishes a provision for impairment losses. Provision for loss on debtors are based on individual assessments. Provision for loss on receivables was NOK 21 million in 2011 (NOK 23 million in 2010), and historical losses were NOK 72 million in 2011 (NOK 5 million in 2010). Revenues are mainly related to large and long-term projects closely followed up in terms of payments up front and in accordance with agreed milestones. Normally, lack of payments are due to disagreements related to project deliveries and are solved together with the client or escalated to the local authority. The customers are mainly large and highly reputable oil companies with a low credit risk, which reduces the credit risk significantly. Based on the above the group's credit risk is considered to be low.

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

Aker Solutions ASA provides parent company guarantees to group companies. For further information, see note 11 Guarantees in the Aker Solutions ASA's accounts.

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

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Corporate Treasury maintains flexibility in funding by maintaining availability under committed credit lines, see note 28 Borrowings.

Management monitors rolling weekly and monthly forecasts of the group's liquidity reserve on the basis of expected cash flow. For information regarding capital expenditures and net operating assets, see note 10 Segment information.

Financial liabilities and the period in which they mature

2011

Amounts in NOK million	*Note*	Book value	Total undiscounted cash flow[1]	6 mths and less	6-12 mths	1-2 years	2-5 years	More than 5 years
Borrowings	*28*	**(6 000)**	**(6 703)**	(1 497)	(676)	(1 514)	(3 006)	(10)
Other non-current liabilities	*29*	**(661)**	**(784)**	(13)	(14)	(218)	(413)	(126)
Net derivative financial instruments	*22*	**293**	**125**	99	(24)	1	49	-
Trade and other payables	*20*	**(12 936)**	**(12 935)**	(10 184)	(2 739)	(12)	-	-
Total liabilities		**(19 304)**	**(20 297)**	**(11 595)**	**(3 453)**	**(1 743)**	**(3 370)**	**(136)**
Financial guarantees		**(10 298)**	**(10 298)**	(2 513)	(946)	(1 558)	(2 620)	(2 661)

2010

Amounts in NOK million	*Note*	Book value	Total undiscounted cash flow[1]	6 mths and less	6-12 mths	1-2 years	2-5 years	More than 5 years
Borrowings	*28*	(8 224)	(9 767)	(352)	(762)	(3 836)	(4 804)	(13)
Other non-current liabilities	*29*	(753)	(645)	(16)	(26)	(210)	(339)	(54)
Net derivative financial instruments	*22*	143	85	184	(88)	(32)	21	-
Trade and other payables	*20*	(16 278)	(16 278)	(16 262)	-	(16)	-	-
Total liabilities		(25 112)	(26 605)	(16 446)	(876)	(4 094)	(5 122)	(67)
Financial guarantees		(9 396)	(9 396)	(1 595)	(1 344)	(1 482)	(2 300)	(2 675)

1) Nominal currency value including interest. The expected interest payments are calculated using the forward rates.

The 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 (business units) in such cash pooling arrangements is that the group as an owner of such pools is financially viable and is able to prove its capability to service its obligations concerning repayment of any net deposits made by business units.

Capital management

The group's objective for managing capital is to safeguard the group's 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, issue new shares or sell assets to reduce debt.

There were no changes in the group's approach to capital management during the year.

The group engage in share buy-backs and sales related to the share purchase programme for employees. At year end, the group holds 1.54 per cent (1.68 per cent in 2010) of outstanding shares. The consolidated statement of changes to equity provides further details.

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

Gearing and interest coverage ratios at 31 December

Amounts in NOK million	**2011**	2010
Gearing ratio		
Gross debt[1]	**6 508**	8 224
EBITDA[1]	**2 722**	4 300
Gross debt[1]/EBITDA[1]	**2.4**	1.9
Interest coverage		
EBITDA[1]	**2 722**	4 300
Net finance cost	**279**	453
EBITDA[1]/Net finance cost	**9.8**	9.5

1) Adjusted for certain items as defined in the loan agreement.

Guarantee obligations

The group has provided the following guarantees on behalf of wholly owned subsidiaries as of 31 December 2011 (all obligations are per date of issue):

- Non-financial parent company guarantees related to project performance on behalf of group companies: NOK 71.7 billion (NOK 80.7 billion in 2010)
- Financial parent company indemnity guarantees for fulfilment of lease obligations: NOK 1.9 billion (NOK 2.0 billion in 2010).
- Financial guarantees including counterguarantees for bank/surety bonds and guarantees for pension obligations to employees: NOK 7.9 billion (NOK 7.1 billion in 2010)
- Indemnity under financial agreements on behalf of Aker DOF Deepwater AS: NOK 507 million (NOK 272 million in 2010)

Note 6 Business combinations and acquisition of non-controlling interests

Business combinations in 2011

Ingeniør Harald Benestad AS and Phaze Technologies AS

On 27 July 2011, Aker Solutions acquired 70 per cent of the shares and voting rights of the Norwegian companies Ing. Harald Benestad AS and Phaze Technologies AS (Benestad). The acquired companies are leading suppliers of controls and power distribution products and advanced instruments for subsea applications and have technological expertise which will significantly broaden and deepen Aker Solutions' competence base. The acquired business is part of the Subsea business area.

NOK 175 million cash was paid to the selling shareholders at the acquisition date. Aker Solutions has included a liability of NOK 71 million as deferred consideration for the outstanding 30 per cent of the shares, payable over the period 2012-2016. The consideration represents the fair value at the acquisition date. Transaction costs related to the acquisition of NOK 3 million has been recognised in Other operating expenses in the income statement.

Goodwill resulting from the transaction is mainly attributable to expected synergies and the value of the assembled workforce. The current analysis and allocation of fair value is provisional.

Well intervention technology business from X3M

On 1 November 2011, Aker Solutions completed the acquisition of X3M International business. X3M is provider of down-hole intervention tools and technology based in Norway and the Middle East. The acquisition will grow Aker Solutions' well intervention technology and service portfolio worldwide as well as increase the company's presence in the important Middle East market. The acquired business is part of the Well Intervention Services business area.

USD 6.7 million cash was paid to the selling shareholders at the acquisition date. Transaction costs related to the acquisition of NOK 2 million has been recognised in Other operating expenses in the income statement. The current analysis and allocation of fair value is provisional.

Step Oiltools

On 31 March 2011, Aker Solutions acquired 55 per cent of shares and voting rights in Step Oiltools BV. Step Oiltools operates within the Drilling Water Management market, and represents a continuation of the strategic moves made by Step Offshore over the last years, taking over a larger scope of supply of mud system equipment. The acquired business is part of the Drilling Technologies business area.

Aker Solutions has a call option for the 45 per cent remaining shareholding in 2016. Pricing is based on book value of equity at the end of 2015 and accumulated EBIT for the period 2016-2018. The seller has a put option exercisable in 2018, but price dependent on accumulated EBIT is reduced to 70 per cent. Aker Solutions has included USD 30 million as contingent consideration in 2011, which represents the fair value at the time of the business combination. Transaction costs related to the acquisition of NOK 4 million has been recognised in Other operating expenses in the income statement.

Goodwill resulting from the transaction is mainly attributable to value of the assembled workforce. The current analysis and allocation of fair value is provisional.

Values at time of acquisition for all business combinations[1]

Amounts in NOK million	**2011**
Property, plant and equipment	29
Intangible assets	63
Current operating assets	37
Cash and cash equivalents	10
Deferred tax liabilities	(28)
Current operating liabilities	(14)
Net assets acquired at fair value	**97**
Goodwill	371
Fair value acquired	**468**
Total consideration	468
Deferred and contingent consideration	(244)
Cash paid as of 31 December 2011	**224**
Cash and cash equivalents acquired	10
Net cash paid[2]	**214**
Operating revenue in acquired subsidiaries after acquisition	**91**
Profit for the period in acquired subsidiaries after acquisition	**1**

1) Values at time of acquisition relate mainly to the acquisition of Benestad.

2) In addition to NOK 214 million paid for acquisitions in 2011, NOK 459 million was paid in 2011 related to acquisitions that took place in prior years.

Business combinations in 2010
Derrick
In May 2010, Aker Solutions entered into an asset purchase agreement with Derrick GmbH & Co. KG for the purchase of a small workshop, including six employees. The acquired business refines and modifies derrick products to meet European standards, maintains its rental pool and provides services. The acquired business has been set up as a German branch of Step Offshore AS. The purchase price was NOK 28 million.

Acquisition of non-controlling interest 2011
Aker Powergas Pvt Ltd.
On 19 January 2011, Aker Solutions acquired additional 3.74 per cent of the shares and voting interests in Aker Powergas Pvt Ltd. to increase the group's operational control.

NOK 23 million cash was paid to the selling shareholders at the acquisition date. The transaction resulted in a reduction of non-controlling interests of NOK 21 million.

Acquisition of non-controlling interest 2010
First Interactive AS (2010)
In February 2008, Aker Solutions acquired 60.2 per cent of the shares in the company First Interactive AS. The company is a provider of an IT simulation system that enables the oil companies to simulate installations and operations. In August 2010, Aker Solutions acquired the remaining 39.8 per cent of the shares and voting interests in First Interactive AS to increase the group's operational control.

NOK 14 million cash was paid to the selling shareholders at the acquisition date. An additional consideration will be due in 2015. The final consideration will be based on the accumulated EBITDA for 2011 to 2014 and is estimated to NOK 8 million, which represented the fair value at the acquisition date. The transaction resulted in a reduction of non-controlling interests of NOK 13 million.

Note 7 Discontinued operations and disposal groups held for sale

Discontinued operations
Process & Construction businesses
In February 2011 Aker Solutions sold principal operations within its Process and Construction business (P&C) area to Jacobs Engineering Group Inc. The transaction value was NOK 5.5 billion, with settlement in cash at completion. As of 31 December 2010, the P&C businesses were classified as a disposal group held for sale and accounted for as discontinued operations.

A net gain of NOK 2 053 million was recognised in the income statements in 2011, included in Net profit from discontinued operations.

Kvaerner
In the second quarter of 2011, Aker Solutions decided to demerge its EPC-business. Through the demerger, Kværner ASA (Kvaerner), a company established for the purpose of the demerger, was listed on the Oslo Stock Exchange on 8 July 2011. Consequently, the Kvaerner company was accounted for as discontinued operations from second quarter 2011.

According to IFRIC 17 Distribution of non-cash assets to owners, a gain shall be recognised based on the difference between fair value of Kvaerner and the carrying amount at the time of distribution, with a consequential effect on earnings per share. Fair value of Kvaerner was estimated to NOK 3 688 million (NOK 13.71 per share). The valuation was based on average share price the first five days of trading. A net gain of NOK 1 380 million was recognised in the income statements in 2011, included in Net profit from discontinued operations.

Results from discontinued operations
Net profit from discontinued operations includes net profit before disposal/demerger and gain related to the transactions.

Income statement of discontinued operations

Amounts in NOK million	**2011**	2010
Revenue	**7 810**	17 402
Operating expenses	**(7 228)**	(16 480)
Financial items	**4**	(54)
Profit before tax	**586**	868
Tax	**(259)**	(192)
Net profit from operating activities, net of tax	**327**	676
Gain on sale/demerger of discontinued operations	**3 433**	-
Income tax on gain on sale of discontinued operations	**(97)**	-
Net profit from discontinued operations[1]	**3 663**	676

1) Net profit is all attributable to equity holders of Aker Solutions.

Earnings per share of discontinued operations

Amounts in NOK	**2011**	2010
Basic earnings per share (NOK) from discontinued operations	**13.60**	2.51
Diluted earnings per share (NOK) from discontinued operations	**13.56**	2.50

Cash flow of discontinued operations

Amounts in NOK million	**2011**	2010
Operating cash flow	**1 302**	(343)
Investing cash flow	**3 204**	(33)
Financing cash flow	**(797)**	93
Net cash inflow (outflow)	**3 709**	(283)

Disposal group held for sale
AMC Connector AS (2011)
In connection with the sale of Aker Marine Contractors (AMC) to Singapore based Ezra Holdings Ltd (Ezra) in March 2011, it was also agreed to transfer 50 per cent of Aker Solutions' ownership in the AMC Connector installation vessel. The vessel was delivered from the yard in November 2011 and the sales transaction is agreed to take place in 2012.

As of 31 December 2011, AMC Connector AS is classified as disposal group held for sale. The company, which is part of business area Oilfield Services and Marine Assets, is not considered a separate major line of business so it has not been accounted for as discontinued operations. No gain is expected to be recognised related to the transaction that will take place in 2012.

Aker Marine Contractors (2010)
As of 31 December 2010, AMC businesses sold to Ezra in March 2011 was classified as disposal group held for sale, including allocated goodwill of NOK 270 million. A net gain of NOK 815 million was recognised in the income statements in 2011, included in Other income.

Process & Construction businesses (2010)
As of 31 December 2010, the P&C businesses that was sold to Jacobs in February 2011 was classified as a disposal group held for sale, including allocated goodwill of NOK 1 020 million.

Disposal group classified as held for sale as of 31 December

Amounts in NOK million	**2011**	2010
Goodwill	**-**	1 289
Deferred tax assets	**-**	68
Properties, plant and equipment	**1 789**	304
Other non-current assets	**-**	59
Total current assets	**42**	1 416
Assets held for sale	**1 831**	3 136
Deferred tax liabilities	**(4)**	(42)
Non-current liabilities	**-**	(79)
Current liabilities	**(41)**	(1 418)
Liabilities held for sale	**(45)**	(1 539)
Translation differences	**-**	(119)

The disposal groups held for sale also had receivables and liabilities to other Aker Solutions entities. These assets and liabilities have been eliminated in the group's consolidated financial statements. The internal loan in AMC Connector AS as of 31 December 2011 will be refinanced before the sales transaction with Ezra is completed, based on 70 per cent external financing of book value of the vessel.

Effect of disposals and demerger on the financial position of Aker Solutions
The table below summarises the effects of demergers and disposals of subsidiaries that took place in 2011, including P&C businesses, AMC businesses and Kvaerner.

Amounts in NOK million	**2011**
Intangibles	2 566
Property, plant and equipment	708
Other non-current assets	453
Current assets	4 863
Cash	4 280
Non-current liabilities	(303)
Current liabilities	(6 820)
Net assets and liabilities	**5 747**
Consideration received, settled in cash	5 591
Cash and cash equivalents disposed of	(2 075)
Net cash flow from disposals	**3 516**
Cash and cash equivalents demerged	(2 205)
Net cash flow	**1 311**

Note 8 Other income

Amounts in NOK million	*Note*	**2011**	2010
Gain on disposal of businesses	*7*	**815**	-
Gain on disposal of fixed assets		**-**	150
Increase in contingent considerations from business combinations		**(13)**	(2)
Profit (loss) from equity-accounted investees	*26*	**5**	7
Other		**-**	3
Total Other income		**807**	158

Gain on disposal of businesses relates to the sale of AMC businesses in March 2011, see note 7 Discontinued operations and disposal groups held for sale for more information about the transaction. Gain on sale of fixed assets in 2010 relates mainly to gain on sale of office buildings in Aker Powergas Pvt Ltd.

Note 9 Related parties

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

Aker Solutions ASA is a parent company with control of around 150 companies around the world. These subsidiaries are listed in note 34 Group companies. Any transactions between the parent company and the subsidiaries are shown line by line in the separate financial statements of the parent company, and are eliminated in the group financial statements.

Associate companies and jointly controlled companies are consolidated using the equity method, see note 26 Equity-accounted investees. Any transactions between the group and these entities are shown in the table below.

Renumerations and transactions with directors and executive officers are summarised in note 11 Salaries, wages and social security costs.

The largest shareholder of Aker Solutions is Aker Kværner Holding AS (40.3 per cent). Aker Kværner Holding AS is controlled by Aker ASA (70 per cent) which in turn is controlled by Kjell Inge Røkke and his family through TRG Holding AS and The Resource Group AS. All entities which Kjell Inge Røkke controls are considered related parties to Aker Solutions (Aker entities). Due to the transactions between the companies through 2011, including the post merger services, Aker Solutions and Kvaerner are also presented as related parties (Kvaerner entities).

Summary of transactions and balances with related parties (continuing operations only)

2011

Amounts in NOK million	Kvaerner entities[1]	Aker entities	Associated companies	Joint ventures	**Total**
Income statement					
Operating revenues	550	1	10	12	**573**
Operating costs	(437)	(1)	-	-	**(438)**
Net financial items	(1)	-	-	11	**10**
Balance sheet					
Trade receivables	150	-	-	3	**153**
Provision for bad debts	(1)	-	-	-	**(1)**
Other non-interest bearing assets	-	186	-	-	**186**
Interest-bearing receivables	-	-	-	234	**234**
Trade payables	(93)	-	-	-	**(93)**

1) Related party from 8 July 2011.

2010

Amounts in NOK million	Aker entities	Associated companies	Joint ventures	Total
Income statement				
Operating revenues	53	10	105	168
Operating costs	(1)	-	-	(1)
Net financial items	-	-	9	9
Balance sheet				
Trade receivables	39	-	-	39
Provision for bad debts	(4)	-	-	(4)
Other non-interest bearing assets	207	-	-	207
Interest-bearing receivables	-	-	218	218

Significant related party transactions and balances are described below.

Related party transactions with joint ventures

Aker DOF Deepwater AS

A loan of NOK 234 million (NOK 218 million in 2010) is given to the jointly controlled entity Aker DOF Deepwater (NIBOR 12 months + 1.5 per cent).

Aker Solutions ASA has issued payment guarantees to STX Singapore Offshore Pte Ltd for 50 per cent of all amounts payable by Aker DOF Deepwater under the contract to construct one vessel. Aker Solutions remaining commitments amount to NOK 145 million as of 31 December 2011. Aker DOF Deepwater plan to enter into long-term financing agreement of 70 per cent of contract value.

In addition, Aker Solutions ASA has issued financial guarantees in favor of financial institutions related to financing of four vessels in Aker DOF Deepwater. Liability is capped at 50 per cent of drawn amount (NOK 507 million as of 31 December 2011).

Aker Clean Carbon AS

Aker Solutions has a 50 per cent shareholding in Aker Clean Carbon, a company that is jointly controlled by Aker Solutions and Aker ASA. Aker Clean Carbon and Kvaerner Group have entered into a joint venture agreement for construction of the European CO2 Technology Center at Mongstad for Statoil. Project completion is estimated to occur in 2012.

Aker Solutions has issued a Parent Company Guarantee to Aker Capital AS for Aker Clean Carbons contractual obligations related to the project, capped at 50 per cent of contract value (NOK 520 million at contract award).

Related party transactions with Kvaerner
All entities in Kvaerner Group are related parties to Aker Solutions from 8 July 2011 (date of demerger). See note 7 Discontinued operations for more information about the demerger.

Aker Solutions is both an acquirer and a supplier of both goods and services to Kvaerner. Ordinary business operations with Kvaerner normally include sub-contracting and hire of personnel. In addition to ordinary business operations, the services listed below have been provided by Aker Solutions. Service revenues of approximately NOK 130 million is included in revenues from Kvaerner entities. Pricing models vary between types of services.

Type of service:
- Transitional services (administration, HR, finance and accounting, treasury, IT, legal support, office space)
- Recruitment and supply of technical and project administrative personnel
- Insurance services

Aker Solutions has provided parent company guarantees on behalf of Kvaerner entities of NOK 39 billion and bank guarantees on behalf of Kvaerner entities of NOK 1 232 million. The amount reflects obligations per date of issue of the guarantees. Kvaerner pays a guarantee commission on market terms. Kvaerner is liable to indemnify Aker Solutions for any rightful claim under the guarantees.

Related party transactions with Aker
Intellectual Property Holding AS
Aker Solutions has an agreement with Intellectual Property Holding which holds all rights, titles and interests in and to registered trademarks and domain names containing “Aker”. According to the agreement, Aker Solutions has acquired the right to use the “Aker” name in combination with “Solutions”.

Aker ASA
Aker Subsea Inc and Aker Kvaerner Wilfab Inc, which are subsidiaries of Aker Solutions, are sponsoring employers of the US pension plan Kvaerner Consolidated Retirement Plan. The principal sponsor for the plan is Kvaerner U.S. Inc, a subsidiary of TH Global plc. Aker has provided a guarantee to the plan in the event that Aker Solutions becomes liable for more than one third of the underfunded element of the plan. A provision for Aker Solutions share of estimated underfunded element of NOK 31 million is recognised in Trade and other payables.

Aker Shiplease AS
In 2009 Aker and Aker Solutions entered into a 10 year bareboat charter contract for vessel Aker Wayfarer. Aker Wayfarer is an offshore vessel designed for ultra-deepwater with state of the art equipment. An non-interest bearing lease prepayment was paid in 2009 and is included in other non-current operating assets of NOK 186 million.

Oslo Asset Management
Aker Insurance received investment management services from Oslo Asset Management. The annual fee is based on average total capital.

Other related parties
Aker Pensjonskasse
Aker Pensjonskasse was established by Aker ASA to manage the Aker Solutions retirement plan for employees, retirees and related companies. The total paid-in equity was NOK 128 million at the end of 2011 (NOK 128 million in 2010). Premium paid to Aker Pensjonskasse amounts to NOK 77 million in 2011 (NOK 79 million in 2010). Aker Solutions holds 93.4 per cent of the shares in the Aker Pensjonskasse.

Note 10 Operating segments

Following the sale of P&C businesses, restructuring of the group and demerger of Kvaerner, a new reporting structure was implemented in 2011. Historical numbers are restated to reflect the new structure.

Aker Solutions has three reportable segments which are the strategic business units of the group. The strategic business units are managed separately and offer different products and services due to different market segments and different strategies for their projects, products and services.

The following summary describes the operations in each of Aker Solutions’ reportable segments:

Product Solutions
Aker Solutions delivers oilfield products for the entire upstream value chain, from reservoir through processing. The segment includes the following business areas: subsea, drilling, umbilicals, processing technology and mooring and loading equipment. Within each business area, Aker Solutions delivers individual products or provides integrated systems with high engineering contents. Life-cycle services is also available as part of the total offering.

Field Life Solutions
Aker Solutions offers a wide range of services, which has the ultimate objective to increase oil and gas recovery from existing fields and extend the operating life of field assets. The Field-Life Solutions segment consists of three business areas: Maintenance, Modifications and Operations, Well Intervention Services and Oilfield Services and Marine Assets.

Engineering Solutions
Aker Solutions provides concept and front-end studies to oil companies around the world. Its concepts, competence and experience are particularly relevant for complex oil and gas field developments in harsh environment and for deep waters where floating production units are typically required.

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

There are varying levels of integration between the business areas, which all deliver products and services to customers within the oil and gas industry globally and where the group’s expertise and products can be exploited in interaction with each other.

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

2011 - Operating segments

Amounts in NOK million	*Note*	Product Solutions	Field life Solutions	Engineering Solutions	**Total operating segments**	Other	Elim.	**Total**
External revenue and other income								
Construction contracts		13 268	4 079	2 158	**19 505**	217	-	**19 722**
Services revenue		4 478	7 665	-	**12 143**	721	-	**12 864**
Products		1 503	29	-	**1 532**	-	-	**1 532**
Other		233	-	773	**1 006**	1 350	-	**2 356**
Total external revenue and other income		19 482	11 773	2 931	**34 186**	2 288	-	**36 474**
Inter-segment revenue		225	405	322	**952**	3 170	(4 122)	**-**
Total operating revenue and other income		19 707	12 178	3 253	**35 138**	5 458	(4 122)	**36 474**
EBITDA		1 136	1 025	374	**2 535**	910	-	**3 445**
Depreciation, amortisation and impairment	*23, 24*	(420)	(350)	(29)	**(799)**	(77)	-	**(876)**
EBIT		716	675	345	**1 736**	833	-	**2 569**
Order intake (unaudited)		25 840	10 232	4 515	**40 587**	4 732	(3 992)	**41 327**
Order backlog (unaudited)		22 098	16 185	3 703	**41 986**	3	(540)	**41 449**
Own employees (unaudited)		8 695	6 212	2 588	**17 495**	902	-	**18 397**

Amounts in NOK million	*Note*	Product Solutions	Field life Solutions	Engineering Solutions	**Total operating segments**	Other	Elim.	Kvaerner	**Total**
Assets									
Current operating assets		10 851	2 663	714	**14 228**	567	(373)		**14 422**
Non-current operating assets		6 236	8 114	775	**15 125**	(1 112)	-		**14 013**
Operating assets		17 087	10 777	1 489	**29 353**	(545)	(373)		**28 435**
Tax-related assets	*15*								**636**
Equity-accounted investees	*26*								**246**
Other investments	*27*								**418**
Cash and interest-bearing receivables									**2 546**
Assets held for sale	*7*								**1 831**
Total assets									**34 112**
Liabilities									
Current operating liabilities		(9 122)	(3 419)	(735)	**(13 276)**	(1 213)	373		**(14 116)**
Non-current operating liabilities		(203)	(171)	(86)	**(460)**	(117)	-		**(577)**
Operating liabilities		(9 325)	(3 590)	(821)	**(13 736)**	(1 330)	373		**(14 693)**
Tax-related liabilities	*15*								**(1 396)**
Net interest-bearing borrowings	*28*								**(6 000)**
Other non-current liabilities	*29*								**(661)**
Liabilities held for sale	*7*								**(45)**
Total liabilities									**(22 795)**
Net current operating assets	*16*	1 729	(756)	(21)	**952**	(646)	-		**306**
Net capital employed	*16*	8 208	8 480	1 040	**17 728**	(1 306)	-		**16 422**
Cash flow									
Cash flow from operating activities		860	1 397	65	**2 322**	126	-	1 379	**3 827**
Acquisition of property, plant and equipment	*23*	(543)	(2 439)	(32)	**(3 014)**	(298)	-	(73)	**(3 385)**
Additions of other non-current assets		(230)	(24)	(19)	**(273)**	(107)	-	-	**(380)**

2010 - Operating segments

Amounts in NOK million	*Note*	Product Solutions	Field life Solutions	Engineering Solutions	Total operating segments	Other	Elim.	Total
External revenue and other income								
Construction contracts		12 440	2 890	2 645	17 975	1 429	-	19 404
Services revenue		4 287	7 550	-	11 837	77	-	11 914
Products		1 390	-	-	1 390	-	-	1 390
Other		(2)	52	536	586	71	-	657
Total external revenue and other income		18 115	10 492	3 181	31 788	1 577	-	33 365
Inter-segment revenue		282	604	333	1 219	2 956	(4 175)	-
Total operating revenue and other income		18 397	11 096	3 514	33 007	4 533	(4 175)	33 365
EBITDA		1 591	1 234	292	3 117	191	-	3 308
Depreciation, amortisation and impairment	*23, 24*	(388)	(321)	(26)	(735)	(82)	-	(817)
EBIT		1 203	913	266	2 382	109	-	2 491
Order intake (unaudited)		18 832	15 787	2 692	37 311	4 341	(2 879)	38 773
Order backlog (unaudited)		17 346	18 144	2 517	38 007	752	(231)	38 528
Own employees (unaudited)		7 330	6 192	2 303	15 825	1 142	-	16 967

Amounts in NOK million	*Note*	Product Solutions	Field life Solutions	Engineering Solutions	Total operating segments	Other	Elim.	Kvaerner	Total
Assets									
Current operating assets		9 189	2 599	638	12 426	878	(898)	4 536	16 942
Non-current operating assets		5 518	5 894	785	12 197	829	-	1 567	14 593
Operating assets		14 707	8 493	1 423	24 623	1 707	(898)	6 103	31 535
Tax-related assets	*15*								725
Equity-accounted investees	*26*								424
Other investments	*27*								157
Cash and interest-bearing receivables									4 044
Assets held for sale	*7*								3 136
Total assets									40 021
Liabilities									
Current operating liabilities		(7 595)	(3 241)	(752)	(11 588)	(1 259)	898	(5 611)	(17 560)
Non-current operating liabilities		(196)	(148)	(75)	(419)	(118)	-	(110)	(647)
Operating liabilities		(7 791)	(3 389)	(827)	(12 007)	(1 377)	898	(5 721)	(18 207)
Tax-related liabilities	*15*								(944)
Net interest-bearing borrowings	*28*								(8 224)
Other non-current liabilities	*29*								(753)
Liabilities held for sale	*7*								(1 539)
Total liabilities									(29 667)
Net current operating assets	*16*	1 594	(642)	(114)	838	(381)	-	(1 075)	(618)
Net capital employed	*16*	8 281	5 136	992	14 409	1 871	-	891	17 171
Cash flow									
Cash flow from operating activities		953	987	257	2 197	479	-	(545)	2 131
Acquisition of property, plant and equipment	*23*	(587)	(1 216)	(14)	(1 817)	(640)	-	(10)	(2 467)
Additions of other non-current assets		(158)	-	(14)	(172)	(35)	-	-	(207)

Major customers
Revenue from one customer to all segments represents approximately NOK 8.5 billion (NOK 7.6 billion in 2010) of the group's total revenue.

Geographical information
Geographical revenue is presented on the basis of geographical location of customers. Non-current segment assets and capital expenditures are based on the geographical location of the assets. No single country have higher revenues or non-current assets than 10 per cent of the group except Norway.

	Operating revenue and other income		Non-current assets		Capital expenditure	
Amounts in NOK million	**2011**	2010	**2011**	2010	**2011**	2010
Norway	**16 013**	14 098	**9 481**	10 710	**2 852**	1 869
Europe	**4 910**	4 411	**3 174**	3 032	**221**	249
North America	**3 502**	2 952	**646**	125	**120**	165
South America	**1 569**	2 007	**396**	354	**119**	109
Asia	**7 572**	6 910	**782**	771	**59**	70
Australia	**1 567**	670	**16**	13	**6**	1
Other	**1 341**	2 317	**79**	74	**8**	4
Total	**36 474**	33 365	**14 574**	15 079	**3 385**	2 467

Note 11 Salaries, wages and social security costs

Amounts in NOK million	*Note*	**2011**	2010
Salaries and wages including holiday allowance		**9 350**	8 961
Social security tax/National insurance contribution		**1 273**	1 206
Pension cost	*30*	**496**	342
Other employee costs		**234**	218
Salaries, wages and social security costs		**11 353**	10 727

Loans to employees are shown in note 25 Interest-bearing receivables. No guarantees are granted to any employee.

Share purchase programme for employees
Approximately 3 100 employees currently participate in Aker Solutions' share purchase programmes. Each employee purchases Aker Solutions shares for NOK 1 250 per month in 12 consecutive months at market price. The employee pays NOK 1 125, while the company contributes the remaining NOK 125. Employees who are still employed by the company 2.5 years after the programme started, and do not sell or otherwise dispose of the shares purchased under the programme, receives one bonus share for every two shares purchased.

- Programme 1 started in March 2009 with savings through February 2010, and resulted in 2 850 employees each receiving 152 bonus shares in September 2011. Bonus shares were adjusted in accordance with the value ratio following the demerger of Kværner ASA from Aker Solutions ASA in July 2011.
- Programme 2, with share savings from March 2010 through February 2011, will result in bonus shares in September 2012.
- Programme 3, with share savings from March 2011 through February 2012, will result in bonus shares in September 2013.

The company's contribution to the purchase of the shares as well as the value of the bonus shares are expensed as salary expenses.

Board of Directors
The Board of Directors are elected for two years at the General Meeting. Fees for the 2011 fiscal year were NOK 8 459 000, including NOK 600 000 transferred to the labour union covering occupational activities in the group. The board fee for Øyvind Eriksen includes fee for his role as Executive Chairman. Fees to the reward committee were NOK 75 000 (corresponding to 2010), and fees paid to the audit committee were NOK 300 000 (no fees paid in 2010). The Board of Directors did not receive any other payments in 2011 or 2010, except for employee representatives who had market based salaries. The members of the Board of Directors have no agreements that entitle them to any extraordinary remuneration.

2011

Amounts in NOK	Board meeting attendance	Extraordinary board meeting attendance	Reward Committee	Audit Committee	Board fees
Øyvind Eriksen	13 of 13	2 of 2	25 000		5 459 000
Mikael Lilius	12 of 13	2 of 2	25 000		400 000
Ida Helliesen	13 of 13	2 of 2		150 000	300 000
Lone Fønss Schrøder	11 of 13	2 of 2		75 000	300 000
Kjell Inge Røkke	9 of 13	2 of 2	25 000		300 000
Atle Teigland[1]	13 of 13	2 of 2		75 000	300 000
Åsmund Knutsen[1]	13 of 13	2 of 2			300 000
Arild Håvik[1]	12 of 13	2 of 2			300 000
Hilde Karlsen[1]	7 of 7	1 of 1			200 000
Anne Drinkwater	5 of 7	0 of 1			200 000
Sarah Ryan (deputy director)	6 of 7	1 of 1			200 000
Vibeke Hammer Madsen	6 of 6	1 of 1			100 000
Arve Toft[1]	6 of 6	1 of 1			100 000
			75 000	300 000	8 459 000

2010

Amounts in NOK	Board meeting attendance	Extraordinary board meeting attendance	Reward Committee	Board fees
Øyvind Eriksen	13 of 13	4 of 4	25 000	2 900 000
Lone Fønss Schrøder	13 of 13	4 of 4		250 000
Ida Helliesen	13 of 13	4 of 4		250 000
Vibeke Hammer Madsen	12 of 13	4 of 4	25 000	250 000
Mikael Lilius	11 of 13	3 of 4		250 000
Kjell Inge Røkke	10 of 13	3 of 4	25 000	250 000
Atle Teigland[1]	13 of 13	4 of 4		150 000
Åsmund Knutsen[1]	12 of 13	3 of 4		150 000
Arild Håvik[1]	12 of 13	4 of 4		150 000
Arve Toft[1]	11 of 13	4 of 4		150 000
			75 000	4 750 000

1) According to agreement with and initiative from the employees, NOK 150 000 (NOK 100 000 in 2010) is transferred to the labour union covering occupational activities in the group, for each board member elected from the employees.

According to policy in Aker, fees to directors employed in Aker companies will be paid to the Aker companies, not to the directors in person. The same policy is implemented for fees for the reward committee. Therefore, board fees and reward comittee fees for Øyvind Eriksen were paid to Aker ASA. Board fees and reward comittee fees for Kjell Inge Røkke were paid to The Resource Group. The board fee for Øyvind Eriksen includes fee for his role as Executive Chairman after Simen Lieungh stepped down from his position as President & CEO in June 2010. Board fees etc. for the second half of 2011 will be approved by the Annual General Meeting on 13 April 2012 (the ordinary annual meeting resolves on board fees for the period from the general meeting in 2011 to the same for 2012).

The audit committee
Aker Solutions has an audit committee comprising three of the directors, which held 11 meetings in 2011. As of 31 December 2011, the audit committee comprises Ida Helliesen (Chairperson), Lone Fønss Schrøder and Atle Teigland.

The reward committee
The reward committee has three members elected by and among the Board of Directors. As of 31 December 2011 the members of the reward committee are Øyvind Eriksen (Chairman), Mikael Lilius and Kjell Inge Røkke.

The reward committee ensures that the company's reward policy serves the interest of the shareholders and that the company has internally consistent and externally competitive remuneration of executives.

Guidelines for remuneration to the President & CEO and the members of the executive management team
The main purpose of the executive reward 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 based salary, a few standard employee benefits and a variable pay programme.

The President & CEO and the executive management team participate in the standard pension and insurance schemes applicable to all employees. The company practice standard employment contracts and standard terms and conditions regarding notice period and severance pay for the President & CEO and the members of the executive management team. The company does not offer share option programmes to any managers or employees.

The objective of the variable pay programme is to contribute to the company achieving good financial results and management according to the company's values and business ethics.

The variable pay programme consists of three parts and is based on the achievement of financial and personal performance targets, development of the share price of Aker Solutions ASA and conditions on continued employment. The variable pay is earned over a period of three years. The maximum paid variable pay in any year cannot exceed base salary, and a surplus can be delayed for payment in later periods.

- The first part of the variable pay is earned during the first year and is based on financial and personal performance targets. The maximum value is 94.5 per cent of base salary. The executives is paid 50 per cent of this variable pay immediately after the end of the first year, and 50 per cent is delayed until after the third year.
- The second part is conditional on that the Executive is still employed after three years, where the Executive receives an additional 50 per cent of the variable pay as earned the first year. The maximum amount is 30 per cent of base salary.
- The third part of the programme is based on the share price after three years and is dependent on the Executive still being employed at that time. The value is based on 50 per cent of part one plus 100 per cent of part two of the variable pay programme. The sum of these are then multiplied by the per centage increase of the Aker Solutions ASA share price over the change in the general stock index at the Oslo Stock Exchange (OSEBX) over the three year period. The share based payment has a maximum value of 20 per cent of base salary at that time.

In addition to the ordinary variable pay programme, the executive management is from time to time granted a discretionary variable pay. There was no discretionary pay expense in 2011 (NOK 8.25 million in 2010).

The remuneration to the executive management team in 2011 was according to guidelines of the company.

Remuneration to members of the executive management team
Total expensed remuneration of the executive management team for 2011 was NOK 72.8 million (NOK 36.1 million in 2010). In addition, Aker Solutions incurred NOK 1.5 million in 2011 (NOK 0.8 million in 2010) in pension costs for the executive management team.

2011

Amounts in NOK	Position	Period	Base salary[1]	Variable pay[2]	Other benefits[3]	Total taxable remuneration	Pension benefit earned/ cost to company[4]
Leif Hejø Borge	President & CFO	1 January - 31 December	3 947 735	951 846	23 914	4 923 495	63 987
Alan Brunnen	Head of Subsea	7 September - 31 December	729 492	62 572	-	792 064	89 368
Gary Mandel[5]	Executive Vice President P&C	1 January - 31 January	207 896	-	20 948 682	21 156 578	-
Karl Erik Kjelstad	Head of Oilfield Services and Marine Assets	1 January - 31 December	3 086 305	3 075 055	5 441	6 166 801	62 891
Leif Haukom	Head of Mooring and Loading Systems	1 March - 31 December	1 698 741	480 954	5 376	2 185 071	216 516
Mads Andersen[5]	Executive Vice President Subsea	1 January - 30 September	1 967 122	-	4 765 129	6 732 251	104 827
Mark Riding	Chief Strategic Marketing	1 March - 31 December	1 992 769	655 837	671 333	3 319 938	63 980
Michael Hambly	Head of Process Systems	1 March - 31 December	1 403 811	349 091	5 441	1 758 343	63 329
Niels Didrich Buch	Chief of Staff	1 January - 31 December	2 147 004	692 287	23 794	2 863 085	111 709
Per Harald Kongelf	Chief Operating Officer	1 January - 31 December	2 692 228	562 534	24 275	3 279 037	112 859
Sissel Anne Lindland	Chief HR Officer	1 March - 31 December	1 461 689	289 297	5 441	1 756 427	71 023
Thor Arne Håverstad	Head of Drilling Technologies	1 March - 31 December	1 981 007	1 676 065	5 441	3 662 513	118 451
Tore Sjursen	Head of Maintenance, Modifications and Operations	1 January - 31 December	2 305 033	1 704 908	5 441	4 015 382	103 547
Tove Røskaft	Head of Umbilicals	7 September - 31 December	527 090	122 130	1 723	650 943	102 545
Valborg Lundegaard	Head of Engineering	1 March - 31 December	1 945 359	1 268 638	5 441	3 219 438	131 118
Wolfgang Puennel	Head of Well Intervention Services	1 March - 31 December	1 616 296	657 850	834 839	3 108 985	-
Åsmund Bøe	Chief Technology Officer	1 March - 31 December	1 998 902	776 485	388 725	3 164 112	62 476
Total			31 708 479	13 325 549	27 720 436	72 754 464	1 478 626

2010

Amounts in NOK	Position	Period	Base salary[1]	Variable pay[2]	Other benefits[3]	Total taxable remuneration	Pension benefit earned/ cost to company[4]
Simen Lieungh[5]	CEO	1 January - 16 June	2 470 596	2 938 675	8 157	5 417 428	93 004
Leif Hejø Borge	CFO (whole year) and President (acting) from June	1 January - 31 December	3 304 174	464 813	23 846	3 792 833	60 565
Gary Mandel	Executive Vice President P&C	1 January - 31 December	3 284 003	1 645 224	-	4 929 227	62 926
Geir Arne Drangeid	Chief Communications Officer	1 March - 31 December	1 484 359	-	4 404	1 488 763	49 544
Jarle Tautra	Executive Vice President ED&S	1 January - 12 October	2 364 424	1 764 040	25 003	4 153 467	121 507
Karl Erik Kjelstad	Head of Oilfield Services and Marine Assets	1 January - 31 December	2 969 123	1 307 048	5 285	4 281 456	59 608
Mads Andersen	Executive Vice President Subsea	1 January - 31 December	2 641 946	1 892 018	23 730	4 557 694	101 856
Niels Didrich Buch	Chief of Staff	1 January - 31 December	2 048 676	753 831	23 845	2 826 352	108 691
Per Harald Kongelf	Chief Operating Officer	1 January - 31 December	2 329 490	1 765 141	24 308	4 118 939	109 714
Tore Sjursen	Head of Maintenance, Modifications and Operations	12 October - 31 December	529 630	-	1 688	531 318	25 103
Total			23 426 421	12 530 790	140 266	36 097 477	792 518

1) *Includes accrued holiday allowances. For 2011 the amount also includes temporary allowance for additional job responsibility for Leif Hejø Borge of NOK 1 000 000 as acting President, Per Harald Kongelf of NOK 150 000 as CEO of Kvaerner and Alan Brunnen of GBP 23 864 as Executive Vice President of Subsea business area.*

2) *Based on estimated variable pay earned during the year.*

3) *Other benefits include insurance agreements, such as membership in the standard employee scheme and an additional executive group life and disability insurance with a maximum cover of NOK 4 240 770. The amount also includes housing costs and international salary compensation for Wolfgang Puenell and Mark Riding, in addition to children schooling costs for Åsmund Bøe.*

4) *Pension benefits include the standard employee pension scheme, a pension compensation scheme (for transfer from benefit to contribution scheme), a disability pension scheme and certain management pension rights related to the wound up schemes following the Kvaerner/Aker Maritime merger in 2002.*

5) *Other benefits includes salary in notice period and severance pay for management were employment is terminated. Accrual for severance pay and security costs was NOK 0.7 million related to former CEO, Simon Lieungh as of 31 December 2011.*

The members of the executive management team have the following agreements upon termination of employment:

	Notice period	Severance pay
Leif Hejø Borge	6 months	6 months
Alan Brunnen	3 months	0 months
Karl Erik Kjelstad	6 months	6 months
Niels Didrich Buch	6 months	6 months
Leif Haukom	6 months	6 months
Mark Riding	3 months	6 months
Michael Hambly	3 months	6 months
Per Harald Kongelf	6 months	6 months
Sissel Anne Lindland	6 months	6 months
Thor Arne Håverstad	3 months	6 months
Tore Sjursen	3 months	0 months
Tove Røskaft	3 months	6 months
Valborg Lundegaard	3 months	6 months
Wolfgang Puennel	3 months	6 months
Åsmund Bøe	3 months	6 months

All members have the standard employee defined contribution plan as described in note 30 with the exception of Alan Brunnen who has a standard UK employee defined contribution plan.

There are no loans, securities or guarantees granted and there are no advance salary payment given to members of the executive management team.

Share-based payments
The development of the company's share price is an element of the variable pay programme as descrived above, of which the future share price is an element of the calculation. The accrual related to the future share based payment of the variable pay is estimated with the basis of the share price at year-end. The accrual consists of variable pay programmes for three preceeding years.

The Aker Solutions ASA share price decreased during 2011, resulting in a reduction of share based variable pay accrual. For the executive management as included in the table above, the accrual was NOK 1.0 million as of 31 December 2011 (NOK 3.7 million in 2010). There has not been any payment of share-based variable pay in 2011.

Directors' and executive management team's shareholding
The following number of shares were owned by the directors and the members of the executive management team (and their related parties) as of 31 December 2011:

	Position	**2011**	2010
Leif Hejø Borge	President & CFO	**20 709**	20 381
Thor Arne Håverstad	Head of Drilling Technologies	**6 045**	5 752
Åsmund Knutsen	Director	**3 614**	3 286
Karl Erik Kjelstad	Head of Oilfield Services & Marine Assets	**2 500**	2 500
Atle Teigland	Director	**2 309**	1 981
Arild Håvik	Director	**709**	381
Leif Haukom	Head of Mooring and Loading Systems	**709**	381
Michael Hambly	Head of Process Systems	**709**	381
Niels Didrich Buch	Chief of Staff	**709**	381
Sissel Lindland	Chief HR Officer	**709**	381
Arve Toft	Director	**460**	381
Tore Sjursen	Head of Maintenance, Modifications and Operations	**404**	252
Hilde Karlsen	Director	**305**	129
Mads Andersen	Executive Vice President	**15 067**	12 776
Gary Mandel	Executive Vice President	**-**	1 601

The overview includes only direct ownership of Aker Solutions shares and does not include Kjell Inge Røkke and Øyvind Eriksen's indirect ownership though TRG AS which again is a shareholder of Aker Kvaerner Holding AS which again is Aker Solutions ASA's biggest shareholder.

Note 12 Operating leases

Leases as lessee

Total non-cancellable operating lease commitments[1]

Amounts in NOK million	**2011**	2010
Contracts due within one year	**989**	979
Contracts running from one to five years	**3 168**	2 972
Contracts running for more than five years	**2 797**	2 794
Total	**6 954**	6 745

1) Does not include commitments related to disposal groups held for sale.

Minimum sublease payment to be received in the future amount to NOK 16 million (NOK 28 million in 2010), and relates mainly to sublease of buildings.

Lease and sublease payments recognised in the income statement[1]

2011

Amounts in NOK million	Buildings	Vessels	Plant, equipment and machinery	Other	**Total**
Minimum lease payments	583	454	194	37	**1 268**
Contingent payments	-	-	-	-	**-**
Sublease payments	(59)	-	-	-	**(59)**
Total	524	454	194	37	**1 209**

2010

Amounts in NOK million	Buildings	Vessels	Plant, equipment and machinery	Other	Total
Minimum lease payments	613	639	221	40	1 513
Contingent payments	-	-	-	-	-
Sublease payments	(53)	-	-	-	(53)
Total	560	639	221	40	1 460

1) Includes continuing operations only.

Operating lease costs for buildings relates to rental on a large number of locations worldwide. Aker Solutions has a twelve year leasing agreement with Norwegian Property for headquarters, Aker Hus, at Fornebu, Bærum expiring in 2019. Aker Solutions has also entered into a twelve year lease agreement with Fornebu Gate 2 AS for a new office building at Fornebu. This agreement will start when the building is completed in April 2012.

Vessel lease costs relates to Skandi Aker, Skandi Santos and Wayfarer which are operated by the business area Oilfield Services and Marine Assets. It also includes lease costs for BOA Sub C and BOA Deep C operated by Aker Marine Contractors until this business was sold.

Other plant and machinery costs primarily include leasing of IT equipment, cars and inventory. Leasing of IT equipment is based on a three year agreement with Hewlett Packard International Bank PLC. Inventory and ICT equipment are leased from SG Finans. There is no option to purchase the equipment and it cannot be sublet.

None of the leases include significant contingent rent.

Leases as lessor

Total non-cancellable operating lease income[1]

Amounts in NOK million	**2011**	2010
Contracts due within one year	**478**	254
Contracts running from one to five years	**565**	805
Contracts running for more than five years	**-**	-
Total	**1 043**	1 059

1) Does not include future lease income related to disposal groups held for sale.

Operating lease income relates to the vessel Skandi Santos and Aker Wayfarer. NOK 392 million was recognised as lease income in 2011 (NOK 212 million in 2010).

Note 13 Other operating expenses

Other operating expenses amount to NOK 5.4 billion in 2011 (NOK 4.7 billion in 2010). The expenses include audit fees, operating lease costs (see note 12 Operating leases) and other expenses mainly related to premises, electricity, maintenance, travelling, IT-equipment and insurance fees.

Fees to KPMG[1]

	Audit		Other assurance services		Tax		Other	
Amounts in NOK million	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Aker Solutions ASA	**5**	3	**-**	-	**-**	-	**-**	-
Subsidiaries	**30**	27	**2**	7	**4**	9	**2**	4
Total	**35**	30	**2**	7	**4**	9	**2**	4

1) Fees to auditors include fees for discontinued operations.

2) Audit fees for 2011 includes NOK 11 million related to dermerger of Kvaerner, and has been recharged to Kvaerner.

Note 14 Finance income and expenses

Amounts in NOK million	Note	**2011**	2010
Profit (loss) on foreign currency forward contracts		**35**	(78)
Interest income on bank deposits measured at amortised cost		**126**	54
Net foreign exchange gain		**53**	31
Other finance income		**4**	1
Finance income		**183**	86
Interest expense on financial liabilities measured at amortised cost		**(313)**	(454)
Interest expense on financial liabilities measured at fair value		**(29)**	(40)
Net foreign exchange loss		**(6)**	(8)
Impairment available-for-sale financial instruments	27	**(246)**	-
Other financial expenses		**(47)**	(7)
Finance expenses		**(641)**	(509)
Net finance expenses recognised in profit and loss		**(423)**	(501)

Some foreign exchange hedge transactions do not qualify for hedge accounting under IFRS, primarly because a large number of internal hedge transactions are grouped and netted before external hedge transactions are established. The non-qualifying hedge instruments are mainly foreign exchange forward contracts. The corresponding contracts (hedged items) when hedge accounting cannot be appplied. The net amount therefore reflects the difference in timing between the non-qualifying hedging instrument and the future transaction (economically hedged item) when hedge accounting cannot be applied. The exposure from foreign currency embedded derivatives is economically hedged, but cannot qualify for hedge accounting and is therefore included in ‘Net foreign exchange gain/loss’. Hedge accounting and embedded derivatives are explained in note 22 Derivative financial instruments.

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

Note 15 Tax

Income tax expense

Amounts in NOK million	*Note*	**2011**	2010
Current tax expense			
Current year		**467**	948
Adjustments for prior years		**35**	(214)
Total current tax expense		**502**	734
Deferred tax expense			
Origination and reversal of temporary differences		**343**	98
Benefit of recognised tax loss carry-forwards and timing differences originated in previous periods		**(7)**	(6)
Total deferred tax expense		**336**	92
Total tax expense		**838**	826
Attributable to continuing operations		**482**	634
Attributable to discontinued operations	*7*	**356**	192

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the corporate income tax rate of 28 per cent in Norway.

Amounts in NOK million	**2011**	2010
Profit before tax, continuing operations	**2 073**	1 968
Profit before tax, discontinued operations	**4 019**	868
Profit before tax, total	**6 092**	2 836
Expected income taxes (28 per cent) of profit before tax	**1 706**	794
Tax effects of:		
Permanent differences[1]	**(926)**	6
Prior year adjustments (current tax)	**35**	(214)
Prior year adjustments (deferred tax)	**(59)**	172
Effect of items booked against equity	**-**	(7)
Previously unrecognised tax losses used to reduce payable tax	**(64)**	(10)
Previously unrecognised tax losses used to reduce deferred tax	**(7)**	-
Deferred tax from write down (or reversal) of tax loss or deferred tax assets[2]	**175**	86
Change in tax rates	**-**	(9)
Differences in tax rates from 28 per cent	**(71)**	(30)
Other[3]	**49**	38
Income tax expense, continuing and discontinued operations	**838**	826
Effective tax rate	**14%**	29%
Tax effect of differences	**(868)**	32

1) Relates mainly to gain recognised from disposal of AMC businesses and P&C businessess, and the gain recognised from the demerger of Kvaerner.

2) Relates mainly to losses in Kvaerner entities in US, where no deferred tax assets was recognised.

3) Relates mainly to witholding tax.

Recognised deferred tax assets and liabilities

	Assets		(Liabilities)		Net	
Amounts in NOK million	**2011**	2010	**2011**	2010	**2011**	2010
Property, plant and equipment	**(141)**	(14)	**(121)**	(107)	**(262)**	(121)
Pensions	**66**	97	**66**	49	**132**	146
Projects under construction	**11**	(236)	**(1 376)**	(1 319)	**(1 365)**	(1 555)
Tax loss carry-forwards	**242**	160	**259**	711	**501**	871
Intangible assets	**11**	(7)	**(232)**	(279)	**(221)**	(286)
Provisions	**164**	183	**131**	156	**295**	339
Other	**180**	372	**(41)**	(82)	**139**	290
Total	**533**	555	**(1 314)**	(871)	**(781)**	(316)
Attributable to continuing operations	**533**	487	**(1 310)**	(829)	**(777)**	(342)
Attributable to disposal groups held for sale	**-**	68	**(4)**	(42)	**(4)**	26

Change in net recognised deferred tax assets and liabilities

Amounts in NOK million	Property, plant and equipment	Pensions	Projects under construction	Tax loss carry-forwards	Intangible assets	Provisions	Other	Total
Balance as of 1 January 2010	(125)	185	(1 928)	1 381	(268)	206	246	(303)
Recognised in profit and loss	(40)	(39)	378	(507)	(21)	122	14	(93)
Recognised in equity	-	(2)	(1)	2	-	-	2	1
Additions through business combinations	-	2	-	(3)	-	4	22	25
Disposals	41	-	-	2	-	-	-	43
Currency translation differences	3	-	(4)	(4)	3	7	6	11
Balance as of 31 December 2010	(121)	146	(1 555)	871	(286)	339	290	(316)
Recognised in profit and loss	(106)	9	(190)	(92)	(1)	117	(73)	**(336)**
Recognised in equity	-	-	-	-	-	-	(23)	**(23)**
Additions through business combinations	(8)	-	-	-	(15)	-	(5)	**(28)**
Disposals and demerger	(32)	(23)	380	(271)	79	(154)	(42)	**(63)**
Currency translation differences	5	-	-	(7)	2	(7)	(8)	**(15)**
Balance as of 31 December 2011	(262)	132	(1 365)	501	(221)	295	139	**(781)**

Tax loss carry-forwards and unrecognised deferred tax assets

2011

Amounts in NOK million	Norway	Europe other	North America	South America	Asia Pacific	Other	**Total**
Expires in 2016 and later[1]	-	-	350	-	21	-	**371**
Indefinite	703	248	-	389	510	25	**1 875**
Total tax loss carry-forwards	703	248	350	389	531	25	**2 246**
Unrecognised tax loss carry-forwards[2]	-	158	-	12	415	25	**610**

2010[4]

Amounts in NOK million	Norway	Europe other	North America	South America	Asia Pacific	Other	Total
Expires in 2011[3]	-	-	5	-	-	-	5
Expires in 2016 and later	-	298	603	-	443	-	1 344
Indefinite	2 252	96	-	-	11	-	2 359
Total tax loss carry-forwards	2 252	394	608	-	454	-	3 708
Unrecognised tax loss carry-forwards[2]	1	298	32	-	434	-	765

1) There are no tax loss carry-forwards that expires in the period 2012-2016.
2) Mainly expiry date more than 5 years.
3) There are no tax loss carry-forwards that expires in the period 2012-2015.
4) Includes discontinued operations.

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

Unrecognised deferred tax assets amounts to NOK 777 million (NOK 834 million in 2010), of which NOK 610 million (NOK 765 million in 2010) relates to tax loss carry-forwards.

Geographical overview of tax positions

2011

Amounts in NOK million	Current tax (benefit) expense	Deferred tax (benefit) expense	Total tax (benefit) expense	Net deferred tax asset (liability)	Net payable tax asset (liability)
Norway	10	589	599	(1 167)	4
Europe	82	(5)	77	(66)	(29)
North America	67	(59)	8	170	4
South America	-	(208)	(208)	271	76
Asia	343	19	362	13	(38)
Other countries	-	-	-	2	-
Total	**502**	**336**	**838**	**(777)**	**17**

2010

Amounts in NOK million	Current tax (benefit) expense	Deferred tax (benefit) expense	Total tax (benefit) expense	Net deferred tax asset (liability)	Net payable tax asset (liability)
Norway	65	207	272	(593)	(13)
Europe	181	(1)	180	(91)	(33)
North America	(114)	(17)	(131)	251	159
South America	113	(46)	67	79	(23)
Asia	491	(49)	442	35	48
Other countries	(2)	(2)	(4)	3	(1)
Total	734	92	826	(316)	137

Note 16 Net capital employed

Net capital employement is a key measure used in Aker Solutions internal reporting, and is determined as shown below.

Amounts in NOK million	Note	2011	2010
Inventories	18	**1 765**	1 686
Trade and other receivables	17	**12 117**	14 870
Provisions	21	**(935)**	(1 039)
Trade and other payables	20	**(12 934)**	(16 278)
Derivative financial instruments, net	22	**293**	143
Net current operating assets		**306**	(618)
Employee benefit assets	30	**103**	95
Other non-current operating assets		**191**	221
Intangible assets	24	**6 310**	6 783
Property, plant and equipment	23	**7 409**	7 494
Employee benefits obligations	30	**(577)**	(647)
Interest-bearing receivables	25	**1 238**	846
Investments	26, 27	**664**	581
Cash excl. cash pool arrangement		**778**	2 416
Total		**16 422**	17 171

Note 17 Trade and other receivables

Amounts in NOK million	Note	2011	2010
Trade receivables[1]		**6 406**	5 941
Less provision for impairment of receivables		**(59)**	(115)
Trade receivables, net		**6 347**	5 826
Advances to suppliers		**518**	440
Work in progress	19	**2 232**	4 753
Other receivables		**3 020**	3 851
Total		**12 117**	14 870

1) Trade receivables are financial instruments and an impairment loss of NOK 15 million (NOK 21 million in 2010) was recognised in cost of sales.

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

Aging of trade receivables

Amounts in NOK million	2011	2010
Current	**3 959**	3 942
Past due 0-30 days	**1 308**	715
Past due 31-90 days	**538**	334
Past due 91 days to one year	**527**	745
Past due more than one year	**74**	205
Total	**6 406**	5 941

Note 18 Inventories

Amounts in NOK million	2011	2010
Stock of raw materials	**1 003**	936
Goods under production	**251**	360
Finished goods	**511**	390
Total	**1 765**	1 686
Inventories carried at net realisable value	**630**	61
Write-down of inventories in the period	**14**	12

Note 19 Construction contracts

Amounts in NOK million	Note	2011	2010
Value of work performed on uncompleted contracts		**42 670**	79 358
Invoiced		**40 438**	74 605
Work in progress to be invoiced	*17*	**2 232**	4 753
Trade receivables related to construction contracts		**3 394**	3 940
Recoverable on construction contracts		**5 626**	8 693
Advances from customers	*20*	**2 623**	4 315

Largest projects in progress at year end 2011 (unaudited)

Project	Customer	Estimated delivery
Product Solutions		
Åsgard Compression	Statoil	2014
Goliat	ENI	2013
Vigdis	Statoil	2013
45 XMT	Petrobras	2014
Skuld	Statoil	2013
Guara Lula NE	Petrobras	2013
Seadrill 14	Seadrill	2012
Aker Drilling I	Aker Drillng	2014
Field Life Solutions		
Ekofisk 2/4Z	ConocoPhillips	2013
Eldfisk II Modifications	ConocoPhillips	2015
Oseberg B Drilling upgrade	Statoil	2013
Gudrun Tie-in to Sleipner	Statoil	2013
Engineering Solutions		
Kollsnes	Kvaerner/Statoil	2011
Sakhalin 1	Exxon	2012

Note 20 Trade and other payables

Amounts in NOK million	2011	2010
Trade creditors[1]	**2 704**	2 945
Advances from customers	**2 623**	4 315
Accrued operating and financial costs	**5 225**	6 003
Other current liabilities[2]	**2 382**	3 015
Total	**12 934**	16 278

1) Trade creditors include NOK 12 million due after one year (NOK 16 million in 2010).

2) Other current liabilities include NOK 148 million related to deferred and contingent considerations assumed in business combinations (NOK 451 million in 2010). See note 29 Other non-current liabilities for further description.

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

Deferred income
Other current liabilities include deferred gain of approximately NOK 340 million (NOK 182 million reported as Other long term liability in 2010) from disposal of the office building at K2 Eiendom AS in 2010 and Hinna Park Invest AS in 2011. As Aker Solutions is responsible for the completion of the facilities within specific timeframes and budgets, the accounting gain will be booked when the buildings are completed (estimated 2012).

Note 21 Provisions

Amounts in NOK million	Warranties	Other	**Total**
Balance as of 1 January 2011	672	367	**1 039**
Provisions made during the year	223	225	**448**
Provisions used during the year	(148)	(61)	**(209)**
Provisions reversed during the year	(100)	(46)	**(146)**
Currency translation differences	(3)	(27)	**(30)**
Disposals and demerger	(104)	(63)	**(167)**
Balance as of 31 December 2011	540	395	**935**
Expected timing of payment			
Non-current	288	323	**611**
Current	252	72	**324**
Total	540	395	**935**

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

Other
Other includes mainly provisions for loss contracts. Provisions for loss contract are deducted from the value of the same contracts in work in progress or, to the extent they exceed this value, disclosed as provisions.

Note 22 Derivative financial instruments

The Aker Solutions group uses derivative financial instruments to hedge foreign exchange and interest rate exposures. In addition, there are embedded foreign exchange forward derivatives separated from ordinary commercial contracts. Further information regarding risk management policies in the group is available in note 5 Financial risk management and exposures.

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

Fair value of derivative financial instruments with maturity

2011

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	2-5 years[2]
Forward foreign exchange contracts								
Cash flow hedges	**41**	**(111)**	**(70)**	(88)	(63)	(16)	(8)	(1)
Fair value hedges	**-**	**-**	**-**	-	-	-	-	-
Embedded derivatives included in ordinary commercial contracts	**279**	**(14)**	**265**	266	128	52	82	4
Not hedge accounted	**145**	**(102)**	**43**	(109)	(12)	(11)	(82)	(4)
Interest rate swaps								
Cash flow hedges	**-**	**(20)**	**(20)**	(22)	(6)	(2)	(10)	(4)
Fair value hedges	**75**	**-**	**75**	78	52	(47)	19	54
Total	**540**	**(247)**	**293**	125	99	(24)	1	49

2010

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	2-5 years[2]
Forward foreign exchange contracts								
Cash flow hedges	57	(92)	(35)	(77)	3	(27)	(30)	(23)
Fair value hedges	134	-	134	134	134	-	-	-
Embedded derivatives included in ordinary commercial contracts	(163)	8	(155)	(245)	(112)	(56)	(65)	(12)
Not hedge accounted	289	(121)	168	243	122	45	62	14
Interest rate swaps								
Option contracts	8	(7)	1	1	1	-	-	-
Cash flow hedges	-	(31)	(31)	(33)	(18)	(6)	(6)	(3)
Fair value hedges	61	-	61	62	54	(44)	7	45
Total	386	(243)	143	85	184	(88)	(32)	21

1) *Undiscounted cash flows are translated to NOK using the exchange rates on the balance sheet date.*
2) *No derivative financial instruments mature after 5 years.*

Derivative financial instruments are classified as current assets or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the settlement date of the hedged item is more than 12 months, and as a current asset or liability if the settlement date the hedged item 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 always classified as a current asset or liability.

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

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

The hedged transactions in foreign currency that are subject to cash flow hedge accounting are highly probable future transactions expected to occur at various dates during the next one to four years, depending on progress in the projects. Gains and losses on forward foreign exchange contracts are 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 unless the gain or loss is over the life of the asset.

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

2011

Amounts in NOK million	Fair value of all hedging instruments	Recognised in profit and loss	Deferred in equity (the hedging reserve)
Interest rate swaps[1]	**55**	**75**	**19**
Forward exchange contracts	**(70)**	**(12)**	**(58)**
Total	**15**	**63**	**(39)**

2010

Amounts in NOK million	Fair value of all hedging instruments	Recognised in profit and loss	Deferred in equity (the hedging reserve)
Interest rate swaps[1]	(22)	-	(22)
Forward exchange contracts	(35)	(31)	(4)
Total	(57)	(31)	(26)

1) The value of the interest swaps is attributable to changes in the interest swap curve for Norwegian kroner during the period from inception of the hedge to the balance sheet date.

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. Consequently, NOK negative 12 million (NOK negative 31 million in 2010) of the value of the forward contracts have already affected the income statement indirectly as revenues and expenses are recognised based on updated forecasts and progress. The NOK negative 58 million (NOK negative 4 million in 2010) that are currently recorded directly in the hedging reserve, will be reclassified to income statement over approximately the next three years.

Interest rate swaps
As of 31 December 2011, Aker Solutions has one bond of NOK 150 million with a fixed interest rate of 6 per cent and one bond of NOK 1 913 million with a fixed interest rate of 10.7 per cent. At year end, there were interest rate swaps with floating interest with a notional value of NOK 1 100 hedging the fixed interest bonds. In addition, Aker Solutions has two bonds totalling NOK 487 million at floating interest rates and NOK 75 million are swapped to fixed interest. A credit facility of NOK 750 million with floating interest was established in 2009 where NOK 375 million are swapped to fixed interest. Floating interest is mainly tied to NIBOR and LIBOR.

Hedge accounting is applied using the cash flow hedge accounting model which means that gains and losses on interest rate swap from floating to fixed interest rates as of 31 December 2011 are recognised in the hedging reserve in equity and will be continuously released to the income statement until the bank borrowings are repaid. Fair value hedge accounting is applied for hedging of the fixed interest bonds, see note 28 Borrowings.

The fair value amounts of the outstanding interest rate swap contracts as of 31 December 2011 were NOK 55 million (NOK 30 million in 2010).

Note 23 Property, plant and equipment

Amounts in NOK million	Buildings and sites	Vessels, machinery, equipment, software	Under construction	Total
Historical cost				
Balance as of 1 January 2010	2 235	5 752	2 337	10 324
Additions through business combinations	-	8	-	8
Additions[1,2]	228	1 553	686	2 467
Disposals	(313)	(193)	(133)	(639)
Currency translation differences	38	(11)	6	33
Reclassification to assets held for sale	(162)	(220)	(133)	(515)
Balance as of 31 December 2010	2 026	6 889	2 763	11 678
Additions through business combinations	-	29	-	**29**
Additions[1,2]	64	2 720	601	**3 385**
Currency translation differences	(36)	22	(7)	**(21)**
Disposals and demerger	(691)	(998)	(366)	**(2 055)**
Reclassification to assets held for sale	-	(1 789)	-	**(1 789)**
Balance as of 31 December 2011	1 363	6 873	2 991	**11 227**
Accumulated depreciation				
Balance as of 1 January 2010	(780)	(3 013)	-	(3 793)
Depreciation for the year[3]	(107)	(723)	-	(830)
Impairment loss	-	(2)	-	(2)
Disposals	104	141	-	245
Currency translation differences	(9)	(5)	-	(14)
Reclassification to assets held for sale	42	168	-	210
Balance as of 31 December 2010	(750)	(3 434)	-	(4 184)
Depreciation for the year[3]	(78)	(732)	-	**(810)**
Impairment loss	-	-	-	**-**
Currency translation differences	4	(17)	-	**(13)**
Disposals and demergers	394	795		**1 189**
Reclassification to assets held for sale	-	-	-	**-**
Balance as of 31 December 2011	(430)	(3 388)	-	**(3 818)**
Book value				
as of 31 December 2010	1 276	3 455	2 763	7 494
as of 31 December 2011	933	3 485	2 991	**7 409**
Of which financial leases				
as of 31 December 2010	-	160	-	160
as of 31 December 2011	-	123	-	**123**

1) Includes NOK 73 million related to Kvaerner (NOK 10 million in 2010).

2) Includes NOK 91 million of capitalised borrowing costs in 2011 with an average capitalisation rate of 11 per cent (NOK 44 million in 2010 with an average capitalisation rate of 6 per cent).

3) Includes NOK 20 million related to discontinued operations (NOK 72 million in 2010).

Additions
Approximately 61 per cent of additions in 2011 are related to the investment programme in Oilfield Services (28 per cent in 2010) and 7 per cent in the buildings at Fornebu and at Jåttåvågen prior to the sale in March (20 per cent in 2010).

Commitments
By the end of December 2011 Aker Solutions has entered into contractual commitments for the acquisition of property, plant and equipment amounting to NOK 446 million, mainly related to the investment programme in Oilfield Services and Marine Assets and K2 Hotellbygg AS. The commitments will to a large extent become payable in 2012.

Disposals
In March 2011 Aker Solutions sold shares in a building project related to the construction of a new building at Jåttåvågen to Hinna Park Invest AS. In December 2010 Aker Solutions sold shares in a building project related to the construction of a new building at Fornebu to K2 Eiendom AS.

As Aker Solutions is responsible for the completion of the facilities within specific time frames and budgets, a gain will be booked when the buildings are completed (estimated 2012). The deferred gain from the sale of both the building projects is recognised in Other current liabilities, see note 20 Trade and other payables.

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

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

Estimates for residual values are reviewed annually.

Security
See note 28 Borrowings for information about bank borrowings which are secured by property, plant and equipment.

Note 24 Intangible assets

Amounts in NOK million	*Note*	Development costs	Goodwill	Other	**Total**
Balance as of 1 January 2010		246	7 420	249	7 915
Capitalised development		172	-	-	172
Adjustment		-	95	-	95
Amortisation for the year		(30)	-	(27)	(57)
Currency translation differences		-	(45)	(6)	(51)
Reclassification to assets held for sale	*7*	(2)	(1 289)	-	(1 291)
Balance as of 31 December 2010		386	6 181	216	6 783
Capitalised development		253	-	-	**253**
Acquisition through business combinations	*6*	-	371	63	**434**
Adjustment		-	74	-	**74**
Amortisation for the year		(42)	-	(29)	**(71)**
Impairment		(15)	-	-	**(15)**
Currency translation differences		7	30	1	**38**
Disposals and demerger		(10)	(1 176)	-	**(1 186)**
Balance as of 31 December 2011		579	5 480	251	**6 310**

Research and development costs
NOK 253 million have been capitalised in 2011 (NOK 172 million in 2010) related to development activities. In addition, research and development costs of NOK 245 million have been expensed during the year because the criteria for capitalisation was not met (NOK 189 million in 2010). Research and development costs funded by customers totalled NOK 34 million in 2011 (NOK 79 million in 2010).

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

Goodwill
The increase in goodwill in 2011 is mainly related to the acquisitions of Benestad and Step Oiltools. The adjustment in 2010 and 2011 relates to change in deferred considerations from the acquisition of Aker Qserv Ltd in 2008.

Goodwill originates from a number of acquisitions. Management monitors goodwill impairment at the business area level which is also considered to be the cash-generating unit (CGU) due to the level of integration within the CGUs.

Allocation of goodwill by business area

Amounts in NOK million	**2011**	2010
Subsea	**1 588**	1 385
Umbilicals	**337**	337
Drilling Technologies	**914**	733
Process Systems	**191**	193
Mooring and Loading Systems	**194**	194
Product Solutions	**3 224**	2842
Maintenance, Modifications and Operations	**793**	793
Well Intervention Services	**454**	366
Oilfield Services and Marine Assets	**422**	419
Field Life Solutions	**1 669**	1 578
Engineering Solutions	**453**	453
Kvaerner	**-**	1 179
Other	**134**	129
Total	5 480	6 181

Impairment testing for cash-generating units containing goodwill

Recoverable amounts are based on value in use calculations. The calculations use cash flow projections based on the future cash flow, budgets and strategic forecasts for the periods 2012-2015 and an annual growth of 2.5 per cent for subsequent periods.

Weighted Average Cost of Capital assumptions for impairment testing	Post tax WACC	Pre tax WACC
Subsea	10.2%	12.4%
Umbilicals	10.2%	12.8%
Drilling Technologies	10.2%	12.8%
Process Systems	10.2%	12.7%
Mooring and Loading Systems	10.2%	12.8%
Maintenance, Modifications and Operations	10.2%	13.0%
Well Intervention Services	10.2%	12.8%
Oilfield Services and Marine Assets[1]	8.8%	8.8%
Engineering Solutions	10.2%	12.7%

1) WACC for Oilfield Services and Marine Assets is based on USD interest rates because the cashflow used to calculate the value in use is mainly in USD.

Risk free interest rates used in the discount rate is based on 10 year state treasury bond rate of 2.40 per cent at the time of the impairment testing. The eqvivalent USD interest rate was 1.98 per cent. Debt leverage was estimated to 14 per cent except for Oilfield Services and Marine Assets where 70 per cent was used.

For all business areas, the recoverable amounts are higher than the carrying amounts and consequently the analysis indicates that no impairment is required. The key assumptions used in the calculation of recoverable amounts are discount rates, terminal value growth rates and EBITDA-margins. Reasonable changes to the key assumptions does not give grounds to impairment for any of the business areas except Oilfield Services and Marine Assets.

Sensitivity to changes in assumptions for Oilfield Service and Marine Assets

Oilfield Service and Marine Assets is the most asset-heavy business area in Aker Solutions. The assets have been recently acquired and only parts of the assets are finalised and in full utilisation. It is therefore natural that this business area is more sensitive to changes in key assumptions than the other business areas of Aker Solutions.

Key assumptions required for carrying amount to equal recoverable amount:
Increase of post tax WACC to 9.4 per cent
Reduced infinite growth level to 1.6 per cent
Decreased future cash flows with (9.0) per cent

The key assumptions in the table above are the individual changes in assumptions for Oilfield Service and Marine Assets before they are subject to impairment.

Oilfield Service and Marine Assets is in particular sensitive to the discount rate and infinite growth rate. As seen from the table, the business area can only bear minor changes in the key assumptions. A change in WACC from 8.8 per cent to 9.4 per cent or change in growth rate from 2.5 per cent to 1.7 per cent represents a change in recoverable amount of more than NOK 600 million. An increase of infinite growth rate or decrease of WACC would have given aproximately the same increase in recoverable amount.

Oilfield Service and Marine Assets is also sensitive to changes in future cash-flows. Uncertainties are mainly related to future projects and timing of when Aker Wayfarer will be operating as a well intervention vessel. As a sensitivity analysis, we have estimated that the recoverable amount would be around NOK 200 million lower than book values if all cash-flows from future business opportunities are excluded. As a sensitivity analysis to the uncertainties around Aker Wayfarer, the recoverable amount will be reduced with NOK 200 million if the vessel is introduced to the well intervention market with a delay of one year.

Note 25 Interest-bearing receivables

Current interest-bearing receivables

Current interest-bearing receivables were NOK 534 million (NOK 621 million in 2010). Aker Insurance AS had a portfolio of bonds and certificates as of 31 December 2011 amounting to NOK 339 million (NOK 420 million in 2010) and Aker Powergas Pvt Ltd had receivables on a mutual fund of NOK 191 million (NOK 198 million in 2010).

The current interest-bearing receivables are classified as financial assets at fair value through profit and loss.

Non-current interest-bearing receivables

Amounts in NOK million	**2011**	2010
Loans to employees[1]	**5**	5
Loans to related parties[2]	**234**	218
Convertible loan EZRA Holding Ltd.[3]	**313**	-
Other receivable EZRA Holding Ltd.	**150**	-
Other	**2**	2
Total	**704**	225

1) *Average interest rate for loans to employees was 2.75 per cent in 2011 (2.46 per cent in 2010).*
2) *Mainly related to Aker DOF Deepwater AS, see note 9 Related parties.*
3) *The convertible loan can be converted into shares in Ezra Holding Ltd. at maturity, which is in March 2014. The right to convert is an embedded derivative that currently has close to zero value.*

See note 5 Financial risk management and exposures for information regarding credit risk management in the Aker Solutions group.

Note 26 Equity-accounted investees

Associated companies and jointly controlled entities are defined as related parties to Aker Solutions. See note 9 Related parties for overview of transactions and balances with associated companies and joint ventures and any guarantees provided on behalf of such entities.

2011

Amounts in NOK million	*Note*	Book value as of 1.1.2011	Change in investments[4]	Profit (loss) and impairment	Currency and other adjustments	**Book value as of 31.12.2011**
Aker Clean Carbon AS[1]		78	20	(98)	-	**-**
Aker DOF Deepwater AS		182	-	26	-	**208**
Aker Caspian BV[2]		89	(89)	-	-	**-**
Hinna Park Invest AS[3]		-	79	-	(79)	**-**
K2 Eiendom AS[3]		-	-	-	-	**-**
Nippon Pusnes Co Ltd		23	-	3	-	**26**
K-WAC Ltd	*8*	6	(12)	5	1	**-**
Other companies		46	(31)	(4)	1	**12**
Total		424	(33)	(68)	(77)	**246**

2010

Amounts in NOK million	*Note*	Book value as of 1.1.2010	Change in investments[4]	Profit (loss) and impairment	Currency and other adjustments	Book value as of 31.12.2010
Aker Clean Carbon AS[1]		49	52	(23)	-	78
Aker DOF Deepwater AS		190	-	(8)	-	182
Aker Caspian BV		82	18	(11)	-	89
K2 Eiendom AS[3]		-	55	-	(55)	-
Nippon Pusnes Co Ltd		13	-	10	-	23
K-WAC Ltd	*8*	16	(18)	7	1	6
Other companies		73	(24)	(1)	(2)	46
Total		423	83	(25)	(57)	424

1) Book value of the investment is nil after recognition of impairment loss of NOK 85 million.

2) Derecognition as a result of demerger of Kvaerner.

3) The investments in Hinna Park Invest AS and K2 Eiendom AS have been reduced by 25 per cent of the deferred gains from sale of office buildings to these associated companies. See note 23 Property, plant and equipment for further description of the transactions.

4) Includes additions, disposals, payments and derecognition due to demerger.

Summary of financial information for equity-accounted investees (100 per cent basis)

2011

Amounts in NOK million	Business office	Percentage of voting rights	Percentage held	Assets	Liabilities	Equity	Revenues	Net profit (loss)
Aker Clean Carbon AS[1]	Oslo, Norway	50.0%	50.0%	96	157	(61)	178	(239)
Aker DOF Deepwater AS[1]	Storebø, Norway	50.0%	50.0%	1 689	1 533	156	129	5
Hinna Park Invest AS[2]	Oslo, Norway	25.0%	25.0%	307	13	294	-	(1)
K2 Eiendom AS[2]	Oslo, Norway	25.0%	25.0%	541	357	184	-	(17)
Nippon Pusnes Co Ltd[2, 3]	Tokyo, Japan	28.0%	28.0%	310	206	104	639	15
K-WAC Ltd[1]	Brentford, UK	33.0%	30.0%	1	-	1	2	-

2010

Amounts in NOK million	Business office	Percentage of voting rights	Percentage held	Assets	Liabilities	Equity	Revenues	Net profit (loss)
Aker Clean Carbon AS[1]	Oslo, Norway	50.0%	50.0%	223	86	137	263	(45)
Aker DOF Deepwater AS[1]	Storebø, Norway	50.0%	50.0%	884	733	151	48	87
K2 Eiendom AS[2]	Oslo, Norway	25.0%	25.0%	733	532	201	-	(2)
Nippon Pusnes Co Ltd[2, 3]	Tokyo, Japan	28.0%	28.0%	244	161	84	617	28
K-WAC Ltd[1]	Brentford, UK	33.0%	30.0%	166	84	82	516	44

1) *Jointly controlled entity. Assets and liabilities are mainly non-current.*
2) *Associated company.*
3) *Reporting date is 31 March.*

Note 27 Other investments

Investments in other companies relate to available-for-sale financial assets.

Amounts in NOK million	*Note*	**2011**	2010
Balance as of 1 January		**157**	135
Additions during the year		**516**	22
Disposals/demerger		**(22)**	-
Impairment loss	*14*	**(246)**	-
Changes in fair value and currency effects		**13**	-
Balance as of 31 December		**418**	157

EZRA Holding Ltd (Ezra)
Additions during the year mainly relate to shares in Ezra that is listed on the Singapore stock exchange. The Ezra share price had a significant reduction resulting in an impairment loss of NOK 246 million during the year. The value of Ezra was NOK 281 million as of 31 December 2011, representing market value. The investment is included in the business area Oilfield Services and Marine Asset.

Aker Pensjonskasse
Investment in Aker Pensjonskasse amounts to NOK 120 million at 31 December 2011 (unchanged from 2010).

The remaining balance consists of several smaller investments.

All investments other than Ezra relates to equity securities where there is no active market and whose fair value cannot be reliably measured. These investments are measured at cost, since this is considered to be the best estimate of fair value.

Note 28 Borrowings

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

2011

Amounts in million	Currency	Nominal currency value	**Carrying amount (NOK)**	Interest rate[3]	Fixed interest margin	Interest coupon	Maturity date	Interest terms
ISIN NO 0010341332	NOK	300	**301**	3.29%	1.35%	4.64%	02.12.2013	Floating, 3 months
ISIN NO 0010342587	NOK	150	**151**	6.00%		6.00%	02.12.2013	Fixed, annual
ISIN NO 001050461.6	NOK	1 913	**2 009**	10.70%		10.70%	26.06.2014	Fixed, annual
ISIN NO 001050460.8	NOK	187	**186**	2.90%	6.75%	9.65%	26.06.2014	Floating, 3 months
Total bonds[1]			**2 647**					
Revolving credit facility (NOK 6 000 million)	NOK	1 300	**1 268**	2.78%	1.20%		23.06.2016	IBOR + Margin[2]
Total credit facility			**1 268**					
Term loan	NOK	750	**756**	3.09%	2.00%	5.09%	14.10.2014	NIBOR 3 months
Brazilian Development Bank EXIM loan	BRL	155	**502**	4.50%			15.08.2012	Fixed, annual
Brazilian Development Bank EXIM loan	BRL	232	**750**	4.50%			15.06.2013	Fixed, annual
Other loans			**77**					
Total other loans			**2 085**					
Total borrowings			**6 000**					
Current borrowings			**629**					
Non-current borrowings			**5 371**					
Total			**6 000**					

2010

Amounts in million	Currency	Nominal currency value	**Carrying amount (NOK)**	Interest rate[3]	Fixed interest margin	Interest coupon	Maturity date	Interest terms
ISIN NO 0010341324	NOK	572	572	2.51%	1.05%	3.56%	01.12.2011	Floating, 3 months
ISIN NO 0010341332	NOK	300	299	2.51%	1.35%	3.86%	01.12.2013	Floating, 3 months
ISIN NO 0010342587	NOK	150	150	6.00%		6.00%	01.12.2013	Fixed, annual
ISIN NO 001050461.6	NOK	1 913	1 988	8.70%		8.70%	26.06.2014	Fixed, annual
ISIN NO 001050460.8	NOK	187	185	2.62%	4.75%	7.37%	26.06.2014	Floating, 3 months
Total bonds[1]			3 194					
Revolving credit facility (EUR 750 million)	EUR	750	2 792	2.40%	0.73%	3.13%	25.10.2012	LIBOR + Margin
Revolving credit facility (NOK 2 000 million)	NOK	-	-		2.00%		19.12.2011	LIBOR + Margin[2]
Total credit facility			2 792					
Term loan	NOK	750	755	2.58%	2.00%	4.58%	01.10.2014	NIBOR, 3 months
Brazilian Development Bank EXIM loan	BRL	155	548	4.50%			08.10.2012	Fixed
Brazilian Development Bank EXIM loan	BRL	233	817	4.50%			23.12.2013	Fixed
Other loans			118					
Total other loans			2 238					
Total borrowings			8 224					
Current borrowings			716					
Non-current borrowings			7 508					
Total			8 224					

1) *The carrying amount of the bonds includes transaction costs and accrued interest. The bond with carrying amount of NOK 2 009 million also includes effects related to fair value hedging of the interest component in the bond.*
2) *The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 35 per cent of the margin.*
3) *The interest rate applicable for the floating rate loans are the interest rate fixed over year end.*

Norwegian bonds
Aker Solutions has issued five bonds at start of 2011. One bond (notional value NOK 572 million) matured in December 2011. The remaining four bonds mature respectively in 2013 (NOK 450 million) and in 2014 (NOK 2 100 million). The bonds are denominated in Norwegian kroner and are issued in the Norwegian bond market. Two of the bonds are issued based on a floating interest rate plus a predefined margin. The predefined margin on one of those bonds with notional value NOK 187 million has been adjusted from 4.75 to 6.75 per cent in 2011 (2.0 per cent step up). The two other bonds have a fixed interest rate: the bond with notional value of NOK 150 million has a fixed interest rate of 6.0 per cent while the fixed rate on the bond with notional value NOK 1 913 million was increased from 8.70 to 10.70 per cent (2.0 per cent step up). The interest step up was triggered by a rating downgrade event. This will be reveresed if Aker Solutions is upgraded to an investment grade rating.

The bonds are issued with Norsk Tillitsmann as trustee and the loan agreements are based on Norsk Tillitsmann's standard loan agreement for such bonds. The bonds are unsecured on a negative pledge basis and include no dividend restrictions.

All bonds issued are listed on the Oslo Stock Exchange.

Bank debt
The bank debt consists of one revolving credit facility of NOK 6 000 million with initial maturity in June 2016 (out of which NOK 1 300 million has been drawn in 2011) and of one term loan of NOK 750 million established in 2009 maturing in October 2014 and which was fully drawn in December 2011. The NOK 6 000 million facility replaces the two previous revolving credit facilites of respectively EUR 750 million and NOK 2 000 million which were repaid and cancelled in June 2011. All facilities are provided by a bank syndicate consisting of high quality Nordic and international banks. The terms and conditions include restrictions which are customary for this kind of facility, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers. There are also certain changes of control provisions included. The facility includes no dividend restrictions and is unsecured.

The financial covenants are based on two sets of key financial ratios; a gearing ratio based on gross debt/EBITDA and an interest coverage ratio based on EBITDA/net finance costs. The financial covenants are tested on a quarterly basis. The margin applicable to the facility is based on a price grid determined by the gearing ratio. See note 5 Financial risk management and exposures for more information regarding capital risk in the group.

Aker Solutions strategy is to have between 30-50 per cent of borrowings at fixed interest rates. To the extent that this is not reflected in the loan agreements, swap transactions are entered into.

Financial liabilities and the period in which they mature

2011

Amounts in NOK million	**Carrying amount**	**Total undiscounted cash flow[1]**	6 mths and less	6-12 mths	1-2 years	2-5 years	More than 5 years
ISIN NO 0010341332	**(301)**	**(322)**	(6)	(6)	(310)	-	-
ISIN NO 0010342587	**(151)**	**(168)**	(5)	(5)	(158)	-	-
ISIN NO 001050461.6	**(2 009)**	**(2 420)**	(102)	(102)	(205)	(2 011)	-
ISIN NO 001050460.8	**(186)**	**(230)**	(9)	(9)	(17)	(195)	-
Total	**(2 647)**	**(3 140)**	(122)	(122)	(690)	(2 206)	-
Revolving credit facility (NOK 6 000 million)[2]	**(1 268)**	**(1 521)**	(25)	(23)	(47)	(1 426)	-
Total credit facility	**(1 268)**	**(1 521)**	(25)	(23)	(47)	(1 426)	-
Term loan (NOK 750 million)	**(756)**	**(844)**	(18)	(16)	(33)	(777)	-
Brazilian Development Bank EXIM loan	**(502)**	**(523)**	(11)	(512)	-	-	-
Brazilian Development Bank EXIM loan	**(750)**	**(799)**	(17)	(14)	(768)	-	-
Other loans	**(77)**	**(81)**	(17)	(14)	(17)	(23)	(10)
Total other loans	**(2 085)**	**(2 247)**	(63)	(556)	(818)	(800)	(10)
Total borrowings	**(6 000)**	**(6 908)**	**(210)**	**(701)**	**(1 555)**	**(4 432)**	**(10)**

2010

Amounts in NOK million	Carrying amount	Total undiscounted cash flow[1]	6 mths and less	6-12 mths	1-2 years	2-5 years	More than 5 years
ISIN NO 0010341324	(572)	(599)	(23)	(576)	-	-	-
ISIN NO 0010341332	(299)	(354)	(16)	(3)	(14)	(321)	-
ISIN NO 0010342587	(150)	(181)	(7)	(3)	(9)	(162)	-
ISIN NO 001050461.6	(1 988)	(2 691)	(169)	(37)	(197)	(2 288)	-
ISIN NO 001050460.8	(185)	(251)	(11)	(3)	(15)	(222)	-
Total	(3 194)	(4 077)	(226)	(622)	(236)	(2 993)	-
Revolving credit facility (EUR 750 million)	(2 792)	(3 116)	(51)	(55)	(2 912)	(98)	-
Revolving credit facility (NOK 2 000 million)	-	-	-	-	-	-	-
Total credit facility	(2 792)	(3 116)	(51)	(55)	(2 912)	(98)	-
Term loan (NOK 750 million)	(755)	(949)	(18)	(27)	(39)	(865)	-
Brazilian Development Bank EXIM loan	(1 365)	(1 499)	(28)	(31)	(603)	(837)	-
Other loans	(118)	(128)	(30)	(28)	(47)	(10)	(13)
Total other loans	(2 238)	(2 576)	(76)	(86)	(689)	(1 712)	(13)
Total borrowings	(8 224)	(9 769)	(353)	(763)	(3 837)	(4 803)	(13)

1) The expected interest payments are calculated using the forward rates.

2) NOK 1 300 million corresponds to the repayment of the drawn portion of the available NOK 6 000 million credit facility. This repayment is presented in accordance with the contractual maturity of the revolving facility (2016), though actual repayment might occur earlier on the date of interest period renewal.

Mortgages and guarantee liabilities
The group has NOK 23 million in mortgage liabilities, which is secured by pledges on property, plant and equipment with book values of NOK 46 million.

Note 29 Other non-current liabilities

Amounts in NOK million	**2011**	2010
Contingent considerations	**281**	72
Deferred considerations	**182**	221
Deferred income[1]	**-**	182
Other	**198**	278
Total	**661**	753

1) Amount reclassified to Other current liabilities in 2011, see note 20 Trade payables.

Deferred and contingent considerations
Aker Solutions has acquired subsidiaries and non-controlling interests where final consideration is deferred and depends to a certain degree on future earnings in the acquired companies. The deferred and contingent considerations reported in other non-current liabilities as of 31 December 2011 relates mainly to the acquisition of Aker Wirth (2009), Step Offshore (2009), First Interactive (2010), Step Oiltools (2011) and Benestad (2011).

The total estimated consideration is measured at fair value using a discount rate equal to market rates for borrowings. The discount rate is based on market rates on the acquisition dates and varies between 5 and 6.75 per cent. Deferred considerations to be paid during 2012 amount to NOK 148 million and are reported as current liabilities, see note 20 Trade and other payables.

Other
Other liabilities are mainly liabilities in Aker Insurance AS. Actuary estimated insurance provisions for reported injuries and incurred but not reported injuries amounts to NOK 114 million (NOK 176 million in 2010).

Note 30 Employee benefits - pension

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 this annual contribution is also the cost. In a defined benefit plan it is the company's responsibility to provide a certain pension. The measurement of the cost and the pension liability for such arrangements are subject to actuarial valuations. Aker Solutions has over a long time period gradually moved from defined benefit arrangements to defined contribution plans. Consequently, the impact of the remaining defined benefit plans is gradually reduced.

Pension plans in Norway
The main pension arrangement in Norway is a general pension plan 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. The Norwegian companies in Aker Solutions have closed the earlier defined benefit plans in 2008 and are now providing defined contribution plans for all of their employees under 61 years of age.

Defined contribution plan
The annual contribution expensed for the new defined contribution plan was NOK 218 million (NOK 258 million in 2010). Aker Solutions contributions to this plan are at the maixmum level accepted by Norwegian tax legislation.

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

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

AFP - early retirement arrangement
AFP is an early retirement arrangement organised by Norwegian employers the main Labour Union organisation in Norway (LO) and the Norwegian State. The "old AFP" arrangement was established to provide pension between the age of 62 to 67 for employees who retired before the general retirement age of 67. In a recent pension reform individual employees are given a choice of retirement age, but with lower pension with earlier retirement. The old AFP arrangement has been stopped and the remaining recognised obligation of NOK 266 million has been released to income statement in 2010.

A "new AFP" plan was established from 2011 to provide additional life long pensions to employees that retire early to compensate for the reduction in the ordinary pension entitlements. The Norwegian Accounting Standards Board have 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
Pensions plans outside Norway are predominatly defined contribution plans.

Net periodic pension cost (return)

Amounts in NOK million	**2011**	2010
Defined benefit plans		
Service cost	**123**	189
Interest on projected benefit obligation	**90**	113
Expected return on plan assets	**(89)**	(112)
Net amortisations and deferrals	**15**	105
Curtailments and settlements	**(18)**	(335)
Administration cost	**30**	19
Social security tax	**21**	24
Pension cost defined benefit plans	**172**	3
Pension cost defined contribution plans	**405**	417
Total pension cost	**577**	420
Attributable to continuing operations	**496**	342
Attributable to discontinued operations	**81**	78

Status of pension plans reconciled with the balance sheet

2011

Amounts in NOK million	Funded	Unfunded	**Total**
Defined benefit plans			
Accumulated benefit obligation	1 771	580	**2 351**
Effect of projected future compensation levels	37	(34)	**3**
Projected benefit obligation (PBO)	1 808	546	**2 354**
Social security tax on plan assets in excess of (less than) PBO	34	75	**109**
Plan assets at fair value	1 500	-	**1 500**
Plan assets in excess of (less than) PBO	(342)	(621)	**(963)**
Unrecognised net (gain) loss	409	80	**489**
Net employee benefit assets (employee benefit obligations)	67	(541)	**(474)**
Reclassified to disposal groups held for sale	-	-	**-**
Total	67	(541)	**(474)**
Employee benefit assets	103	-	**103**
Employee benefit obligations	(36)	(541)	**(577)**
Total	67	(541)	**(474)**

2010

Amounts in NOK million	Funded	Unfunded	Total
Defined benefit plans			
Accumulated benefit obligation	1 906	649	2 555
Effect of projected future compensation levels	91	6	97
Projected benefit obligation (PBO)	1 997	655	2 652
Social security tax on plan assets in excess of (less than) PBO	22	74	96
Plan assets at fair value	1 884	3	1 887
Plan assets in excess of (less than) PBO	(135)	(726)	(861)
Unrecognised net (gain) loss	275	22	297
Net employee benefit assets (employee benefit obligations)	140	(704)	(564)
Reclassified to disposal groups held for sale	41	(53)	(12)
Total	99	(651)	(552)
Employee benefit assets	95	-	95
Employee benefit obligations	4	(651)	(647)
Total	99	(651)	(552)

Economic assumptions

Norwegian plans	**2011**	2010
Discount rate	**2.60%**	4.00%
Asset return	**4.10%**	5.40%
Salary progression	**3.25%**	3.75-4.00%
Pension indexation	**1.90%**	2.50%

Norwegian plans represent 97 per cent of the total projected benefit obligation. The discount rate is based on the Norwegian ten-year government bond rate. The asset return is expected to be higher than the discount rate because the assets are invested in instruments with a higher risk than government bonds. Experience has shown that the rate of return on pension assets has been about 1-2 per cent higher than discount rate over an extended period of time. The assumptions used are in line with recommendations from the Norwegian Acccounting Standards Board.

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

The estimated contributions expected to be paid to the Norwegian plan during 2012 are NOK 68 million.

Movement in pension obligation and plan asset[1]

Amounts in NOK million	2011	2010
Projected benefit obligation as of 1 January	**2 652**	2 956
Service cost incl. cost related to the compensation plan	**123**	189
Interest on projected benefit obligation	**90**	113
Benefits paid by the plan	**(145)**	(112)
Curtailment and settlement	**(417)**	25
Acquisition and disposal	**(152)**	(352)
Change in unrecognised (gain) loss	**214**	(180)
Currency translation differences	**(11)**	13
Projected benefit obligation as of 31 December	**2 354**	2 652
Plan assets at fair value as of 1 January	**1 887**	1 825
Expected return on plan assets	**89**	112
Contributions paid into the plan	**108**	101
Benefits paid by the plan	**(81)**	(73)
Curtailment and settlement	**(437)**	(4)
Change in unrecognised gain (loss)	**(35)**	(58)
Administration costs	**(31)**	(19)
Currency translation differences	**-**	3
Plan assets at fair value as of 31 December	**1 500**	1 887

1) *Includes disposal groups held for sale and discontinued operations*

Analyses of the plan assets (Norwegian plans)

Major categories of plan assets in per cent of total plan assets	2011	2010
Equity instruments	**7.8%**	6.0%
Debt instruments	**89.5%**	92.4%
Other assets	**2.7%**	1.6%
Plan assets	**100.0%**	100.0%

Overview of net pension obligation

Amounts in NOK million	2011	2010	2009	2008	2007
Projected benefit obligation	**2 354**	2 652	2 973	2 813	4 350
Plan assets at fair value	**1 500**	1 887	1 826	1 872	2 662
Net pension obligation	**(854)**	(765)	(1 147)	(941)	(1 688)
Change in unrecognised (gain) loss projected benefit obligation	**214**	(180)	71	18	(40)
Change in unrecognised gain (loss) plans assets	**(35)**	(58)	-	(159)	(199)

Note 31 Capital and reserves

Share capital
Aker Solutions 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.

In the second quarter of 2011 Aker Solutions decided to demerge the company. An allocation of the share capital was determined, after deducting the value of Aker Solutions' treasury shares, such that 17 per cent of the share capital was allocated to Kvaerner and 83 per cent was allocated to Aker Solutions giving a split ratio of 17:83. Following the demerger Kværner ASA issued pro rata consideration shares to Aker Solutions shareholders and was listed on the Oslo Stock Exchange on 8 July 2011.

Total outstanding shares are 274 000 000 at par value NOK 1.66 per share (NOK 2.00 in 2010). All issued shares are fully paid.

Share buy-back
At the 2007 Annual General Meeting authorisation was given to repurchase up to 27.4 million shares, representing 10 per cent of the share capital of Aker Solutions ASA. Aker Solutions ASA increased the shareholdings with 376 371 treasury shares in 2011 and as of 31 December 2011 Aker Solutions ASA holds 4 214 607 treasury shares representing 1.54 per cent of total outstanding shares.

Summary of purchase and sale of treasury shares

Amounts in NOK million	Number of shares	Consideration
Treasury shares as of 1 January 2010	4 570 911	661
Purchase	680 000	57
Sale	(659 933)	(56)
Treasury shares as of 31 December 2010	4 590 978	662
Purchase	**647 494**	**79**
Sale	**(1 023 865)**	**(77)**
Treasury shares as of 31 December 2011	**4 214 607**	**664**

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

Dividends

	2011	2010
Paid dividend per share (NOK)	**2.75**	2.60
Total dividend paid (NOK million)	**741**	700
Ordinary dividend per share proposed by the Board of Directors (NOK)[1]	**3.90**	2.75

1) *Dividend has been proposed by the board of directors, but have not been provided for and there are no tax consequences.*

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 14 Financial income and expenses.

Currency translation reserve

The currency translation reserve includes exchange differences arising from the translation of the net investment in foreign operations, and foreign exchange gain or loss on loans defined as hedges or net investments, see note 14 Financial income and expenses.

Net investments have been hedged in 2011 with a gain of NOK 1 million (gain of NOK 68 million in 2010). Accumulated gain on net investment hedges from 2005 is NOK 94 million. The net investment hedge as of 31 December 2011 relates mainly to investments in the United States, see note 5 Financial risk management and exposures.

Fair value reserve

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

Note 32 Earnings per share

Aker Solutions ASA holds 4 214 607 treasury shares at year end 2011 (4 590 978 in 2010). Treasury shares are not included in the weighted average number of ordinary or diluted shares.

	2011	2010
Profit attributable to ordinary shares (NOK million)	**5 218**	1 957
Profit attributable to ordinary shares from continuing operations (NOK million)	**1 555**	1 281

Basic earnings per share

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

	2011	2010
Issued ordinary shares as of 1 January	**274 000 000**	274 000 000
Weighted average number of issued ordinary shares for the year adjusted for treasury shares	**269 375 817**	269 267 952
Basic earnings per share (NOK)	**19.37**	7.27
Basic earnings per share for continuing operations (NOK)	**5.77**	4.76

Diluted earnings per share

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

	2011	2010
Weighted average number of issued ordinary shares for the year adjusted for treasury shares	**269 375 817**	269 267 952
Expected effect of right to receive bonus shares	**737 234**	564 701
Weighted average number of ordinary shares outstanding (diluted) for the year	**270 113 051**	269 832 653
Diluted earnings per share (NOK)	**19.32**	7.25
Diluted earnings per share for continuing operations (NOK)	**5.76**	4.75

Note 33 Financial instruments

This note summarises each class of financial instruments and gives an overview of book and fair value of the group's financial instruments and the accounting treatment of these instruments. The table below also shows on what level in the measurement hierarchy the group's financial instruments measured at fair value are considered to be in regard to how objective the measuring method is.

Fair value hierarchy as of 31 December 2011

Amounts in NOK million	Note	Level 1	Level 2	Level 3	Amortised cost	**Total carrying amount**
Cash and cash equivalents		1 308	-	-	-	**1 308**
Investments in other companies[1]	*27*	281	-	-	-	**281**
Derivative financial instruments	*22*	-	540	-	-	**540**
Non-current interest-bearing receivables	*25*	-	-	-	704	**704**
Other non-current operating assets		-	-	-	191	**191**
Trade and other receivables	*17*	-	-	-	12 117	**12 117**
Current interest-bearing receivables	*25*	350	181	-	3	**534**
Total loans and receivables		350	181	-	13 015	**13 546**
Total assets		1 939	721	-	13 015	**15 675**
Current assets		1 658	721	-	12 120	**14 499**
Non-current assets		281	-	-	895	**1 176**
Total assets		1 939	721	-	13 015	**15 675**

Amounts in NOK million	Note	Level 1	Level 2	Level 3	Amortised cost	**Total carrying amount**
Derivative financial instruments	*22*	-	(247)	-	-	**(247)**
Non-current borrowings	*28*	-	-	-	(5 371)	**(5 371)**
Other non-current liabilities	*29*	-	-	-	(661)	**(661)**
Trade and other payables	*20*	-	-	-	(12 934)	**(12 934)**
Current borrowings	*28*	-	-	-	(629)	**(629)**
Total financial liabilities		-	-	-	(19 595)	**(19 595)**
Total liabilities		-	(247)	-	(19 595)	**(19 842)**
Current liabilities		-	(247)	-	(13 563)	**(13 810)**
Non-current liabilities		-	-	-	(6 032)	**(6 032)**
Total liabilities		-	(247)	-	(19 595)	**(19 842)**

1) Investments measured at cost are excluded from the fair value hierarchy.

Fair value hierarchy as of 31 December 2010

Amounts in NOK million	Note	Level 1	Level 2	Level 3	Amortised cost	Total carrying amount
Cash and cash equivalents		3 198	-	-	-	3 198
Investments in other companies	*27*	-	-	-	-	-
Derivative financial instruments	*22*	-	386	-	-	386
Non-current interest-bearing receivables	*25*	-	-	-	225	225
Other non-current operating assets		-	-	-	221	221
Trade and other receivables	*17*	-	-	-	14 870	14 870
Current interest-bearing receivables	*25*	317	300	-	4	621
Total loans and receivables		317	300	-	15 320	15 937
Total assets		3 515	686	-	15 320	19 521
Current assets		3 515	686	-	14 874	19 075
Non-current assets		-	-	-	446	446
Total assets		3 515	686	-	15 320	19 521

Amounts in NOK million	Note	Level 1	Level 2	Level 3	Amortised cost	Total carrying amount
Derivative financial instruments	*22*	-	(243)	-	-	(243)
Non-current borrowings	*28*	-	-	-	(7 508)	(7 508)
Other non-current liabilities	*29*	-	-	-	(753)	(753)
Trade and other payables	*20*	-	-	-	(16 278)	(16 278)
Current borrowings	*28*	-	-	-	(716)	(716)
Total financial liabilities		-	-	-	(25 255)	(25 255)
Total liabilities		-	(243)	-	(25 255)	(25 498)
Current liabilities		-	(243)	-	(16 994)	(17 237)
Non-current liabilities		-	-	-	(8 261)	(8 261)
Total liabilities		-	(243)	-	(25 255)	(25 498)

The first level in the above table, fair value based on prices quoted in an active market for identical assets or liabilities, includes cash and financial instruments that are calculated based on observable prices on identical instruments.

The second level in the above table, fair value based on price inputs, other than quoted prices, which are derived from observable market transactions in an active market for identical assets or liabilities, includes currency or interest derivatives and interest bonds. These will typically be when the group uses forward prices on foreign exchange rates or interest rates as inputs to valuation models.

The third level in the above table, fair value based on unobservable inputs, includes financial instruments for which fair values are calculated on the basis of input and assumptions that are not from observable market transactions. This is typically investments in other companies and pension fund. The fair value presented in this category are mainly based on internal assumptions. The internal assumptions are only used in the absence of quoted prices from an active market or other observable price inputs for the financial instruments subject to the valuation.

Loans and receivables and financial liabilities
Loans and receivables and financial liabilities are measured at amortised cost. Due to the short-term nature, the carrying amount is a reasonable approximation of fair values, with the exception of financial borrowings, which are detailed in the table below.

	2011		2010	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Bonds[1]	**2 647**	**2 694**	3 194	3 236
Other borrowings[2]	**3 353**	**3 380**	5 030	5 033
Total borrowings	**6 000**	**6 074**	8 224	8 269

1) Fair value is quoted prices for the bonds noted on the Oslo Stock Exchange. For new bonds, the notional amount is considered the best approximation of fair value.

2) Credit facilities have floating interest and the notional amount is a reasonable approximation of fair values. Notional values of other loans are also expected to be a good approximation of fair values.

Note 34 Group companies

Company	Location	Country	Ownership (per cent)[1]
Aker Solutions ASA	**Fornebu**	**Norway**	**100**
Aker Advantage Pty Ltd	Melbourne	Australia	100
Aker Process Systems Pty Ltd	Welshpool	Australia	100
Aker Subsea Pty Ltd	Melbourne	Australia	100
Aker Wirth Australia Pty	Argenton	Australia	100
Step Oiltools (Australia) Pty Ltd[2]	Perth	Australia	55
Aker Solutions Belgium NV/SA	Antwerp	Belgium	100
Aker Oilfeld Services Ltda	Rio de Janeiro	Brazil	100
Aker Solutions do Brasil Ltda	Curitiba	Brazil	100
Aker Solutions Oilfield Services Canada Inc	St. John's, Newfoundland	Canada	100
Step Oiltools Limited[2]	Grand Cayman	Cayman Isl.	55
Aker Cool Sorption (Beijing) Technology Co Ltd	Beijing	China	100
Aker E&T (Shanghai) Co Ltd	Shanghai	China	100
Aker Subsea (Shenzhen) Co. Ltd	Shenzhen	China	100
Aker Global Employment Ltd	Limasol	Cyprus	100
Aker Solutions Cyprus Ltd	Limasol	Cyprus	100
Aker Cool Sorption AS	Glostrup	Denmark	100
Aker Operations APS	Glostrup	Denmark	100
Aker Process Systems SAS	Vincennes Cedex	France	100
Aker Wirth GmbH	Erkelenz	Germany	100
Wirth Vermögensverwaltung GmbH	Erkelenz	Germany	85
Aker MH (India) Pvt Ltd	Mumbai	India	100
Aker Powergas Pvt Ltd[3]	Mumbai	India	68
Aker Powergas Subsea Pvt Ltd[3]	Mumbai	India	68
PT Aker Solutions E&C Indonesia	Jakarta	Indonesia	100
PT Aker Solutions Indonesia	Jakarta	Indonesia	100
PT Step Oiltools[2]	Jakarta	Indonesia	55
Aker Engineering International Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Engineering Malaysia Sdd Bhd	Kuala Lumpur	Malaysia	90
Aker Process Systems Asia Pacific Sdn Bhd	Shah Akam	Malaysia	100
Aker Solutions Asia Pacific Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions India Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions Umbilical Asia Pacific Sdn Bhd	Kuala Lumpur	Malaysia	100
Phoenix Polymers Malaysia Ltd	Kuala Lumpur	Malaysia	100
Aker Solutions (Mauritius) Ltd	Port Louis	Mauritius	100
Aker Advantage BV	Gravenhage	Netherlands	100
Aker Oilfield Services BV	Amsterdam	Netherlands	100
Aker Process BV	Zoetermeer	Netherlands	100
Aker Process Engineering Services BV	Maastrichts	Netherlands	100
Aker Solutions BV	Zoetermeer	Netherlands	100
Step Oiltools B.V.[2]	Amsterdam	Netherlands	55
Aker Solutions Nigeria Ltd	Lagos State	Nigeria	100

Company	Location	Country	Ownership (per cent)[1]
Aker Advantage AS	Bergen	Norway	100
Aker Advantage Group AS	Fornebu	Norway	100
Aker Business Services AS	Fornebu	Norway	100
Aker Egersund AS	Egersund	Norway	100
Aker Engineering & Technology AS	Fornebu	Norway	100
Aker Geo AS	Stavanger	Norway	100
Aker Installation FP AS	Fornebu	Norway	100
Aker Insurance AS	Fornebu	Norway	100
Aker Insurance Services AS	Fornebu	Norway	100
Aker MH AS[4]	Kristiansand	Norway	100
Aker Midsund Bruk AS	Midsund	Norway	100
Aker O&G Group AS	Fornebu	Norway	100
Aker Oilfield Services AS	Oslo	Norway	100
Aker Oilfield Services Operations AS	Oslo	Norway	100
Aker Oilfield Services Shipholding AS	Oslo	Norway	100
Aker Operations AS	Stavanger	Norway	100
Aker P&C Europe AS	Fornebu	Norway	100
Aker P&C Group AS	Fornebu	Norway	100
Aker Porsgrunn AS	Porsgrunn	Norway	100
Aker Process System International AS	Fornebu	Norway	100
Aker Process Systems AS	Fornebu	Norway	100
Aker Pusnes AS	Arendal	Norway	100
Aker Solutions AS	Fornebu	Norway	100
Aker Solutions Contracting Kazakhstan AS	Fornebu	Norway	100
Aker Solutions MMO AS[5]	Stavanger	Norway	100
Aker Subsea AS	Fornebu	Norway	100
Aker Subsea Russia AS	Fornebu	Norway	100
Aker Well Service AS	Stavanger	Norway	100
AKOFS 1 AS	Oslo	Norway	100
AKOFS 2 AS	Oslo	Norway	100
AKOFS Angola AS	Oslo	Norway	100
AKOFS Wayfarer AS	Fornebu	Norway	100
AMC Connector AS	Oslo	Norway	100
Benestad AS[2]	Lierskogen	Norway	100
Drilltech AS	Kristiansand S	Norway	100
K2 Hotellbygg AS	Fornebu	Norway	93
KB eDesign AS	Oslo	Norway	100
Kværner Engineering AS Abu Dhabi Branch	Fornebu	Norway	100
Kværner Eureka AS	Tranby	Norway	100
Maritime Promeco AS	Kristiansand S	Norway	100
Phaze Technologies AS[2]	Lierskogen	Norway	100
Step Offshore AS	Hvalstad	Norway	100
Subsea Africa AS	Oslo	Norway	100
Aker Kvaerner Caribe LLP	San Juan	Puerto Rico	98
First Interactive LLC	St Petersburg	Russia	100
Step Oiltools LLC[2]	Moscow	Russia	55

Company	Location	Country	Ownership (per cent)[1]
Aker Kvaerner Gotech LLC	Al-Khobar	Saudi Arabia	51
Aker MH (Singapore) Pte Ltd	Singapore	Singapore	100
Aker Solutions (Services) Pte Ltd	Singapore	Singapore	100
Aker Solutions Singapore Pte Ltd	Singapore	Singapore	100
Aker Wirth SCS Singapore Pty	Singapore	Singapore	100
Step Oiltools Pte Ltd[2]	Singapore	Singapore	55
Wirth Mining Service Pty Ltd[6]	Middelburg	South Africa	100
Aker Pusnes Korea Co Ltd	Busan	South Korea	80
Pusnes Korea Industries Co Ltd	Busan	South Korea	100
Aker Solutions AB[2]	Gothenburg	Sweden	100
Aker Water AB	Ørnskjøldsvik	Sweden	100
Aker Cool Sorption Siam Ltd[7]	Rayong	Thailand	99
Aker Kvaerner (Thailand) Ltd	Bangkok	Thailand	100
Step Oiltools (Thailand) Ltd[2]	Bangkok	Thailand	55
Aker Advantage Ltd	London	UK	100
Aker Business Services Ltd	London	UK	100
Aker Engineering & Technology Ltd	London	UK	100
Aker MH UK Ltd	Aberdeen	UK	100
Aker Offshore Partner Ltd	London	UK	100
Aker Process Systems Ltd	Aberdeen	UK	100
Aker Qserv Ltd	Aberdeen	UK	100
Aker Solutions Angola Ltd	Maidenhead	UK	100
Aker Solutions DC Trustees Ltd	London	UK	100
Aker Solutions India Ltd	Cardiff	UK	100
Aker Subsea Ltd	Maidenhead	UK	100
Phoenix Polymers International Ltd	Aberdeen	UK	100
Qserv Pipeline & Process Ltd	London	UK	100
Step Oiltools (UK) Ltd[2]	Aberdeen	UK	55
Woodfield Systems Co Ltd	Kent	UK	100
Aker MH FZE	Dubai	The Emirates	100
Aker Well Service LLC	Muscat	The Emirates	70
Extreme Trading & Mechanical Equipment LLC[2]	Abu Dhabi	The Emirates	100
Aker Advantage Inc	Houston	USA	100
Aker Business Services Inc	Houston	USA	100
Aker Kvaerner Pharmaceuticals LLC	Houston	USA	100
Aker Kvaerner Power Inc	Charlotte	USA	100
Aker Kvaerner Process Systems US Inc	Houston	USA	100
Aker Kvaerner US LLP	Houston	USA	100
Aker Kvaerner Willfab Inc	Williamsport	USA	100
Aker Maritime US Inc	Delaware	USA	100
Aker Oil & Gas US LLC	Houston	USA	100
Aker Solutions Drilling Technologies Inc[8]	Katy	USA	100
Aker Solutions USA Corporation	Houston	USA	100
Aker Subsea Inc	Houston	USA	100
Aker US Holdings Inc	Houston	USA	100
Aker Well Service Inc	Houston	USA	100

Company	Location	Country	Ownership (per cent)[1]
Aker Wirth International LLP	Houston	USA	100
Aker Wirth Management Inc	Dover	USA	100
Kvaerner Process Services Inc	Houston	USA	100
RIG Specialities Inc	Houston	USA	100
Wirth Service Inc	North Charleston	USA	100
Kvaerner Process Services Inc	Houston	USA	100
RIG Specialities Inc	Houston	USA	100
Wirth Service Inc	North Charleston	USA	100

1) Ownership equaling the per centage of voting shares.
2) New companies in 2011.
3) Increased ownership by 3.74 per cent in 2011.
4) Merged with First Interactive AS.
5) Changed name from Aker Offshore Partner AS and merged with Aker Elektro AS.
6) Merged with Wirth CC Südafrica.
7) Changed name from Aker Cool Sorption Thailand Ltd
8) Changed name from Aker MH Inc.

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

The following companies have been disposed/demerged in 2011:

Company	Location	Country	Ownership (per cent) year end 2010
Aker Marine Contractors Pty Ltd	Perth	Australia	100
Aker Solutions Australia Pty Ltd	Melbourne	Australia	100
Aker Solutions Oil & Gas Australia Pty Ltd	Melbourne	Australia	100
Aker Chemetics Offshore Services Inc	Vancouver	Canada	100
Aker Construction Canada Ltd	Ontario	Canada	100
Aker Solutions Canada Inc	Vancouver	Canada	100
Aker Solutions Newfoundland Ltd	St. John's, Newfoundland	Canada	100
Aker Solutions Chile S.A.	Santiago	Chile	100
Aker Projects (Shanghai) Co Ltd	Shanghai	China	100
Aker Offshore OY	Pori	Finland	100
Aker Process GmbH	Lagenfeld	Germany	100
Aker Solutions SA de CV	Lomas de Chaputtepec	Mexico	100
Aker Contracting Russia AS	Fornebu	Norway	100
Aker Elektro AS	Stord	Norway	100
Aker Jacket Technology AS	Verdal	Norway	100
Aker Kværner Contracting International (Spain) AS	Fornebu	Norway	100
Aker Kværner Contracting Italy AS	Fornebu	Norway	100
Aker Marine Contractors AS	Fornebu	Norway	100

Company	Location	Country	Ownership (per cent) year end 2010
Aker P&C Americas AS	Fornebu	Norway	100
Aker Piping Tecnology AS	Verdal	Norway	100
Aker Sakkyndig Virksomhet AS	Verdal	Norway	100
Aker Solutions Contracting AS	Lysaker	Norway	100
Aker Stord AS	Stord	Norway	100
Aker Verdal AS	Verdal	Norway	100
Dovre Maling AS	Verdal	Norway	100
Hinna Base AS	Stavanger	Norway	100
Jåttåvågen AS	Stavanger	Norway	93
Norwegian Contractors AS	Fornebu	Norway	100
Vind Sammenstilling AS	Verdal	Norway	100
Aker Solutions Peru SA	San Isidro	Peru	100
Aker Process Gulf Ltd	Al-Khobar	Saudi Arabia	100
Aker Kvaerner E&C (Thailand) Ltd	Bangkok	Thailand	100
Aker Kvaerner E&C Holdings (Thailand) Ltd	Bangkok	Thailand	100
Aker Process Ltd	London	UK	100
Aker Solutions E & C International Ltd	London	UK	100
Aker Solutions E&C Ltd	Stockton on Tees	UK	100
Aker Construction Inc	Canonsburg, Pensylvania	USA	100
Aker Field Development Inc	Houston	USA	100
Aker Industrial Constructors Inc	Pennsylvania	USA	100
Aker Marine Contractors US Inc	Houston	USA	100
Aker Metals Inc	Tuscon	USA	100
Aker Michigan Inc	Michigan	USA	100
Aker P&C Inc	Houston	USA	100
Aker P&C US Inc	Houston	USA	100
Aker Solutions Americas Inc	Wilmington	USA	100
Aker Solutions Chile Corporation	Houston	USA	100
Aker Strategic Operations Inc	Washington	USA	100
DSI Constructors	Houston	USA	100

Aker Solutions ASA
Income statement 1.1 – 31.12

Amounts in NOK million	Note	2011	2010
Operating revenue	2	**48**	48
Operating expenses	2	**(121)**	(237)
Operating loss		**(73)**	(189)
Income from investments in subsidiaries	5	**3 784**	3 018
Net financial items	3	**341**	384
Profit before tax		**4 052**	3 213
Income tax expense	4	**(72)**	(60)
Profit for the period		**3 980**	3 153
Profit for the period distributed as follows:			
Proposed dividends		**1 052**	741
Other equity		**2 928**	2 412
Profit for the period		**3 980**	3 153
Group contribution against investment in shares		**92**	187

Aker Solutions ASA
Balance sheet 1.1 – 31.12

Amounts in NOK million	Note	2011	2010
Assets			
Deferred tax asset	4	**1**	37
Investments in group companies	5	**7 611**	7 256
Non-current interest-bearing receivables from group companies	7	**10 378**	8 000
Other non-current interest-bearing receivables	8	**236**	220
Total non-current assets		**18 226**	15 513
Current interest-bearing receivables from group companies	7	**3 651**	10 791
Non-interest bearing receivables from group companies	7	**4 074**	3 310
Financial assets	11	**911**	475
Other current receivables		**-**	11
Cash in cash pool system	7	**531**	298
Total current assets		**9 167**	14 885
Total assets		**27 393**	30 398
Equity and liabilities			
Issued capital		**455**	548
Treasury shares		**(7)**	(9)
Share premium reserve		**2 000**	4 279
Other paid in capital		**2 442**	1 074
Other equity		**3 246**	4 837
Total equity	6	**8 136**	10 729
Non-current borrowings	9	**4 572**	6 169
Total non-current borrowings		**4 572**	6 169
Current borrowings	9	**99**	572
Current borrowings from group companies	7	**12 449**	11 111
Provision for dividend	6	**1 052**	741
Non interest-bearing liabilities from group companies	7	**129**	730
Financial liabilities	11	**835**	346
Other current liabilities		**121**	-
Total current liabilities		**14 685**	13 500
Total liabilities		**19 257**	19 669
Total liabilities and equity		**27 393**	30 398

Fornebu, 13 March 2012
Board of Directors of Aker Solutions ASA

Øyvind Eriksen
Executive Chairman

Lone Fønns Schrøder

Kjell Inge Røkke

Anne Drinkwater

Mikael Lilius
Deputy Chairman

Ida Helliesen

Atle Teigland

Åsmund Knutsen

Arild Håvik

Hilde Karlsen

Leif Hejø Borge
President & CFO

Aker Solutions ASA

Statement of cash flow 1.1 – 31.12

Amounts in NOK million	**2011**	2010
Profit before tax	**4 052**	3 213
Changes in other net operating assets	**(3 865)**	(3 685)
Net cash from operating activities	**187**	(472)
Acquisition of subsidiaries	**(645)**	-
Net cash from investing activities	**(645)**	-
Proceeds from borrowings	**3 300**	-
Repayment of borrowings	**(5 372)**	(100)
Changes in net borrowings from group companies	**3 506**	470
Proceeds from employees share purchase program	**77**	56
Repurchase of treasury shares	**(79)**	(56)
Dividends to shareholders	**(741)**	(700)
Net cash from financing activities	**691**	(330)
Net increase (decrease) in cash and bank deposits	**233**	(802)
Cash in cash pool system at the beginning of the period	**298**	1 100
Cash in cash pool system at the end of the period[1]	**531**	298

1) Unused credit facilities in NOK and EUR amounted to NOK 5.0 billion as described in note 9 borrowings.

Aker Solutions ASA

Notes to the financial statements

Note 1 Accounting principles

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

Revenue recognition
Revenue is recognised when the service is delivered.

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

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

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

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

Investments and long term receivables are valued at cost but are written down to fair value if impairment is not expected to be temporary. Non-current debts are initially valued at transaction value less attribute transaction cost. Subsequent to initial recognition, interest-bearing long-term debt is stated at 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.

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

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

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

Foreign currency
Transactions in foreign currencies are translated at the exchange rate at the date of the transaction. Cash, receivables and foreign currency debt are valued at the exchange rate at the end of the fiscal year.

Derivative financial instruments
Subsidiaries have entered into agreements with the parent company to hedge their foreign exchange exposure. In the parent company this risk is hedged in the external financial markets. All financial assets and liabilities related to foreign exchange contracts are valued at fair value with any gains or losses booked against the income statement. These contracts do not qualify for hedge accounting.

In order to reduce the financial market exposure, interest swap agreements are entered. The market value of interest rate swaps classified as cash flow hedging (from floating to fixed interest) is accounted for directly against equity and reflected in the profit and loss in line with the future interest. The value of interest rate swaps classified as fair value hedging (from fixed to floating interest) is accounted for through profit and loss. At the same time is a corresponding adjustment to the carrying value of the borrowing accounted for.

Tax
Tax expense in the income statement comprises current tax and changes in deferred tax. Deferred tax is calculated as 28 per cent of temporary differences between accounting and tax values as well as any tax losses carry forward at the year end. Net deferred tax assets are recognised only to the extent it is probable that they will be utilised against future taxable profits.

Note 2 Operating revenue and operating expenses

Operating revenue comprises NOK 27 million in income from parent company guarantees and NOK 14 million in insurance commissions to Aker Solutions companies and NOK 7 million in income from guarantees to entities controlled by Kvaerner.

There are no employees in Aker Solutions ASA and hence no salary or pension related costs and also no loan or guarantees related to the executive management team. Group management and corporate staff are employed by other Aker Solutions companies and costs for their services as well as other parent company costs are charged to Aker Solutions ASA. Remuneration to and shareholding of acting managing director Leif Hejø Borge, is described in note 11 Salaries, wages and social security costs in the consolidated accounts.

Fees to KPMG for statutory audit of the parent company amounted to NOK 4.8 million and fees for other assurance services amounted to NOK 0.7 million excluding VAT.

Note 3 Net financial items

Amounts in NOK million	**2011**	2010
Interest income from group companies	**1 175**	926
Interest expense to group companies	**(480)**	(144)
Net interest group companies	**695**	782
Interest income from related parties	**11**	-
Interest expense to related parties	**(2)**	-
Net interest related parties	**9**	-
Interest income	**45**	10
Interest expense	**(416)**	(417)
Net interest external	**(371)**	(407)
Loss on loans to group companies[1]	**(64)**	(185)
Other financial income	**4**	4
Other financial expense	**(57)**	(57)
Foreign exchange gain	**3 096**	3 579
Foreign exchange loss	**(2 971)**	(3 332)
Net other financial items	**72**	194
Net financial items	**341**	384

1) Loss on loans to group companies comprises NOK 53 million in loss on loan to Aker P&C Europe AS and NOK 11 million provision for loss on loan to Aker Installation FP AS.

Note 4 Tax

Amounts in NOK million	**2011**	2010
Calculation of taxable income		
Profit before tax	**4 052**	3 213
Group contribution without tax	**(4 000)**	(3 000)
Permanent differences	**199**	1
Change in timing differences	**(121)**	57
Taxable income	**130**	271
Positive and (negative) timing differences		
Write down on current interest-bearing receivables from group companies	**-**	(197)
Unrealised gain(loss) on forward exchange contracts	**17**	93
Interest rate swaps	**(19)**	(27)
Basis for deferred tax	**(2)**	(131)
Deferred tax in income statement	**(4)**	29
Deferred tax in equity	**5**	8
Deferred tax asset	**1**	37
Tax expense		
Origination and reversal of temporary differences in income statement	**(34)**	16
Payable tax	**(36)**	(73)
Withholding tax paid	**(2)**	(3)
Total tax expense in income statement	**(72)**	(60)

Note 5 Investments in group companies

Amounts in NOK million	Registered office	Share capital	Number of shares held	Percentage owner- / voting share	**Book value 2011**	Book value 2010
Aker P&C Europe AS[1]	Fornebu, Norway	1	100 000	100%	**262**	-
Aker P&C Group AS	Fornebu, Norway	500	500 000	100%	**1 067**	1 067
Aker O&G Group AS[3]	Fornebu, Norway	1 110	1 110 000	100%	**5 963**	5 870
Aker Oilfield Services AS[2]	Oslo, Norway	321	10 379 470	32.29%	**319**	319
Total investments in subsidiaries					**7 611**	7 256

1) Aker Solutions ASA converted loans to Aker P&C Europe AS to equity and thereby became 100 per cent owner.

2) The remaining 67.71 per cent of the shares in Aker Oilfield Services AS are held by Aker Solutions AS meaning that Aker Solutions ASA direct and indirect owns 100 per cent of the shares.

3) Aker Solutions ASA has in 2011 given group contributions with tax to tier-subsidiaries. The equity value of these are booked against the shares in the subsidiary holding these tier-subsidiaries. Thereby the value of the shares in Aker O&G Group AS are increased by NOK 93 million.

Amounts in NOK million	**2011**	2010
Group contributions	**4 000**	3 018
Loss on sale of shares[1]	**(216)**	-
Total income from investments in subsidiaries	**3 784**	3 018

1) Loss on sale of shares in subsidiaries see note 12 Related parties.

Note 6 Shareholders' equity

Amounts in NOK million	Share capital	Own shares	Share premium	Other paid in capital	Retained earnings	**Total**
Equity as of 1 January 2010	548	(9)	4 279	1 074	2 435	8 327
Change in 2009 dividend					1	1
Shares issued to employees through share program[1]		1			55	56
Share buy back[2]		(1)			(55)	(56)
Profit for the period					3 153	3 153
Proposed dividend					(741)	(741)
Cash flow hedge[3]					(11)	(11)
Equity as of 31 December 2010	548	(9)	4 279	1 074	4 837	10 729
Shares issued to employees through share program[1]		1			76	**77**
Share buy back[2]		(1)			(78)	**(79)**
Profit for the period					3 980	**3 980**
Demerger of Kvaerner	(93)	2	(728)	(183)	(4 522)	**(5 524)**
Reduced share premium			(1 551)	1 551		**-**
Proposed dividend					(1 052)	**(1 052)**
Cash flow hedge[3]					5	**5**
Equity as of 31 December 2011	455	(7)	2 000	2 442	3 246	**8 136**

1) Aker Solutions subsidiaries operate a share purchase programme for employees. The subsidiaries purchase shares from Aker Solutions ASA in order to settle obligations to the employees under the schemes. During 2011 a total of 1 023 865 shares were sold under the program.

2) During 2011 a total of 647 494 own shares have been acquired in the market. The number of own shares held by end of 2011 were 4 214 607 and are held for the purpose of being used for future awards under the share saving program for employees, as settlement in future corporate acquisitions or for other purpose as decided by the Board of Directors.

3) The value of interest swap agreements changing interest from floating to fixed interest is recognised directly in equity and will be released to income together with the corresponding interest expense.

In the second quarter of 2011 Aker Solutions decided to demerge the company. An allocation of the share capital was determined, after deducting the value of Aker Solutions' treasury shares, such that 17 per cent of the share capital was allocated to Kvaerner and 83 per cent was allocated to Aker Solutions giving a split ratio of 17:83 per cent. Following the demerger Kværner ASA issued pro rata consideration shares to Aker Solutions shareholders and was listed on the Oslo Stock Exchange on July 8 2011.

Proposed dividend exclude dividend on own shares held as of 31 December.

The share capital of Aker Solutions ASA is divided into 274 000 shares with a nominal value of NOK 1.66. The shares can be freely traded. An overview of the company's largest shareholders is to be found in note 13 Shareholders.

Note 7 Receivables and borrowings from group companies

Amounts in NOK million	**2011**	2010
Group companies deposits in the cash pool system	**6 253**	8 687
Group companies borrowings in the cash pool system	**(220)**	(138)
Aker Solutions ASA's net borrowings in the cash pool system	**(5 502)**	(8 251)
Cash in cash pool system	**531**	298
Current interest-bearing receivables from group companies	**3 651**	10 791
Non-current interest-bearing receivables from group companies	**10 378**	8 000
Current borrowings from group companies	**(12 449)**	(11 111)
Other net interest-bearing receivables from group companies	**1 580**	7 680
Non interest-bearing receivables from group companies	**4 074**	3 310
Current non interest-bearing borrowings from group companies	**(129)**	(730)
Net non interest-bearing receivables from group companies	**3 945**	2 580
Total net receivables from group companies	**6 056**	10 558

All current receivables/borrowings are due within one year.

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

The cash pool systems were showing a net balance of NOK 531 million per 31 December. This amount is reported in Aker Solutions ASA's accounts as short term borrowings from group companies and as cash in cash pool system.

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

Other current receivables and other current liabilities include receivables and liabilities related to NOK 4 000 million in group contributions received and NOK 129 million in group contributions paid and other short term group receivables/liabilities.

Note 8 Other non-current interest-bearing receivables

Amounts in NOK million	**2011**	2010
Loan to related parties	**234**	218
Stiftelsen Aker Solutions Kompensasjonsordning	**2**	2
Total other non-current interest-bearing receivables	**236**	220

Note 9 Borrowings

Contractual terms of interest-bearing loans and borrowings are measured at amortised cost. For more information about the exposure to interest rates, foreign currency and liquidity risk, see note 11 Financial risk management and exposures.

2011

Amounts in million	Currency	Nominal currency value	**Carrying amount**	Interest rate[3]	Fixed interest margin	Interest coupon	Maturity date	Interest terms
ISIN NO 0010341332	NOK	300	**301**	3.29%	1.35%	4.64%	02.12.2013	Floating, 3 months
ISIN NO 0010342587	NOK	150	**151**	6.00%		6.00%	02.12.2013	Fixed, annual
ISIN NO 001050461.6	NOK	1 913	**2 009**	10.70%		10.70%	26.06.2014	Fixed, annual
ISIN NO 001050460.8	NOK	187	**186**	2.90%	6.75%	9.65%	26.06.2014	Floating, 3 months
Total bonds[1]			**2 647**					
Revolving credit facility (NOK 6 000 million)	NOK	1 300	**1 268**	2.78%	1.20%		23.06.2016	IBOR + Margin[2]
Total credit facility			**1 268**					
Term loan	NOK	750	**756**	3.09%	2.00%	5.09%	14.10.2014	NIBOR, 3 months
Total borrowings			**4 671**					
Current borrowings			**99**					
Non-current borrowings			**4 572**					
Total			**4 671**					

2010

Amounts in million	Currency	Nominal currency value	Carrying amount	Interest rate	Fixed interest margin	Interest coupon	Maturity date	Interest terms
ISIN NO 0010341324	NOK	572	572	2.51%	1.05%	3.56%	01.12.2011	Floating, 3 months
ISIN NO 0010341332	NOK	300	299	2.51%	1.35%	3.86%	01.12.2013	Floating, 3 months
ISIN NO 0010342587	NOK	150	150	6.00%		6.00%	01.12.2013	Fixed, annual
ISIN NO 001050461.6	NOK	1 913	1 988	8.70%		8.70%	26.06.2014	Fixed, annual
ISIN NO 001050460.8	NOK	187	185	2.62%	4.75%	7.37%	26.06.2014	Floating, 3 months
Total bonds[1]			3 194					
Revolving credit facility (EUR 750 million)	EUR	750	2 792	2.40%	0.73%	3.13%	25.10.2012	LIBOR + Margin
Revolving credit facility (NOK 2 000 million)	NOK	-	-		2.00%		19.12.2011	LIBOR + Margin[2]
Total credit facility			2 792					
Term loan	NOK	750	755	2.58%	2.00%	4.58%	01.10.2014	NIBOR, 3 months
Total borrowings			6 741					
Current borrowings			572					
Non-current borrowings			6 169					
Total			6 741					

1) The carrying amount of the bonds includes transaction costs and accrued interest. The bond with carrying amount of NOK 2 009 million also includes effects related to fair value hedging of the interest component in the bond.

2) The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 35 per cent of the margin.

3) The interest rate applicable for the floating rate loans are the interest rate fixed over year end.

Norwegian bonds
Aker Solutions has issued five bonds at start of 2011. One bond (notional value NOK 572 million) matured in December 2011. The remaining four bonds mature respectively in 2013 (NOK 450 million) and in 2014 (NOK 2 100 million). The bonds are denominated in Norwegian kroner and are issued in the Norwegian bond market. Two of the bonds are issued based on a floating interest rate plus a predefined margin. The predefined margin on one of those bonds with notional value NOK 187 million has been adjusted from 4.75 to 6.75 per cent in 2011 (2.0 per cent step up). The two other bonds have a fixed interest rate: the bond with notional value of NOK 150 million has a fixed interest rate of 6.0 per cent while the fixed rate on the bond with notional value NOK 1 913 million was increased from 8.70 to 10.70 per cent (2.0 per cent step up). The interest step up was triggered by a rating downgrade event. This will be reveresed if Aker Solutions is upgraded to an investment grade rating.

The bonds are issued with Norsk Tillitsmann as trustee and the loan agreements are based on Norsk Tillitsmann's standard loan agreement for such bonds. The bonds are unsecured on a negative pledge basis and include no dividend restrictions.

All bonds issued are listed on the Oslo Stock Exchange.

Bank debt
The bank debt consists of one revolving credit facility of NOK 6 000 million with initial maturity in June 2016 (out of which NOK 1 300 million has been drawn in 2011) and of one term loan of NOK 750 million established in 2009 maturing in October 2014 and which was fully drawn in December 2010. The NOK 6 000 million facility replaces the two previous revolving credit facilities of respectively EUR 750 million and NOK 2 000 million which were cancelled in June 2011. All facilities are provided by a bank syndicate consisting of Nordic and high quality international banks. The terms and conditions include restrictions which are customary for this kind of facility, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers. There are also certain changes of control provisions included. The facility includes no dividend restrictions and is unsecured.

The financial covenants are based on two sets of key financial ratios; a gearing ratio based on gross debt/EBITDA and an interest coverage ratio based on EBITDA/net finance costs. The financial covenants are tested on a quarterly basis. The margin applicable to the facility is based on a price grid determined by the gearing ratio. See note 5 Financial risk management and exposures for more information regarding capital risk in the group.

Aker Solutions strategy is to have between 30-50 per cent of borrowings at fixed interest rates. To the extent that this is not reflected in the loan agreements, swap transactions are entered into.

Financial liabilities and the period in which they mature

2011

Amounts in NOK million	**Carrying amount**	**Total undiscounted cash flow**[1]	6 mths and less	6-12 mths	1-2 years	2-5 years
ISIN NO 0010341332	**(301)**	**(322)**	(6)	(6)	(310)	-
ISIN NO 0010342587	**(151)**	**(167)**	(5)	(5)	(158)	-
ISIN NO 001050461.6	**(2 009)**	**(2 421)**	(102)	(102)	(205)	(2 012)
ISIN NO 001050460.8	**(186)**	**(230)**	(9)	(9)	(17)	(195)
Total	**(2 647)**	**(3 140)**	(122)	(122)	(690)	(2 207)
Revolving credit facility (NOK 6 000 million)[2]	**(1 268)**	**(1 521)**	(25)	(23)	(47)	(1 426)
Total credit facility	**(1 268)**	**(1 521)**	(25)	(23)	(47)	(1 426)
Term loan (NOK 750 million)	**(756)**	**(844)**	(18)	(16)	(33)	(777)
Total borrowings	**(4 671)**	**(5 505)**	(165)	(161)	(770)	(4 410)

2010

Amounts in NOK million	Carrying amount	Total undiscounted cash flow[1]	6 mths and less	6-12 mths	1-2 years	2-5 years
ISIN NO 0010341324	(572)	(599)	(23)	(576)	-	-
ISIN NO 0010341332	(299)	(354)	(16)	(3)	(14)	(321)
ISIN NO 0010342587	(150)	(181)	(7)	(3)	(9)	(162)
ISIN NO 001050461.6	(1 988)	(2 691)	(169)	(37)	(197)	(2 288)
ISIN NO 001050460.8	(185)	(187)	(11)	(3)	(15)	(222)
Total	(3 194)	(4 076)	(226)	(622)	(235)	(2 993)
Revolving credit facility (EUR 750 million)	(2 792)	(3 116)	(51)	(55)	(2 912)	(98)
Total credit facility	(2 792)	(3 116)	(51)	(55)	(2 912)	(98)
Term loan (NOK 750 million)	(755)	(948)	(18)	(27)	(39)	(865)
Total borrowings	(6 741)	(8 140)	(295)	(704)	(3 186)	(3 956)

1) *The expected interest payments are calculated using the forward rates.*

2) *NOK 1 300 million corresponds to the repayment of the drawn portion of the available NOK 6 000 million credit facility. This repayment is presented in accordance with the contractual maturity of the revolving facility (2016), though actual repayment might occur earlier on the date of interest period renewal.*

Note 10 Guarantees

Amounts in NOK million	**2011**	2010
Parent company guarantees to group companies[1]	**32 747**	80 912
Guarantees on behalf of Kvaerner companies	**53 093**	-
Guarantees on behalf of companies sold[4]	**1 338**	-
Counter guarantees for bank/surety bonds of Kvaerner companies	**1 231**	-
Counter guarantees for bank/surety bonds sold[4]	**273**	-
Counter guarantees for bank/surety bonds[2,3]	**6 356**	7 672
Total guarantee liabilities	**95 038**	88 584
Maturity of guarantee liabilities:		
6 months and less	**7 629**	27 792
6-12 months	**11 431**	9 427
1-2 years	**41 848**	26 418
2-5 years	**34 130**	24 947

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

2) *Bank guarantees and surety bonds are issued on behalf of Aker Solutions subsidiaries, and counter indemnified by Aker Solutions ASA.*

3) *Aker Solutions ASA has also issued guarantees on behalf of Aker DOF Deepwater AS and Aker Clean Carbon AS, see note 9 to the consolidated accounts.*

4) *Guarantees to companies sold to Jacobs Engineering Group Inc and Ezra Holdings Ltd.*

Note 11 Financial risk management and financial instruments

Currency risk and balance sheet hedging

	2011		2010	
Amounts in NOK million	Assets	Liabilities	Assets	Liabilities
Options	**-**	**-**	8	(7)
Forward exchange contracts with group companies	**726**	**(284)**	244	(378)
Forward exchange contracts with external counterparts	**110**	**(531)**	419	(187)
Total	**836**	**(815)**	671	(572)

Aker Solutions ASA have entered into approximately 9 000 forward exchange contracts with subsidiaries in 2011 with a total value of about NOK 70 billion. Large contracts are hedged back-to-back with external banks, while minor contracts are hedged after internal netting. Contracts that are hedged directly represents about 80 per cent of the total exposure but only a small number of the total contracts. These contracts have no significant impact on Aker Solutions ASA's income statement.

The treasury function within Aker Solutions ASA also has a mandate to hold small positions in the currency and interest markets. The mandate has limits that are strictly defined and is operated under a strict stop-loss regime. Open positions are continuously monitored at a market to market basis. In 2011 Aker Solutions ASA also entered into a forward contract to hedge the equity in the subsidiaries being subject to sale to Jacobs. The hedge did not qualify for hedge accounting. A net profit of NOK 129 million is reflected in the income statement from these contracts.

All instruments are booked at fair value as per 31 December.

Interest rate risk

	2011		2010	
Amounts in NOK million	Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cash flow and fair value hedge	**75**	**-**	61	-
Interest rate swaps - cash flow hedge (against equity)	**-**	**(20)**	-	(31)
Total	**75**	**(20)**	61	(31)

Interest rate swaps are applied to achieve the internal policy that 30-50 per cent of the company's gross external borrowing shall be at fixed interest rates, with duration matching the remaining duration of the borrowing. Interest terms on the borrowing are described in note 9 Borrowings. At year end there were interest rate swaps with floating interest hedging NOK 1 100 million of the fixed interest bonds and interest rate swaps with fixed interest hedging 75 million of the floating interest bonds. NOK 375 million were swapped to fixed interest until 2014. Floating interest is mainly tied to Inter-bank offered rates (NIBOR for NOK and LIBOR for other currencies). As per year end about 31 per cent of the external borrowings were at fixed interest.

Hedge accounting is applied using the cash flow hedge accounting model which means that gains and losses on interest rate swaps from floating to fixed interest rates are recognised in the hedging reserve in equity. As of 31 December 2011 a net loss of NOK 14 million is recognised in the equity and will be continuously released to the income statement until the repayment of the borrowings. The value of interest rate swaps classified as fair value hedging (from fixed to floating interest) is accounted for through profit and loss. At the same time is a corresponding adjustment to the carrying value of the borrowing accounted for.

Credit risk

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

Liquidity risk

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

Note 12 Related parties

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

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

Aker Solutions ASA's contract with Intellectual Property Holding AS and agreement with Aker ASA regarding pension obligation in US are described in note 9 Related parties to the consolidated accounts.

"In the second quarter of 2011 Aker Solutions decided to demerge the company. Prior to the demerger Kværner AS purchased shares from Aker Solutions AS at a total value of NOK 4 842 million against a seller credit. Aker Solutions AS used this receivable to repay loans to Aker Solutions ASA whereby Aker Solutions ASA became owner of the receivable on Kværner AS. Kværner AS also financed NOK 254 million in purchase of shares from other group companies by loans in Aker Solutions ASA thereby bringing Aker Solutions ASA's total receivable on Kværner AS up to a total of NOK 5 096 million. At the date of the demerger the receivable were transferred to Kværner ASA. Aker Solutions ASA also purchased the shares in Aker Solutions Americas Inc, Aker Strategic Operations Inc, Aker Michigan Inc and Aker Construction Inc from Aker P&C US Inc and the shares Aker Industrial Constructors Inc from Aker Oil & Gas US LLC and the shares in Aker AIC Holding Inc from Aker Constructors Inc for a total consideration of NOK 645 million and gave them as a NOK 429 million contribution in kind to Kværner AS.

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

Note 13 Shareholders

Shareholders with more than 1 per cent shareholding

2011

Company	Nominee	Number of shares held	Ownership (in %)
Aker Kværner Holding AS		110 333 615	40.27%
Folketrygdfondet		13 607 184	4.97%
JPMorgan Chase Bank	x	5 971 662	2.18%
Bank of New York Mellon	x	5 908 347	2.16%
State Street Bank & Trust Co	x	5 243 253	1.91%
Clearstream Banking S.A.	x	4 967 459	1.81%
Fidility Fund-Europ.Growth		4 382 723	1.60%
Aker Solutions ASA		4 214 607	1.54%
JPMorgan Chase Bank	x	3 652 391	1.33%
State Street Bank & Trust Co	x	3 560 645	1.30%
JPMorgan Chase Bank	x	3 292 972	1.20%
Danske Bank A/S	x	2 979 883	1.09%
JPMorgan Chase Bank	x	3 292 972	1.20%
Danske Bank A/S	x	2 979 883	1.09%

2010

Company	Nominee	Number of shares held	Ownership (in %)
Aker Kværner Holding AS		110 333 615	40.27%
Folketrygdfondet		10 802 522	3.94%
State Street Bank & Trust Co	x	10 568 829	3.86%
JPMorgan Chase Bank	x	8 110 997	2.96%
Bank of New York Mellon	x	7 348 640	2.68%
The Nortern Trust C.O.	x	4 951 919	1.81%
State Street Bank & Trust Co	x	4 830 832	1.76%
JPMorgan Chase Bank	x	4 773 864	1.74%
Aker Solutions ASA		4 590 978	1.68%
Fidility Fund-Europ.Growth		4 382 723	1.60%
Clearstream Banking S.A.	x	4 124 671	1.51%

KPMG AS
P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the Annual Shareholders' Meeting of Aker Solutions ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Aker Solutions ASA, which comprise the financial statements of the parent company Aker Solutions ASA and the consolidated financial statements of Aker Solutions ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2011, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other notes. The consolidated financial statements comprise the balance sheet as at 31 December 2011, and the income statement and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other notes.

The Board of Directors and the Executive Chairman Responsibility for the Financial Statements

The Board of Directors and the Executive Chairman 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 Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the laws and regulations and give a true and fair view of the financial position of Aker Solutions ASA as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the laws and regulations give a true and fair view of the financial position of Aker Solutions ASA and its subsidiaries as at 31 December 2011, 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 Corporate governance report

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 Corporate governance report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the laws 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 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, 16 March 2012
KPMG AS

Asbjørn Næss
State authorised public accountant

Share and shareholder information

Aker Solutions is committed to maintaining an open and direct dialogue with its investors, analysts and the financial market in general.

One goal is that the share price will reflect the company's underlying value by making all share price relevant information available to the market at the right time. Weight is also given to equal treatment of the various players in the financial market concerning access to such information. Aker Solutions' objective is that its shareholders will achieve a competitive return on their shares over time through a combination of dividend, share buy-backs and the rise in the share price. The Aker Solutions share is listed on the Oslo Stock Exchange's main OBX list (ticker: AKSO), and is registered in the Norwegian Central Securities Depository with DNB Bank as registrar. Its securities registration number is ISIN NO0010215684. Aker Solutions ASA was listed on the Oslo Stock Exchange on 2 April 2004.

The share in 2011

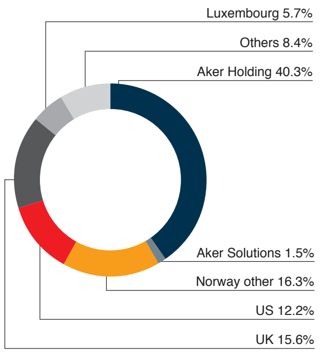
The closing share price as of 31 December 2011 was NOK 62.95, which gave the company a total market capitalisation of NOK 17 billion (NOK 27 billion as of year-end 2010). A total of 433.2 million Aker Solutions shares were traded during 2011, representing 2.6 times the company's freely tradable stock. The latter amounted to 59.73 per cent of total issued shares in 2011, with the remaining 40.27 per cent owned by Aker Kværner Holding AS. The share was traded on all the 253 possible trading days. The average daily volume traded was 1.7 million shares.

Shares and share capital

Aker Solutions ASA has 274 000 000 ordinary shares with a par value of NOK 1.66. Aker Solutions has one single class of shares only, and each share carries one vote. The company owned 4 214 607 of its own (treasury) shares at 31 December 2011, or 1.5 per cent of the total numbers of issued shares. No new shares were issued in 2011.

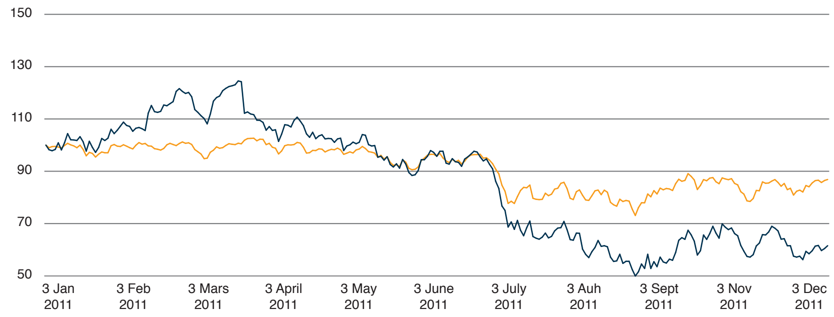
Shareholders

By geographical area
as of 31 Dec. 2011



Source: Norwegian Central Securities Depository (VPS)

Indexed share price development in NOK



Key figures for the Aker Solutions share 2011

		2011	2010
Highest closing share price	NOK	**115.3**	104.4
Lowest closing share price	NOK	**51.1**	68.9
Average closing share price	NOK	**85.5**	85.8
Closing price as of 31 December	NOK	**62.95**	99.25
Market capitalisation as of 31 December	NOK million	**16 983**	27 194
Daily turnover	No. of shares	**1 718 856**	1 993 282
Turnover ratio	Per cent	**158**	183.3
Own (treasury) shares as of 31 December	No. of shares	**4 214 607**	4 590 978
Shares issued as of 31 December	No. of shares	**274 000 000**	274 000 000
Basic earnings per share	NOK	**19.37**	7.27
Earnings per share continuing operations	NOK	**5.77**	4.76
Credit rating	Fitch	**BB+**	BBB-
Non-Norwegian shareholders	Per cent	**41.9**	43.5

Source: Norwegian Central Securities Depository (VPS)

Shareholder structure

Aker Solutions had 12 596 shareholders as of 31 December 2011, of whom 1 432 (11.3 per cent) were non-Norwegian. At year end, 41.9 per cent of the shares were owned by foreign investors; a slight decrease from 43.5 per cent the year before. 67.0 per cent of the share capital was owned by the company's 20 largest shareholders at year end 2011. The largest shareholder in Aker Solutions is Aker Kværner Holding AS, who owned 40.27 per cent of the shares as of 31 December 2011. Aker ASA holds a controlling 70 per cent stake in Aker Kværner Holding. The Norwegian Government owns 30 per cent of Aker Kværner Holding's shares. For more information on the principal shareholder, see the chapter concerning corporate governance on page 83.

Dividend policy

The company's goal is that the average dividend over time should amount to 30-50 per cent of the Aker Solutions group's net profit through cash payments and/or share buy-backs. The size of the dividend is assessed in relation to alternative uses for the funds and the desire to continue strengthening the financial structure. The board will propose to the annual general meeting that a total dividend of NOK 3.90 per share be paid for 2011. Adjusted for the accounting gain related to the divestment of Kvaerner and for the profit obtained by Kvaerner until divestment, this corresponds to ~30 per cent of the net annual profit per share.

The dividend will be paid out to shareholders of record on the date of the annual general meeting. In addition, shareholders have already received shares in Kvaerner, which on the first day of trading in July 2011 were valued at NOK 14.00 per share.

The following table shows the dividends per share paid by Aker Solutions for the period 2007–2011:

Year	Dividend
2007	NOK 3.00
2008	NOK 1.60
2009	NOK 2.60
2010	NOK 2.75
2011 Proposed	NOK 3.90

Acquisition of own shares

The Annual General Meeting of Aker Solutions on 6 May 2011 mandated the board of directors to acquire the company's own shares up to a total par value of NOK 45 484 000 000 (10 per cent of the share capital).

The mandate is valid until the 2012 annual general meeting scheduled for 13 April 2012. As of 31 December 2011, 647 494 shares had been acquired under the mandate.

Geographic distribution of ownership as of 31 December 2011

Nationality	Number of shares	Ownership (in %)
Non-Norwegian shareholders	114 744 300	41,88
Norwegian shareholders	159 255 700	58,12
Total	**274 000 000**	**100**

Ownership structure by size of shareholding as of 31 December 2011

Shares held	Number of shareholders	Per cent of share capital
1-100	1 957	0.20
101-1 000	8 347	1.40
1 001-10 000	1 732	1.90
10 001-100 000	367	4.50
100 001-500 000	126	9.60
More than 500 000	67	82.40
Total	**12 596**	**100**

Share purchase programme for employees

The share purchase programme for employees that was established in January 2009 was re-launched in 2010 and again in 2011. Around 14 000 employees were invited to participate in January 2011, of these 3 690 signed up. They were offered the opportunity to purchase shares in Aker Solutions up to a ceiling of NOK 15 000 per employee and at a discount of up to NOK 1 500 per employee over the 12-month duration (March 2011 to February 2012) of the programme. The price per share was calculated on the basis of the average volume weighted share price on the Oslo Stock Exchange the day before the shares were allocated. Employees who retain their shares until 1 September 2013 and who remain continuously employed by Aker Solutions throughout the period, will be entitled to receive free bonus shares at the rate of one bonus share for every two shares purchased under the programme. A total of approximately 3 200 employees bought a total of 580 271 shares through the programme in 2011 with one month still remaining of the 2011 programme. On 15 September 2011, 426 585 bonus shares were distributed to participants of the programme that was launched in 2009. It has been resolved to launch a new programme on different terms in 2012. Around 16 000 employees in Norway, the UK, the US, Canada, Brazil, Germany, Singapore and Malaysia will be invited to participate in May 2012.

In November 2011, as further described in the corporate governance statement and in the notes to the consolidated financial statements, the board of directors of Aker Solutions resolved to expand the share purchase program for employees further. Later 2012, employees will be given the opportunity to buy shares for a maximum amount of NOK 60,000. The program participants will be offered a standard discount of NOK 1,500 for participation plus an additional discount of 25% based on the actual number of shares purchased. The CEO and 2–3 levels below, may buy additional shares amounting to 25% of their base salary with a discount of 25%. A lock-in period of three years applies on all share purchases in the program.

Stock option programme

Aker Solutions ASA had no stock option programmes as of 31 December 2011.

Nomination committee

Pursuant to its articles of association, Aker Solutions has a nomination committee with at least three members. Its composition must reflect the interests of shareholders, and the members must be independent. The nomination committee has the following members:

- Leif-Arne Langøy (chairman), 2011-2013
- Gerhard Heiberg, 2010-2012
- Kjeld Rimberg, 2011-2013
- Mette Wikborg, 2011-2013

Shareholders who wish to contact Aker Solutions ASA's nomination committee, including proposing candidates for the board, must do so prior to the annual general meeting, within the deadline as stipulated on www.akersolutions.com. Please do so using the following e-mail address: ir@akersolutions.com.

20 largest shareholders as of 31 December 2011

Name	Nominee	Number of shares held	Ownership (in %)
Aker Holding AS		110 333 615	40,27%
Folketrygdfondet		13 607 184	4,97%
JPMorgan Chase Bank	x	5 971 662	2,18%
Bank of New York Mellon	x	5 908 347	2,16%
State Street Bank & Trust CO.	x	5 243 253	1,91%
Clearstream Banking	x	4 967 459	1,81%
Fidelity Funds Europe		4 382 723	1,60%
Aker Solutions ASA		4 214 607	1,54%
JPMorgan Chase Bank	x	3 652 391	1,33%
State Street Bank & Trust CO.	x	3 560 645	1,30%
JPMorgan Chase Bank	x	3 292 972	1,20%
Danske Bank	x	2 979 883	1,09%
State Street Bank & Trust CO.	x	2 317 389	0,85%
Bnym AS EMEA Asia 25 Omnibis	x	1 941 811	0,71%
State Street Bank & Trust CO.	x	1 917 276	0,70%
Citibank	x	1 901 959	0,69%
Euroclear Bank	x	1 857 451	0,68%
RBC Dexia Pensjon	x	1 846 692	0,67%
JPMorgan Chase Bank	x	1 838 472	0,67%
Statoil Pensjon		1 724 619	0,63%
Total, 20 largest shareholders		**183 460 410**	**66,96%**
Other shareholders		90 539 590	33,04%
Total		**274 000 000**	**100%**

Source: Norwegian Central Securities Depository (VPS)

Investor relations

Aker Solutions wants to maintain a good and open dialogue with shareholders, financial analysts and the financial markets in general. In addition to meetings with analysts and investors, the company stages regular presentations in important European and US financial centres. The company's website at www.akersolutions.com provides the opportunity to subscribe to news about Aker Solutions via e-mail. All press releases, including archived material, are available on the site. That also applies to interim and annual reports, prospectuses, presentations, the company's articles of association, financial calendar, investor relations and corporate governance policies, and other information. Aker Solutions holds an annual capital markets day open to all stakeholders, where key executives provide updated information about the business and market conditions. Shareholders can contact the company at ir@akersolutions.com.

Registrar

Shareholders can contact Aker Solutions' registrar, DNB, if they have any questions concerning their holding.

Financial calendar 2012

13 April 2012	Annual General Meeting
9 May 2012	1st quarter results 2012
14 August 2012	2nd quarter results 2012
2 November 2012	3rd quarter results 2012
5 December 2012	Capital markets day 2012

Analysts

The following research analysts provide analytic coverage of Aker Solutions (as of 31 December 2010):

Company	Name	Phone
ABG Sundal Collier	Ole Martin Westgaard	+47 22016160
Arctic Securities	Kjetil Garstad	+47 48403224
Bank of America Merrill Lynch	Fiona Maclean	+44 2079956099
Barclays	Mick Pickup	+44 2031346695
CA Cheuvreux	Geoffroy Stern	+33 141897379
Carnegie	Chr. Frederik Lunde	+47 22009379
Danske Bank	Endre Storløkken	+47 85407071
DnB	Eirik R. Mathisen	+47 22948997
Fearnley Fonds	Truls Olsen	+47 22936393
First Securities	Pål H. Dahl	+47 23238198
Fondsfinans	Petter Narvestad	+47 23113040
Goldman Sachs	Henry Tarr	+44 2075525981
Handelsbanken	Haakon Amundsen	+47 22940995
HSBC	David Phillips	+44 2079912344
Nomura	Christyan Malek	+44 2071025120
Nordea	Anne S. Ulriksen	+47 22486867
Pareto	Andreas Stubsrud	+47 24132116
Royal Bank of Canada	Bastien Dublanc	+44 2076534620
RS Platou Markets	Terje Mauer	+47 90970424
SEB Enskilda	Terje Fatnes	+47 21008538
Simmons & Company	Ian Macpherson	+44 2070531001
UBS	Amy Wong	+44 2075681235
UBS	Amy Wong	+442075681235
Unicredit	David Thomas	+442078267895

Analytical information

(Continuing operations)

Amounts in NOK million	**2011**	2010
Order backlog 31 December	**41 449**	38 528
Order intake	**41 327**	38 773
Revenue	**36 474**	33 365
EBITDA	**3 445**	3 308
EBITDA-margin	**9.4%**	9.9%
Profit before tax	**2 073**	1 968
Rate of taxation	**23.3%**	32.2%
Net profit from continuing operations	**1 591**	1 334
Basic earnings per share	**5.77**	4.76
Cash flow from operating activities	**3 827**	2 131
Cash flow from investing activities	**(202)**	(2 109)
Cash flow from financing activities	**(2 878)**	(121)
Cash flow per share	**1.17**	0.04
Total capital	**34 112**	40 021
Borrowings	**6 000**	8 224
Equity ratio	**33.2%**	25.9%
Liquidity ratio[1]	**122.3%**	121.1%
Gearing ratio	**60.9%**	67.3%
Return on total capital[1,2]	**8.3%**	8.5%
Return on equity[2]	**17.9%**	19.6%
Return on capital employed[1,2]	**13.1%**	12.1%

1) *Includes assets and liabilities classified as held for sale.*
2) *Adjusted for gain on discontinued and demerged operations.*

Corporate governance

Aker Solutions aims to ensure that the maximum possible value is created for its shareholders over time. Good corporate governance shall ensure an appropriate distribution of roles between the owners, the board of directors, and the leadership group, and also contribute to reducing risk and ensuring sustainable value creation.

The corporate governance principles of the group are laid down by the board of directors of Aker Solutions. The principles are based on the Norwegian Code of Practice for Corporate Governance of 21 October 2010 (as amended on 20 October 2011) (the «Code of Practice») and tailored to support Aker Solutions' core values, including in particular (i) "Open and direct dialogue" and (ii) "Hands on management". The Code of Practice is available at www.nues.no.

Below follows an account outlining how Aker Solutions has implemented the Code of Practice. This account follows the same structure as the Code of Practice and covers all sections thereof. Deviations from the Code of Practice are discussed under the relevant sections.

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

Section 1: Implementation and reporting on corporate governance

Good corporate governance shall ensure that appropriate goals and strategies are adopted, that the adopted strategies are implemented in a sound manner and that the results achieved are subject to measurement and follow-up. The principles shall also contribute to ensuring that the activities of the group are subject to adequate review and controls that shall contribute to the largest possible value creation over time, for the benefit of the owners and other stakeholders.

It is the responsibility of the board of directors of Aker Solutions ASA to ensure that Aker Solutions implements sound corporate governance. The board of directors evaluates the corporate governance statement on an annual basis. The board's audit committee also evaluates the corporate governance statement as well as other policies and procedures. Compliance with and implementation of these corporate governance guidelines are continuously evaluated by the board and its audit committee; inter alia by way of the board being the decisive organ for the company's defined management and reporting structure, which includes regular reporting through Monthly Business Reviews (MOR), Quarterly Business Reviews (QBR), and Executive Management Team (EMT) meetings and subsequent reporting to the board from the business areas and the corporate center.

Basic corporate values and ethical guidelines

Aker Solutions wishes to contribute to sustainable social development through responsible business practices. The basis for this is a set of core corporate values defined by the board of directors applicable for the entire company. The ethical guidelines and other policy documents of the company have been drafted on the basis of these basic corporate values.

Aker Solutions has a total of 20 policies, which provide, inter alia, business practice guidance within a number of key areas. These policy documents express the position of the company for instance with regard to HSE, project execution, corporate responsibility and governance. The company has implemented specific procedures and review mechanisms to ensure that Aker Solutions' projects globally are conducted in accordance with applicable framework. The policies provide instructions and operational guidelines that apply to individual employees in order to ensure that the company's operations are in compliance with internal and external regulatory framework. All policies are updated and revised in 2011.

Aker Solutions' «Code of Conduct» summarises the corporate responsibility principles adopted by Aker Solutions and other key requirements governing the business practices of the company. The Code of Conduct is a brief summary of key principles laid down in the group's guidelines, annual reports, and corporate responsibility reports. Discussion and clarification of the basic corporate values adopted by the group, as well as its ethical guidelines and corporate social responsibility principles, are available on the Aker Solutions website www.akersolutions.com/CR.

Section 2: Business

The objectives of the company, as defined in its articles of association, are «to own or carry out industrial and other associated businesses, management of capital, and other functions for the Group, and to participate in or acquire other businesses». The principal strategies of the group are presented in the annual report. Each year, the board of directors evaluates the strategy, goals and guidelines of the company through designated strategy processes. Information concerning the financial position and principal strategies of the company, and any changes thereto is disclosed to the market in the context of the company's quarterly reporting and in designated market presentations.

Section 3: Equity and dividends

The board regularly monitors that the group's equity capital is at a level appropriate for its objectives, strategy and risk profile. The book equity of the group as per 31 December 2011 is NOK 11 317 million, which represents an equity ratio of 33.2 per cent. The dividend policy of Aker Solutions is set out in the Share and Shareholder Information chapter in the annual report. The dividend policy is one of the factors that were taken into account when the board of directors prepared its proposal for the allocation of the profit for the year 2011.

Authorisations for the board of directors

The company's annual general meeting on 6 May 2011 resolved to authorise the board to purchase treasury shares up to an aggregate value of NOK 45 484 000 (10 per cent of the share capital). Such resolution was passed granting a flexible authorisation for the board not specifying any particular purposes for purchase of treasury shares since it is difficult to oversee all potential future purposes and needs for utilisation of such an authority. However, with regards to the annual general meeting on 13 April 2012, the board has considered it appropriate to specify each potential purpose for the board's authorisation for purchase of treasury shares. This means that all potential purposes for the utilisation of the authority granted by the general meeting are defined in advance and voted over separately by the general meeting. This is in compliance with the Code of Practice.

Share purchase program for employees

Aker Solutions wants its employees to be able to participate in Aker Solutions as owners, and to benefit from any increase in the value of the company, and thereby contribute to an even closer relationship between the employees and the company, as well as to enhance interest in the creation of value within the company. A share purchase program for employees was therefore introduced in 2009, and it was later extended into 2010 and 2011.

In November 2011, the board resolved to expand the program further. Later 2012, employees will be given the opportunity to buy shares for a maximum amount of NOK 60 000. The employees will purchase the shares upon signing up to the program, and the shares will, to the extent possible under local rules and regulations, be funded by a loan given from the employees' local employer company to the employee with repayment of the loan through 12 months deduction in salary. The program participants will be offered a standard discount of NOK 1 500 for participation plus an additional discount in the share price of 25 per cent on the actual number of shares purchased.

Management (CEO and 2-3 levels below) may buy additional shares amounting to 25 per cent of their base salary with a discount of 25 per cent in the share price.

A lock-in period of three years applies on all share purchases in the program.

The contents of the share purchase program are described in more detail in the "Salaries, wages and social security costs" note to the consolidated financial statements. The sale of shares to employees pursuant to the program is realised from the own shares held at any given time, or by acquiring additional treasury shares pursuant to existing authorisations for the board of directors.

Section 4: Equal treatment of shareholders and transactions with close associates

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

In the event of any material transactions between the company and shareholders, directors, senior executives, or close associates thereof, which do not form part of ongoing projects pursued in the ordinary course of the company's business, the board of directors shall arrange for an independent assessment. The same shall, generally speaking, apply to the relationship between Aker Solutions and the Aker Group.

Aker Solutions has prepared guidelines ensuring that directors and senior executives notify the board of directors if they have any material direct or indirect personal interest in any agreement concluded by the group. The rules of procedure for the board of directors of Aker Solutions stipulate that the board members and the CEO shall not participate in the preparation, deliberation, or resolution of any matters that are of such special importance to themselves, or any of their close associates, that they must be deemed to have a prominent personal or financial interest in such matters. The relevant board member and the CEO shall raise the issue of his or her competence whenever there may be cause to question it.

In general, as further stipulated in Aker Solutions' related party transaction procedures, board members of Aker Solutions should be cautious in participating in the consideration of issues where a potential conflict of interest or conflict of role may arise, undermining the confidence in the decision process. Such person may not participate in board discussions of more than one company that is part in the same related party agreement, unless the companies have common interests.

For instance, the chairman of the board of directors, Øyvind Eriksen, and one other board member, Kjell Inge Røkke, are indirect shareholders of both Aker ASA and Aker Solutions. Since their relative indirect ownership interests in Aker ASA exceed their ownership interests in Aker Solutions, said board members will not participate in the board's discussions of matters that concern commercial relationships between Aker Solutions and Aker ASA. The same principle is applied if Aker Solutions contracts with other companies in which said board members hold direct or indirect ownership interests that exceed, in relative terms, their ownership interests in Aker Solutions.

If ground for incapacity is concluded, the relevant board member will, not be granted access to any documentation, etc., prepared to the board of directors prior to the deliberation of the relevant matter either.

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

As far as the other officers and employees of Aker Solutions are concerned, transactions with close associates are comprehensively addressed and regulated in the group's rules of ethics.

Aker ASA holds 70 per cent of the shares of Aker Kværner Holding AS (formerly Aker Holding AS), which held 40.27 per cent of the shares of Aker Solutions as per 31 December 2011. Proposition No. 88 (2006–2007) to the Storting (the Parliament) contains more detailed information concerning the establishment of Aker Kværner Holding AS and the agreement between Aker ASA and the other (original) shareholders of Aker Kværner Holding AS. The board of directors is of the view that it is positive for Aker Solutions that Aker ASA assumes the role of an active owner and is actively involved in matters of major importance to the group and to all shareholders. The cooperation with Aker ASA offers Aker Solutions, inter alia, access to special know-how and resources within strategy, transactions and funding. Moreover, Aker ASA offers network and negotiation resources from which Aker Solutions benefits in various contexts. This complements and strengthens Aker Solutions without curtailing the autonomy of the group. It may be necessary to offer Aker ASA special access to commercial information in connection with such cooperation. Any information disclosed to Aker's representatives in such a context will be disclosed in compliance with the laws and regulations governing the stock exchange and the securities market. Aker Solutions is not deemed, within the meaning of the Public Limited Companies Act, to be a close associate of Aker ASA, or any company in which Aker ASA holds ownership interests, but the board of directors and the executive management team of Aker Solutions are nevertheless very conscious that all relations with other Aker companies shall be premised on commercial terms and structured in line with the arm's length principle. Transactions are made public in accordance with the rules and regulations governing companies listed on the Oslo Stock Exchange. Furthermore, transactions of a certain magnitude between Aker Solutions and companies within the Aker ASA group will be handled in accordance with the procedures in Section 3-8 of the Public Limited Companies Act. See also the discussion of transactions with close associates in the "Related parties" note to the consolidated financial statements.

Section 5: Freely negotiable shares

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

Section 6: General meetings

The company encourages shareholders to attend the general meeting. It is a priority for the company to hold the general meeting as soon as possible after year end. Notices convening general meetings, including comprehensive documentation relating to the items on the agenda, hereunder the recommendation of the nomination committee, are made available on an ongoing basis on the company's website no later than 21 days prior to the general meeting. The articles of association of the company stipulate that documents pertaining to matters to be deliberated by the general meeting shall only be made available on the company's website, and not normally be sent physically by post to the shareholders unless required by statute.

The deadline for registering intended attendance is as close to the general meeting as possible, but not shorter than five days before the meeting. Shareholders who are unable to attend may vote by proxy. Moreover, information concerning both the registration procedure and the filing of proxies is included in the notice convening the general meeting and on the registration form. The company also aims to structure, to the extent practicable, the proxy form such as to enable the shareholders to vote on each individual item on the agenda. The articles of association stipulate that the general meetings shall be chaired by the chairman of the board of directors or a person appointed by said chairman. According to the Code of Practice the board should however "make arrangements to ensure an independent chairman for the general meeting". Thus, Aker Solutions' articles deviates from the Code of Practice in this respect. This has its background in a long-lasting tradition in Aker Solutions. Having the chairman of the board also chairing the general meeting also simplifies the preparations for the general meetings significantly.

It is intended for the board of directors, the chairman of the nomination committee, and the company's auditor to attend the general meeting.

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

It is a priority for the general meeting to be conducted in a sound manner, with all shareholder votes to be cast, to the extent possible, on the basis of the same information. The company has thus far not deemed it advisable to recommend the introduction of an electronic attendance. The company will contemplate the introduction of such arrangements on an ongoing basis in view of; inter alia, the security and ease of use offered by available systems.

Minutes of general meetings will be published as soon as practicable on the announcement system of the Oslo Stock Exchange, www.newsweb.no (ticker: AKSO), and on the company's own website, www.akersolutions.com, in the Investor section.

Section 7: Nomination committee

The articles of association stipulate that the company shall have a nomination committee. The nomination committee shall have no less than three members, who shall normally serve for a term of two years. The current members of the nomination committee are Leif-Arne Langøy (chairman), Gerhard Heiberg, Kjeld Rimberg and Mette Wikborg. The term of Gerhard Heiberg expires in 2012. No members of the nomination committee are employed by or board members of Aker Solutions.

A majority of the members of the nomination committee are independent of the board of directors and the executive management of the company. The articles of association charge the nomination committee with proposing candidates for appointment as directors. The nomination committee shall also propose the fee payable to the board members.

The composition of the nomination committee shall reflect the interests of all shareholders, in addition to its members' independence from the board of directors and the executive management. The members and the chairman of the nomination committee are appointed by the general meeting, which also determines the reward of the committee.

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

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

Information concerning the nomination committee and deadlines for making suggestions or proposing candidates for directorships are available on the company's own website, www.akersolutions.com, in the Investor section.

Section 8: Corporate assembly and board of directors: Composition and independence

It has been agreed with the employees that the company shall have no corporate assembly. Hence, the board appoints its own chairman, cf. the Public Limited Companies Ac section 6-1(2).

The right of the employees to be represented and participate in decision making is safeguarded through, inter alia, expanded employee representation on the board of directors.

The articles of association stipulate that the board of directors shall comprise six to ten persons, one third of whom shall be elected by and amongst the employees of the group. In addition, up to three shareholder-appointed alternates may be appointed.

The board of directors comprised ten members as of 31 December 2011, six of whom were elected by the shareholders and four of whom were elected by and among the employees.

The company encourages the board members to hold shares of the company. The shareholdings of the board members as of 31 December 2011 are set out in the "Salaries, wages, and social security costs" note to the consolidated annual statements. A majority of the board members elected by the shareholders are independent of the executive personnel and important business associates. None of the executive personnel of the company are members of the board of directors. But as further described below and in the annual report, the chairman of the board is currently also acting CEO of the company.

The composition of the board of directors aims to ensure that the interests of all shareholders are attended to and that the company has the know-how, resources, and diversity it needs at its disposal. Among the 6 shareholder-elected board members, 4 of such (Lone Fønss Schrøder, Mikael Lilius, Ida Helliesen and Anne Drinkwater) are deemed independent from the company's largest indirect shareholder, Aker ASA. None of the directors are up for election in 2012. The composition of the board of directors is more thoroughly described in the annual report.

Section 9: The work of the board of directors

The board of directors adopts an annual plan for its work, with an emphasis on goals, strategy and implementation. Furthermore, there are rules of procedure for the board of directors, which govern areas of responsibility, duties and the distribution of roles between the board of directors, the chairman of the board of directors and the chief executive officer. The rules of procedure for the board of directors also include provisions on convening and chairing board meetings, on decision making, on the duty and right of the chief executive officer to disclose information to the board of directors, on the duty of confidentiality, etc. According to section 5 subsection two of the company's articles of Association, each of the board members elected by the shareholders will serve for a period of one to three years pursuant to further decision by the general meeting. This to provide the nomination committee with the flexibility to propose varying terms of service for the candidates. This can in turn lead to the general meeting adopting the same, and in the future, the situation may then be that not all shareholder elected board members are up for election at the same general meeting. The latter is the situation today.

In June 2010, President & CEO Simen Lieungh left the company. Since then, chief financial officer Leif H. Borge has been acting president of Aker Solutions ASA, while Øyvind Eriksen in his capacity as executive chairman has taken on the role as CEO for the group. The board is very focused on attracting the correct CEO candidate, and the recruitment process was still ongoing as per the publishing of this statement.

The board of directors has held 12 ordinary board meetings in 2011, which have been attended by an average of 9.1 board members (out of a total of 10, not including deputy members). All board members participated in 6 of the 12 ordinary board meetings. In addition, the board had one extraordinary board meeting (with a written decision procedure) which was attended by all board members.

Total attendance rate at board meetings was 91.5 per cent in 2011.

The need for extraordinary board meetings may typically arise because the internal authorisation structure of the company requires the board of directors to deliberate and approve material tenders to be submitted by the company, whilst the deadlines for such submission often change, thus potentially making it difficult to fit this into the calendar of ordinary board meetings.

An overview of current board members' participation in ordinary and extraordinary board meetings in 2011 is also included in the "Salaries, wages, and social security costs" note to the consolidated financial statements of the group.

The chief executive officer (or in the absence thereof, the acting president in cooperation with the executive chairman), prepares cases for deliberation by the board of directors, in consultation with the chairman of the board of directors. Weight is attached to having matters prepared and presented in such a way that the board of directors is provided with an adequate basis for its deliberations. The board of directors has overall responsibility for the management of Aker Solutions and shall, through the chief executive officer, ensure that its activities are organised in a sound manner. The board of directors shall, inter alia, adopt plans and budgets for the business, and keep itself informed of the financial position of, and development within, Aker Solutions. This encompasses the annual planning process of Aker Solutions, with the adoption of overall goals and strategic choices for the group, as well as financial plans, budgets, and forecasts for the group and the business areas. The board of directors performs annual evaluations of its work and its know-how.

Audit committee

Aker Solutions has an audit committee comprising three of the board members, which held six ordinary and five extra ordinary meetings in 2011. The extra ordinary meetings were mainly caused by internal processing of the Kvaerner merger. The audit committee comprises the board members Ida Helliesen (chairperson), Lone Fønns Schrøder and Atle Teigland. Hence the audit committee is independent from the management.

Generally speaking, at least one of the members of the committee shall have relevant accounting or auditing qualifications. Both Helliesen and Schrøder have such qualifications. The audit committee has a mandate and a working method that complies with statutory requirements. The committee will participate, on behalf of the board of directors, in the quality assurance of guidelines, policies, and other governing instruments pertaining to Aker Solutions. The audit committee performs a qualitative review of the quarterly and annual reports of Aker Solutions, which include the financial statement risks, internal controls over financial reporting etc.; allas further defined in the audit committee charter which is reviewed and updated annually by the board.

Reward committee

The board of directors of Aker Solutions has a reward committee comprising three of the directors. The current members of the committee are Øyvind Eriksen, Kjell Inge Røkke and Mikael Lilius. Hence the reward committee is regarded independent from the management, although Mr. Eriksen still serves as executive chairman while the company is searching for a new permanent CEO.

The committee prepares and recommends proposals for the board of directors relating to the salary and terms of the chief executive officer, as well as the guidelines and principles governing the reward of executive personnel within the group at any given time. The reward committee also approves, based on the recommendation of the chief executive officer, the salary and terms of those who report directly to the chief executive officer.

Section 10: Risk management and internal control

Aker Solutions manages risk through an internal framework comprising guidelines, procedures, standards, and tools intended to ensure safe and stable business operations and provide unified and reliable financial reporting.

The operating model of the company implies that each group function in corporate have a global responsibility for following-up on their respective areas of specialisation and the frameworks associated therewith. Such responsibility includes proper risk management and ownership of relevant policies. Group functions set the direction for acceptable levels of risk and risk management within the respective areas in line with ambitions from the board of directors and safeguards that the operating businesses comply with this direction. Within the risk framework established at corporate level, the operating businesses manage the day-to-day risks related to their operations.

The audit committee assists the board of directors with safeguarding that the company has internal procedures and systems that ensure good corporate governance, effective internal controls and good risk management, particularly in relation to financial reporting. The audit committee holds regular meetings (at least once every quarter) with the chief financial officer and the responsible group functions in this regard.

In fulfilling their roles and responsibilities, selected group functions chair the company's corporate risk committee and investment committee while a number of other functions participate in these committees' meetings. Group functions handle several review and approval processes and have regular dialogue with the operating businesses, for instance through monthly and quarterly review meetings relating to financial and operational performance.

The overall risk management effort is primarily handled by the following group functions, in close cooperation with the operating businesses and projects:

- Financial risk - accounting and control, financial risk management, reporting and compliance, tax matters, treasury and insurance. Within the chief financial officer's function is the unit that chairs the group's investment committee which shall assess risks and give advice to the administration concerning risk exposure for major capital investments. The function is the owner of the Financial planning and reporting, Investment and disposal, Tax, Treasury and Insurance policies. This function is also responsible for managing financial statement risks, which is the risk of the external financial reporting (either quarterly, annually or other) being materially misstated. A structured review of the main financial statement risks has been performed, mitigating actions are in place for most of them and further activities are planned to continuously improve. Given the nature of the business, the financial statement risks related to projects are the most significant in Aker Solutions. A typical project may be exposed to different risks, including execution risk, technical risk and financial risk. In particular, projects with quality issues are often demanding when it comes to evaluation of forecast to complete and risk provisions, and the judgement that impacts the accounting for the project represents a potential risk. Many controls are put in place in order to identify and report correctly the inherent risks of the projects, of which the most important process is the monthly reporting process at all levels with management involvement. Financial statement risk for other areas, such as M&A, foreign exchange, impairment, segregation of duties, off-balance sheet items, internal transactions, tax risks and others have been evaluated and additional actions have been initiated where required
- Enterprise risk – development and maintenance of the company's governance framework, values, code of conduct, policy system and compliance program, corporate responsibility activities, business ethics and anti-corruption training, country and partner risk assessments and implementation of proper mechanisms for follow-up and policy compliance control. The corporate unit responsible for regular policy compliance control reports regularly to the audit committee and the group function within the enterprise risk area owns the Business ethics, Third party representation and Governance policies
- Project and operational risk - risk management in new projects (tendering) and in on-going projects (execution), HSE, quality and performance management and supply management. Within this area is the unit chairing

the corporate risk committee, which is responsible for assessing risks and giving advice to the administration in respect of all major tenders that the group contemplates for submission and the respective group functions are the owners of the Tendering, Project Execution, HSE and Supply Management policies

Group functions like Legal assists all of the abovementioned risk management functions in their handling of risks by, inter alia, being a permanent member of the project risk committee and the investment committee. Legal is also responsible for the contractual and legal follow-up of projects, partners, agreements, disputes and the compliance with stock exchange regulations and other relevant regulatory framework. The Legal function is the owner of the Legal policy.

The responsibility for managing risks in projects and operations lies with the operating units. Each operating unit has incorporated risk management within their project execution process or within their manufacturing process. All projects in Aker Solutions have a register where identified operational risks and opportunities are categorised and assessed in terms of impact and probability. The reporting of all operational risks and opportunities is standardised across the company and aggregated up to group level through the line organisation.

Each operating unit has an independent responsibility for adherence to the internal framework of the group and compliance with external laws and regulations at any given time. This involves close cooperation between the staff functions and the business areas with a view to identifying, monitoring, reporting and handling risk for the entire group in conformity with, inter alia, the requirements laid down by the audit committee and the board of directors.

In order to assess and manage risk in the operating businesses, all units within the group must regularly evaluate their own policy compliance and whether established control activities work properly. This is done by using, inter alia, a standard form with a number of verification questions relating to the company's policy system and code of conduct, in addition to scheduled policy compliance reviews of selected business units worldwide. These reviews are conducted by defined resources in a unit dedicated to such policy compliance control and that reports regularly to the audit committee.

Aker Solutions' approach to financial reporting and internal control is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the ISO Enterprise Risk Management framework. The internal policies on Financial planning and reporting and on Governance reflect these frameworks. In addition the Financial planning and reporting policy also complies with IFRS.

The annual report contains a more detailed description of the company's handling of the operational and financial risk associated with the business activities.

Section 11: Reward of the board of directors

The reward of the board of directors reflects its responsibilities, know-how and time commitment, as well as the complexity of the business. The reward is proposed by the nomination committee, and is not performance-related or linked to options in Aker Solutions. More detailed information about the reward of individual board members is provided in the "Salaries, wages, and social security costs" note to the consolidated financial statements for the group. Neither should the board members, nor companies with which they are affiliated, accept specific paid duties for Aker Solutions beyond their directorships. If they nevertheless do so, the board of directors shall be informed and the reward shall be approved by the board of directors. No reward shall be accepted from anyone other than the company or the relevant group company in connection with such duties.

Section 12: Reward of executive personnel

The board of directors has adopted designated guidelines for the reward of executive management pursuant to the provisions of Section 6-16a of the Public Limited Companies Act. Aker Solutions has no option schemes or programs for the allotment of shares to employees for 2011, but a share purchase program was introduced for 2009, and it has subsequently been decided to extend this to 2010, 2011 and 2012. More information is included under Section 2 herein and additional details pertaining thereto are available in the "Salaries, wages, and social security costs" note to the consolidated financial statements. The executive reward guidelines of the company are set out in the above-mentioned note, and will consequently be submitted to the general meeting. The reward committee prepares and recommends proposals to the board of directors on the reward of the chief executive officer. The chief executive officer determines the reward of executive management on the basis of the guidelines laid down by the board of directors; see also the discussion on the reward committee of the board of directors in Section 9. All performance-related reward within the group has been made subject to a cap.

Section 13: Information and communications

The board of directors has approved a designated IR (Investor Relations) policy which covers, among other things, guidelines for the company's contact with shareholders other than through general meetings. Extracts from the policy is available on the company's website.

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

All stock exchange announcements and press releases are made available on the company's website, www.akersolutions.com, and stock exchange announcements are also available on www.newsweb.no. All information sent to the shareholders is posted on the company's website at the same point of time. The company holds open presentations in connection with the reporting of financial performance, and these presentations are broadcast live via the internet. A capital markets day is also hosted annually, and is open to all interested parties. The financial calendar of the company is available on in the annual report and on the company's website.

Section 14: Take-overs

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

Section 15: Auditors

The auditor annually presents a plan for the implementation of the audit work to the audit committee. In addition, the auditor has provided the board of directors with a written confirmation to the effect that the independence requirement is met. The auditor attends the meeting in the audit committee that deliberates the consolidated financial statements, and the auditor has reviewed any material changes to the accounting principles of the company, or to the internal controls of the company, with the audit committee. The board of directors holds a minimum of one annual meeting with the auditor without the chief executive officer or other members of the group executive management team being in attendance.

The Audit committee stipulates guidelines on the scope for using the auditor for other services than auditing, and makes recommendations to the board of directors concerning the appointment of external auditor and the approval of the auditor's fees. Fees payable to the auditor, separated into those relating to auditing and those relating to other services, is specified in the "Other operating expenses" note to the consolidated financial statements for the group.

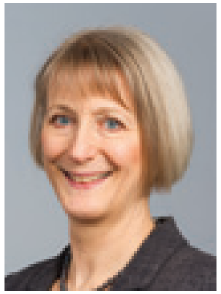
Board of directors

Øyvind Eriksen
Executive chairman

Øyvind Eriksen is President & CEO of Aker ASA, which is the main shareholder of Aker Solutions with a 40.1 per cent shareholding via Aker Kværner Holding AS. Eriksen has a law degree from the University of Oslo. In 1990 he joined the Norwegian law firm BA-HR in which he became a partner in 1996. He worked for the firm's London office from 2001 to 2003, when he returned to Oslo as a board member and chairman of the firm. At BA-HR, Mr Eriksen worked closely with Aker and Aker's main shareholder, Kjell Inge Røkke. Mr Eriksen is chairman of the board of Aker Kværner Holding AS, a board member of Reitangruppen AS, The Resource Group TRG AS, TRG Holding AS and other companies. While Mr Eriksen holds now shares or stock options in Aker Solutions directly, he has an ownership interest through his holding of 71 000 shares in Aker ASA and a further 0.20 per cent of the B stock in Aker ASA's main shareholder TRG Holding AS. Mr Eriksen is a Norwegian citizen. He has been elected for the period 2011–2013.

Mikael Lilius
Deputy chairman

Mikael Lilius was President and CEO of Fortum Corporation from 2000 to May 2009. From 1991 to 1998 Mr Lilius was chief executive of Sweden's Incentive AB and from 1998 to 2000 in Gambro AB. Mr Lilius is chairman of the boards of the Finnish company Huhtamäki Oyj and the Swedish company Ambea AB. He also serves a member of the board of Wärtsilä Oyj Abp and Evli Pankki Oyj. He is also chairman of the board of East Office of Finnish Industries. Mr Lilius is a graduate of the Swedish School of Economics and Business Administration in Helsinki. As of 6 January 2012, he holds no shares in the company and has no stock options. Mr Lilius is a Finnish citizen. He has been elected for the period 2011–2013.



Anne Drinkwater
Director

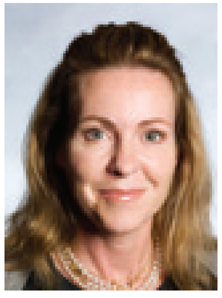
Anne Drinkwater retired from BP in 2012, where she held a number of leadership positions including Group Vice President for North Africa, Azerbaijan, the Middle East and Asia Pacific, President and CEO of BP Canada, President of BP Indonesia and Managing Director of BP Norway. She holds a B Sc. in applied mathematics and statistics from Brunel University, London. As of 6 January 2012, she holds no shares in the company and has no stock options. Ms Anne Drinkwater is a British citizen. She has been elected for the period 2011–2013.

Ida Helliesen
Director

Ida Helliesen joined Norsk Hydro in 1980, where she held a number of leading positions; including chief financial officer for the last eight years before her retirement in 2007. From 2007 until the spring of 2009, she assisted Hydro on a number of issues, including the completion of the merger between Hydro's oil and energy business and Statoil. Ms Helliesen is a director of the executive board of Norway's Central Bank, Entra Eiendom AS and Skagerak Energi AS. She has an MSc in business economics from the Norwegian School of Economics and Business Administration. As of 6 January 2012, she holds no shares in the company, and has no stock options. Ms Helliesen is a Norwegian citizen. She has been elected for the period 2011–2013.

Kjell Inge Røkke
Director

Entrepreneur and industrialist Kjell Inge Røkke, Aker ASA's main owner, has been a driving force in the development of Aker since the 1990s. Mr Røkke launched his business career with the purchase of a 69-foot trawler in the United States in 1982, and gradually built a leading worldwide fisheries business, harvesting white fish and processing it at sea. In 1996, Mr Røkke purchased enough Aker shares to become Aker's largest shareholder and owns today 67.8% of Aker ASA through The Resource Group TRG AS, which he owns together with his wife. Mr Røkke is chairman of the board of Aker ASA, Kværner ASA and Aker BioMarine ASA and deputy board member of Det norske Oljeselskap ASA. While Mr Røkke holds no shares or stock options directly in Aker Solutions, he has an indirect ownership interest in the company through his investment company The Resource Group TRG AS and subsidiaries, which he co-owns with his wife, and which holds approximately 67 per cent of the shares in Aker ASA, Aker Solutions' main owner. Mr Røkke is a Norwegian citizen. He has been elected for the period 2011–2013.



Lone Fønss Schrøder
Director

Lone Fønss Schrøder has a law degree from the University of Copenhagen and a Master of Economics from Copenhagen business school. Ms Fønss Schrøder has broad international experience acquired during 21 years in senior management, including board positions at A.P. Møller-Maersk A/S. She is among others chairperson for the audit committee at Volvo, deputy chairman of the Board of Aker ASA, a non-executive director of Volvo PV in Sweden and NKT A/S in Denmark, as well as non-executive director and member of the audit committee at Vattenfall AB and Svenska Handelsbanken AB in Sweden. As of 6 January 2012, she holds no shares in the company and has no stock options. Ms Fønss Schrøder is a Danish citizen. She has been elected for the period 2011–2013.

Atle Teigland
Director

Atle Teigland was elected by the employees of Aker Solutions to the board of directors in October 2004. He also served on the boards of Aker and Aker RGI for several years. Mr Teigland is a group union representative for Aker Solutions on a full-time basis and has been employed by Aker Elektro AS since 1978. Mr Teigland is a certified electrician. As of 6 January 2012, he holds 2 327 shares in the company, and has no stock options. Mr Teigland is a Norwegian citizen. He has been elected for the period 2011–2013.

Åsmund Knutsen
Director

Åsmund Knutsen was elected by the employees of Aker Solutions to the board of directors in October 2004. Since 1991 he has held various positions in Aker Engineering & Technology AS and is now a group union representative for white-collar employees on a full-time basis. Mr Knutsen holds an MSc in hydrodynamics from Oslo University. As of 6 January 2012, he holds 3 632 shares in the company, and has no stock options. Mr Knutsen is a Norwegian citizen. He has been elected for the period 2011–2013.

Arild Håvik
Director

Arild Håvik was elected by the employees of Aker Solutions to the board of directors in March 2009. Mr Håvik has been employed by Aker Solutions since 1990 and has been a local union representative for Aker Offshore Partner AS on a full-time basis for the last four years. Mr Håvik is a scaffolder and sheet metal worker and holds a certificate of apprenticeship in the two disciplines. As of 6 January 2012, he holds 727 shares in the company, and has no stock options. Mr Håvik is a Norwegian citizen. He has been elected for the period 2011–2013.

Hilde Karlsen
Director

Hilde Karlsen was elected by the employees of Aker Solutions to the board of directors in March 2011. Since 1992 she has held various positions in Aker Solutions, and is now task leader in Aker Offshore Partner. Ms Karlsen was the employees representative of the Kværner Oil and Gas Board from 1993–2003. Ms Karlsen is a civil engineer and holds a degree in engineering from Narvik University College. As of 6 January 2012, she holds 323 shares in the company, and has no stock options. Ms Karlsen is a Norwegian citizen. She has been elected for the period 2011–2013.

Sarah Ryan
Deputy Director

Sarah Ryan is Investment Manager in Earnest Partners. She holds a B.Sc. in Geology from the University of Melbourne, and a B.Sc. (Hons) in Geophysics and a PhD in Petroleum Geology and Geophysics from the University of Adelaide. Prior to her position in Earnest Partners, she was the Chief Operating Officer for MTEM Ltd., and held various technical, operational and management positions in Schlumberger. As of 6 January 2012, she holds no shares in the company and has no stock options. Dr. Sarah Ryan is an Australian citizen. She has been elected for the period 2011–2013.

Executive chairman and President

Øyvind Eriksen
Executive chairman

Øyvind Eriksen is President & CEO of Aker ASA, which is the main share-holder of Aker Solutions with a 40.1 per cent shareholding via Aker Kværner Holding AS. Eriksen has a law degree from the University of Oslo. In 1990 he joined the Norwegian law firm BA-HR in which he became a partner in 1996. He worked for the firm's London office from 2001 to 2003, when he returned to Oslo as a board member and chairman of the firm. At BA-HR, Mr Eriksen worked closely with Aker and Aker's main shareholder, Kjell Inge Røkke. Mr Eriksen is chairman of the board of Aker Kværner Holding AS, a board member of Reitangruppen AS, The Resource Group TRG AS, TRG Holding AS and other companies. While Mr Eriksen holds now shares or stock options in Aker Solutions directly, he has an ownership interest through his holding of 71 000 shares in Aker ASA and a further 0.20 per cent of the B stock in Aker ASA's main shareholder TRG Holding AS. Mr Eriksen is a Norwegian citizen. He has been elected for the period 2011-2013.

Leif Borge
President & CFO

Leif Borge joined Aker Solutions in 2008. Previously he has been CFO of Aker Yards ASA since 2002, after serving as CFO of Zenitel NV, Stento ASA and Vitana, a subsidiary of Rieber & Søn ASA in the Czech Republic. Mr Borge is a graduate of the Pacific Lutheran University in Washington State. As of 6 January 2012, he holds, through a privately owned company, 20 727 shares in the company, and has no stock options. Mr Borge is a Norwegian citizen.

Business management

Alan Brunnen
Head of Subsea

Alan Brunnen joined Aker Solutions in August 2005, he moved across into Subsea in November 2006. Mr Brunnen has recently been appointed EVP of Subsea and he has been the Managing Director of Subsea in Aberdeen since June 2009. Educated at Aberdeen University and London Business School, Mr Brunnen has over 30 years experience in the oil and gas industry. Prior to his career within Aker Solutions, Mr Brunnen held various managing director positions before becoming the Chief Operating Officer at Stolt Offshore, a leading offshore installation contractor. As of 6 January 2012, he holds no shares in the company, and has no stock options. Mr Brunnen is a British citizen.

Michael Hambly
Head of Process Systems

Michael Hambly joined Aker Solutions in 2005 and has been President of the Aker Process Systems Group since October 2008. Mr Hambly was appointed Head of Process Systems in March 2011. Mr Hambly has 14 years of experience in the oil and gas industry and has held several business leader-ship positions in Canadian and American oilfield service companies. Prior to joining the oil and gas business, Mr Hambly served as an officer in the Canadian Armed Forces for over 14 years. Mr Hambly holds a BSc in Mechanical Engineering from the Royal Military College of Canada. As of 6 January 2012, he holds 727 shares in the company and has no stock options. Mr Hambly is a Canadian and British citizen.

Leif Haukom
Head of Mooring and Loading Systems

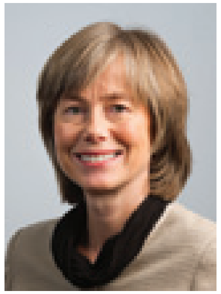
Leif Haukom joined Aker Solutions in 1981 and has 30 years of experience from the offshore industry. Mr Haukom has held a number of various positions within technical and project/company management. Mr Haukom has acted as company president since 1997, and managed Aker Pusnes the last 8 years. Mr Haukom is appointed Head of Mooring and Loading systems from March 2011. Mr Haukom holds a BSc in mechanical engineering from the Uni-versity of Agder, with additional training in economics and management skills. As of 6 January 2012, he holds 727 shares in the company and has no stock options. Mr Haukom is a Norwegian citizen.

Thor Arne Håverstad
Head of Drilling Technologies

Thor Arne Håverstad joined Aker Solutions in 1989. He has close to thirty years experience from the oil and gas industry. Mr Håverstad was appointed EVP in January 2011. From 2009-2010 he was president of Aker Solutions' drilling business in Kristiansand and he has also held a range of technical and managerial positions within the company. Prior to this, Mr Håverstad held various positions within project and engineering management, technical safety and advisory work for the offshore industry as well as seven years of research for SINTEF, Norway. Mr Håverstad holds a PhD from the Norwegian University of Science and Technology. As of 6 January 2012, he holds 6 063 shares in the company and has no stock options. Mr Håverstad is a Norwegian citizen.

Karl Erik Kjelstad
Head of Oilfield Services and Marine Assets

Karl Erik Kjelstad joined Aker Solutions as EVP in July 2009 from the position of Senior Partner & President, Maritime Technologies at Aker ASA. Mr Kjelstad has been with the Aker group since 1998 and was President & CEO of Aker Yards ASA from January 2003–June 2007. Prior to joining Aker, Mr Kjelstad was senior consultant at PA Consulting Group and from 1992-1996 held various management positions in the TTS Group. Mr Kjelstad holds a MSc in marine engineering from the Norwegian University of Science and Technology. As of 6 January 2012, Mr Kjelstad holds, through a privately owned company, 2 500 shares in the company and has no stock options. Mr Kjelstad is a Norwegian citizen.



Valborg Lundegaard
Head of Engineering

Valborg Lundegaard was appointed Head of the Engineering business area in February 2011. Ms Lundegaard has more than 20 years experience from the oil and gas industry and has held a number of key positions in Aker Solutions, including corporate and project management. From 2008 Ms Lundegaard was president of Aker Engineering and Technology. Ms Lundegaard holds a degree in chemical engineering from the Norwegian University of Science and Technology. As of 6 January 2012, she holds no shares in the company and has no stock options. Ms Lundegaard is a Norwegian citizen.

Wolfgang Puennel
Head of Well Intervention Services

Wolfgang Puennel was appointed Head of Well Services business area, comprising of the operating entities Aker Geo, Aker Well Services and Aker Qserv, in February 2011. Mr Puennel has more than 25 years experience in the upstream oil and gas industry. Mr Puennel has held a range of senior management positions in oilfield service and oil companies including Weatherford and Maurel & Prom. Mr Puennel holds a MSc in petroleum engineering and a BSc in mining engineering from the Technical University of Clausthal, Germany. As of 6 January 2012, he holds no shares in the company and has no stock options. Mr Puennel is a German citizen.

Tove Røskaft
Head of Umbilicals

Tove Røskaft was appointed as EVP of the Umbilicals business area in September 2011. Ms Røskaft has been with Aker Solutions for 15 years within umbilicals, heading it up since 2009. Ms Røskaft holds a MSc in marine hyrdo dynamics from the Norwegian University of Science and Technology. As of 6 January 2012, she holds no shares in the company and has no stock options. Ms Røskaft is a Norwegian citizen.

Tore Sjursen
Head of Maintenance, Modifications and Operations

Tore Sjursen was appointed EVP of the MMO business area in October 2010. Mr Sjursen has been with Aker Solutions for 24 years in different positions in field development and MMO. From 2009-2010 Mr Sjursen was head of Aker Solutions Energy Development and Services (ED&S) International in Australia. Mr Sjursen holds a MSc in mechanical engineering from Norwegian University of Science and Technology and a MSc in management from Boston University. As of 6 January 2012, he holds 252 shares in the company and has no stock options. Mr Sjursen is a Norwegian citizen.

Corporate centre functions

Niels Didrich Buch
Chief of Staff

Niels Didrich Buch joined Aker Solutions in 1999 and was appointed Chief of Staff & EVP in 2008. From 2005 Mr Buch was head of corporate business development in Aker Solutions and previously he held various other positions in the company, in corporate legal. Before this Mr Buch worked ten years with the Norwegian Foreign Service, including six of them abroad in Asia and Europe. Mr Buch holds a law degree from the University of Oslo. As of 6 January 2012, he holds 727 shares in the company and has no stock options. Mr Buch is a Norwegian citizen.

Åsmund Bøe
Chief Technology Officer

Åsmund Bøe was appointed Chief Technology Officer & EVP in June 2010. Mr Bøe is responsible for the overall corporate technology portfolio of Aker Solutions. Before joining Aker Solutions, Mr Bøe worked 15 years for Schlumberger on international assignments in varied senior positions. Mr Bøe brings with him experience from upstream oil & gas operations, personnel and strategic business development. Mr Bøe holds a BSc (Hons – first class) in offshore mechanical engineering from the Herriot-Watt University, UK. As of 6 January 2012, he holds no shares in the company and has no stock options. Mr Bøe is a Norwegian citizen.

Per Harald Kongelf
Chief Operating Officer

Per Harald Kongelf was appointed EVP of the Energy Development & Services business area in October 2010. Mr Kongelf has 25 years' experience in the oil and gas industry. Mr Kongelf was previously EVP of the Products & Technologies business area and president of Aker Solutions' process systems business unit. Before that Mr Kongelf worked as an investment manager in the Statkraft Group and in Aker Solutions. Mr Kongelf holds an MSc from the Norwegian University of Science and Technology. As of 6 January 2012, he holds no shares in the company and has no stock options. Mr Kongelf is a Norwegian citizen.

Sissel Lindland
Chief HR Officer

Sissel A. Lindland returned to Aker Solutions in 2008 after having served as SVP Human Resources and acting Chief of Staff in Aker Yards ASA and STX Europe since 2006. With a background in human resources, organisational and business development, Ms Lindland has held various advisory and management position within the Aker group since 1984. In 2002–2006 Ms Lindland was President of Aker Business Services. As of 6 January 2012, she holds 727 shares in the company, and has no stock options. Ms Lindland is a Norwegian citizen.

Mark Riding
Chief Strategic Marketing

Mark Riding was appointed EVP of corporate strategic marketing in February 2011. Mr Riding will co-ordinate contact and relationship with key customers, country strategies and corporate M&A opportunities. Mr Riding is an oil and gas industry professional with over 28 years experience in varied senior roles and overseas assignments. In his most recent position, Mr Riding was responsible for deepwater corporate strategic planning, sales, and technology development worldwide at Schlumberger headquarters in Paris. Mr Riding holds a BSc (Hons – first class) in mining engineering from the University of Birmingham, UK. As of 6 January 2012, he holds no shares in the company and has no stock options. Mr Riding is a British citizen.

Regional management

Luis Araujo
Regional manager | Brazil

Luis Araujo was appointed regional manager for Aker Solutions in Brazil in November 2011. Mr. Araujo lives in Rio de Janeiro and has over 28 years of experience in the industry, most recently as chief executive officer for Wellstream, a pipeline products company with a wide range of pipe solutions. He has also had leading positions with ABB, Coflexip, Vetco and FMC Technologies. He holds a Bachelor degree in Mechanical Engineering from Brazil and an MBA from Edinburgh University, UK.

Erik Wiik
Regional manager | North America

Erik Wiik was appointed regional manager for Aker Solutions in North America in November 2011. Mr. Wiik lives in Houston and has worked in the oil and gas industry for 22 years, the last 11 years in the United States. He comes from the position as President of Aker Solutions' Subsea business in North America. He has previously been in charge of corporate initiatives within project risk management, served as business unit president of well services and held managerial roles within construction, engineering and procurement. He is an engineering graduate of Texas A&M University.

Company information

Aker Solutions ASA
Snarøyveien 36
1364 Fornebu

Postal address:
P.O. Box 169
NO-1325 Lysaker

Telephone: +47 67 51 30 00
Telefax: +47 67 51 30 10

E-mail: ir@akersolutions.com
Web: www.akersolutions.com

Reports via the Internet

The quarterly and annual reports of Aker Solutions are available via the Internet. Aker Solutions encourages its shareholders to subscribe to the company's annual reports via the electronic delivery system of the Norwegian Central Securities Depository (VPS). Please note that VPS services (VPS Investortjenester) are designed primarily for Norwegian shareholders. Subscribers to this service receive annual reports in PDF format by email. VPS distribution takes place at the same time as distribution of the printed version of Aker Solutions' annual report to shareholders who have requested it.

Quarterly reports, which are generally only distributed electronically, are available from the company's website and other sources. Shareholders who are unable to receive the electronic version of interim reports, may subscribe to the printed version by contacting Aker Solutions' investor relations staff.

Design:
Haugvar Communication & Design

Photos and illustrations:
Aker Solutions
Slater King
Rolf Estensen

Layout:
Bolt Communication AS

Print:
RKGrafisk AS