



AKASTOR 

# FIRST QUARTER RESULTS

28 APRIL 2015

# FIRST QUARTER RESULTS 2015

The first quarter has been characterized by significant challenges for MHWirth, as the company is adapting to the current market situation. Overall, the remaining portfolio companies have had satisfactory performance during the quarter. The focus for Akastor going forward is to develop and strengthen each of the companies in the investment portfolio, while maintaining the flexibility to act opportunistically.

## UPDATE 1Q 2015:

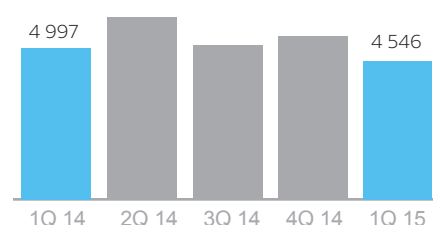
### AKASTOR AS AN INVESTMENT COMPANY

- Exposed to the challenging oilfield service market, in particular the drilling segment
- Significant cost reduction activities initiated in portfolio companies in response to the shifting market
- Developing and implementing value creation plans for portfolio companies
- Strengthening the investment team further
- Sold remaining 17 percent share of a property in the Oslo area, with a gain of NOK 37 million

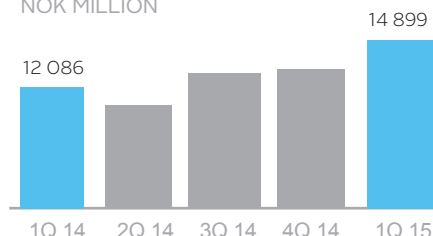
### AKASTOR'S PORTFOLIO

- Revenues of NOK 4 546 million
- EBITDA of NOK 177 million, with a margin of 3.9 percent
- Restructuring cost of NOK 40 million in MHWirth, charged to the EBITDA of NOK 177 million
- Order intake of NOK 3.1 billion, giving an order backlog of NOK 20.0 billion
- Net interest bearing debt of NOK 5.9 billion.
- Continued very challenging market for MHWirth
- Significant cost reduction activities implemented in MHWirth, reducing workforce by 750 persons
- AKOFS Seafarer acquired for USD 122.5 million, financed with new bank debt

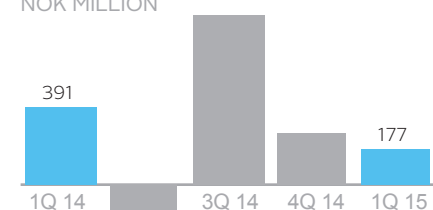
#### REVENUE NOK MILLION



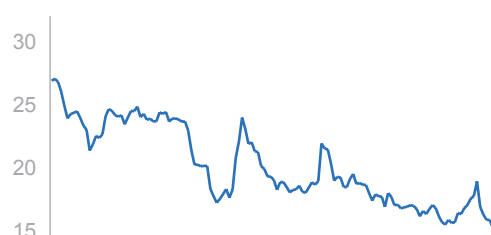
#### CAPITAL EMPLOYED NOK MILLION



#### EBITDA NOK MILLION



#### SHARE PRICE 29.09.2014 - 27.04.2015



# OVERVIEW

Akastor ASA (Akastor) has operated as an oilfield services investment company since September 2014, following the split of Aker Solutions ASA into two separate companies. Akastor has a flexible mandate to maximize long-term shareholder value.

The EBITDA was NOK 177 million. Akastor is operating in markets exposed to the recent significant fall in oil price. The results of MHWirth have, in particular, been impacted negatively by these challenges in the first quarter.

Depreciation and amortization were NOK -275 million, and net financial items were NOK -139 million. The net result for the period was NOK -251 million.

## AKASTOR IN A NUTSHELL

Akastor was established as a separate listed company on Oslo Stock Exchange in September 2014, following the split of Aker Solutions into two separate companies. As part of this, a new corporate structure and governance model has been put in place together with a new management team. New boards have been established for Akastor and the portfolio companies.

Akastor owns a portfolio of companies in the oilfield services industry, with a total capital employed value of NOK 15 billion. Akastor is an active owner, and will aim to create additional shareholder value by combining a range of strategic, operational and financial value creation measures, together with the management and boards in its portfolio companies.

**MHWirth** is a global provider of drilling solutions and services to the oil and gas industry. The company offers a full range of drilling equipment, drilling riser solutions and related products and services for the drilling market, primarily the offshore sector. The company had revenues of NOK 10.7 billion in 2014, and employs 3 990 people.

**Frontica Business Solutions** provides cost efficient corporate services that enable companies to become faster and more efficient. Frontica had revenues of NOK 5.8 billion in 2014, and has 1 135 employees.

**AKOFS Offshore** is a global provider of vessel based subsea well construction and intervention services to the oil and gas industry. It had revenues of NOK 1.5 billion in 2014, and employs 98 people.

**Fjords Processing** provides wellstream processing technology, equipment and expertise to the oil and gas industry. It had revenues of NOK 2.3 billion in 2014, and employs 583 persons.

**KOP Surface Products** offers a complete range of products for offshore and land-based surface production, including surface wellheads, Christmas trees, valves and actuators. The company had revenues of NOK 1.1 billion in 2014, employing 848 people.

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

## STRATEGIC LINES

Akastor is an oilfield services investment company with a flexible mandate for long term value creation for its shareholders. The company's near term focus is to develop its portfolio of companies, while maintaining the flexibility to be opportunistic. As an active owner, Akastor works closely with management in its portfolio companies to develop and execute independent value creation plans for each of the companies. Akastor clarifies the business models, sharpens the strategic agenda and aims to realize the full value creation potential for each of the businesses in the portfolio.

Akastor holds portfolio companies as long as it can create additional value from its ownership. Capital discipline is a key focus for Akastor. The company will therefore only pursue new investments generating returns above the cost of equity. Akastor focuses on maintaining a solid financial position, with adequate liquidity reserves. The ambition is to return excess cash to shareholders, or re-invest into the current portfolio, if such an investment can speed up the delivery of the value creation plan.

## KEY FINANCIALS: AKASTOR GROUP

NOK million	1Q 15	1Q 14
Operating revenue and Other income	4 546	4 997
EBITDA	177	391
EBIT	(98)	172
CAPEX and R&D capitalization	1 127	171
NCOA	3 078	2 150
Net capital employed	14 899	12 086
Order intake	3 079	4 020
Order backlog	19 998	16 025



## SUMMARY AND HIGHLIGHTS

Akastor, and its portfolio companies, are exposed to markets that have seen a steep decline in oil prices over the past few quarters. Weakening fundamentals and oil companies reducing E&P spend have had an impact across the oil services industry, including Akastor's portfolio companies. The effect has, in particular, affected MHWirth, which saw a significant reduction in results in 1Q. Productivity in MHWirth suffered through the restructuring process the company initiated in the quarter, and has to some extent impacted the first quarter results negatively. Further, there is uncertainty and delays related to some of MHWirth's projects. The combination of these factors, together with the current market environment, has resulted in an EBITDA result for MHWirth in 1Q 2015 of NOK 43 million, excluding a restructuring cost of NOK 40 million.

The Akastor group's revenue was down 9 percent in the first quarter from the same quarter one year earlier, to NOK 4 546 million.

The sum of the results of the companies in Akastor's portfolio gave an aggregated 1Q EBITDA result of NOK 177 million. This was down from NOK 391 million in the corresponding quarter in 2014.

Depreciations, amortization and impairments amount to NOK 275 million in 1Q.

The financial items in 1Q of NOK -139 million reflects mainly net interest expense and financial lease costs in the quarter, in addition to currency effects of negative NOK 15 million and share of loss in equity-accounted investees of NOK -19 million. Net tax expenses was NOK -14 million in 1Q giving an effective tax rate of -6 percent. The effective tax rate is explained by the mix of revenue the Group earns in jurisdictions with various tax rates and effects from fluctuations in currency from entities that are taxable in other currency than the functional currency. In addition, the tax expense is affected by several one-offs, including withholding tax expense and non-taxable accounting gain from sale of shares in a property in the Oslo Area.

Based on these numbers, the net loss for the continuing operations ended at NOK -251 million in the first quarter.

The group had an order intake of NOK 3.1 billion in the quarter. The backlog amounted to NOK 20 billion at the end of the quarter compared with NOK 16 billion a year earlier.



## PORTFOLIO COMPANIES

Akastor has six reporting segments: MHWirth, Frontica Business Solutions, AKOFS Offshore, KOP Surface Products, Fjords Processing and Real Estate & other holdings.

### MHWIRTH

The work force reduction in MHWirth of 500-750 persons which was announced in February is progressing according to plan. The actual reduction will be 750 persons. The corresponding reduction on the annual cost base is estimated to be around NOK 600 million with a non-recurring restructuring cost of NOK 40 million, which was charged in the first quarter result. In accordance with the plan, the 750 person capacity reduction had no effect on cost improvement in 1Q 2015 and will have limited effect in 2Q 2015.

Revenue ended at NOK 2.2 billion in the first quarter, 10 percent down compared to last year. Productivity in MHWirth has suffered through the restructuring process, and has, to some extent, impacted the first quarter results negatively. Further, there is uncertainty and delays related to some of MHWirth's projects. The combination of these factors, together with the current market environment, resulted in an EBITDA result in 1Q 2015 of NOK 43 million, excluding the restructuring costs of NOK 40 million.

The working capital level (NCOA) of MHWirth increased by NOK 580 million during the quarter, mainly driven by delayed progress in several projects.

The offshore drilling market has continued to be very weak in 1Q 2015. As per the end of the quarter utilization of the global fleet reached 87 percent, the lowest level in more than 10 years. Globally, no new build rig orders were placed in 1Q 2015, compared to 19 orders placed in 1Q 2014. The steep downturn has impacted MHWirth's order intake in the quarter which ended at NOK 788 million. No new drilling equipment packages were signed in the quarter. The order intake came from single equipment and life-cycle services. MHWirth had a backlog of NOK 7.7 billion at the end of the quarter. The backlog was impacted negatively by contract cancellations of around NOK 500 million, but no complete drilling packages were removed from the backlog.

The progress on the projects for seven drilling packages to the Brazilian market may be impacted until the situation in Brazil is concluded. This may impact the order backlog and revenues going forward. MHWirth will have to monitor the



**Sector:** Oil and gas equipment and services

**CEO:** Roy Dyrseth

MHWirth is a leading global provider of first-class drilling solutions and services to the oil and gas industry. The company offers a full range of drilling equipment, drilling riser solutions and related products and services for the drilling market, primarily the offshore sector.

[mhwirth.com](http://mhwirth.com)

situation closely, in order to make required adjustments to its operations.

During the period from 2011 to 2014 MHWirth experienced growth, with revenues increasing by more than 50 percent from NOK 7.0 billion to NOK 10.7 billion. During this period, the organization grew by around 1 300 people. This was done to scale capacity to volume and prepare for future growth. Now, the market downturn during the last quarters has established a new reality with no new build orders. The current oversupply in the global rig market indicates that this situation will last for years rather than months.

In this environment, MHWirth will need to focus primarily on existing backlog, life cycle service and single equipment sales. So far in 2015 revenues in life cycle services have been steady, but with a somewhat lower margin than last year.

### KEY FINANCIALS: MHWIRTH

NOK million	1Q 15	1Q 14
Operating revenue and other income	2 174	2 424
EBITDA	3	224
EBIT	(107)	149
CAPEX and R&D capitalization	107	112
NCOA	3 153	2 171
Net capital employed	6 177	4 431
Order intake	788	1 792
Order backlog	7 659	12 361
Employees	3 990	4 092





## FRONTICA BUSINESS SOLUTIONS

Frontica Business Solutions had revenues of NOK 1.4 billion in the quarter, down from NOK 1.5 billion in 1Q 2014. EBITDA was NOK 64 million in the quarter, with an EBITDA margin of 4.5 percent, down from 5.4 percent in first quarter last year. The margin drop was driven by weaker results within IT Solutions, mainly related to extraordinary transition costs in connection with the start-up of a large outsourcing contract during the quarter.

The slow-down in the market, both within staffing services and IT services, is expected to impact revenue level going forward. In order to protect margins and increase competitive strength, Frontica is working in close cooperation with its customers to drive down costs and streamline service offerings.



**Sector:** Business services  
**CEO:** Niels Didrich Buch

Frontica Business Solutions is a global provider of corporate services. The company has a decade of experience as a supplier of in-house services to Aker Solutions. This has given Frontica a thorough understanding of the petroleum industry, its challenges and opportunities.

[frontica.com](http://frontica.com)

## KEY FINANCIALS: FRONTICA BUSINESS SOLUTIONS

NOK million	1Q 15	1Q 14
Operating revenue and Other income	1 431	1 473
EBITDA	64	80
EBIT	38	58
CAPEX and R&D capitalization	17	27
NCOA	(119)	(294)
Net capital employed	493	170
Order intake	1 495	1 482
Order backlog	2 698	96
Employees	1 135	1 432

## AKOFS OFFSHORE

Revenue in AKOFS Offshore was NOK 168 million in the first quarter compared to NOK 394 million a year earlier. AKOFS Offshore had one vessel with stable, high performance, one vessel with reduced activity due to dry-docking and one vessel with limited activity during the quarter.

Skandi Santos continued its strong track record and operated at close to full utilization through February until it was dry-docked in March as a part of a five year classing. Skandi Santos was back in operations in the middle of April, starting on the second five-year contract in Brazil.

Aker Wayfarer continued working on the contract in Germany with full utilization for the quarter. The vessel will be available in the spot market from the end of July until the yard-stay from December 2015 for preparations for the 5 year contract in Brazil.

As previously announced, the purchase of AKOFS Seafarer was executed in February 2015 at a purchase price of USD 122.5 million. AKOFS Seafarer had some short term work at the Orkney Islands during the quarter. The spot market is expected to be challenging going forward for both Aker Wayfarer and AKOFS Seafarer.

The EBITDA result for AKOFS Offshore of NOK -24 million in the quarter was impacted by the reduced activity of two of the vessels.



**Sector:** Oil and gas equipment and services  
**CEO:** Geir Sjøberg

AKOFS Offshore is a global provider of vessel-based subsea well construction and intervention services to the oil and gas industry. The company has a highly competent and diverse organization, covering all phases from conceptual development to project execution and offshore operations.

[akofsoffshore.com](http://akofsoffshore.com)

Order intake was NOK 120 million in the first quarter, and backlog at the end of the quarter was NOK 6.4 billion. Order intake in the quarter is related to extension for Aker Wayfarer in Germany.

## KEY FINANCIALS: AKOFS OFFSHORE

NOK million	1Q 15	1Q 14
Operating revenue and other income	168	394
EBITDA	(24)	41
EBIT	(109)	(39)
CAPEX and R&D capitalization	967	2
NCOA	(145)	(90)
Net capital employed	5 387	3 697
Order intake	120	262
Order backlog	6 371	1 594
Employees	98	132

## FJORDS PROCESSING

Revenues of Fjords Processing were NOK 392 million in the quarter, a drop from NOK 535 million in first quarter last year. EBITDA for the quarter ended at NOK 10 million, which gave an EBITDA margin of 2.6 percent, down from 5.1 percent in first quarter 2014. The drop in revenue and margin is as result of lower activity for Fjords Processing within certain areas of its business.

The order intake in the quarter was NOK 435 million, keeping the backlog stable at NOK 1.2 billion. Even though order intake in 1Q was satisfactory, and short term prospects are looking relatively good, the market situation within oil and gas is in the longer term expected to impact Fjords through increased pressure on price and potential project delays. The company is following market development closely, and will continuously evaluate initiatives to improve its competitive position.



**Sector:** Oil and gas process equipment and services  
**CEO:** Rune Fantoft

Fjords Processing provides world-class wellstream processing technology, equipment and expertise to the upstream oil and gas industry. The company delivers market-leading solutions for separation of oil and gas, based on innovative technology and extensive competence accumulated over the last 40 years.

[fjordsprocessing.com](http://fjordsprocessing.com)

## KEY FINANCIALS: FJORDS PROCESSING

NOK million	1Q 15	1Q 14
Operating revenue and other income	392	535
EBITDA	10	27
EBIT	2	22
CAPEX and R&D capitalization	8	6
NCOA	(125)	(221)
Net capital employed	487	236
Order intake	435	245
Order backlog	1 228	960
Employees	583	613

## KOP SURFACE PRODUCTS

Revenue in KOP Surface Products rose 33 percent in the quarter from a year earlier to NOK 324 million. EBITDA ended at NOK 65 million at a margin of 20 percent in the quarter. The increase in margin is driven by the high share of services and a favourable business mix within the services segment. As KOP Surface Products is predominantly a USD business, foreign exchange development contributed positively to the growth in NOK versus the previous year. In USD terms revenue rose 5 percent versus 1Q 2014.

Order intake was NOK 216 million in the quarter, giving a backlog of NOK 590 million at the end of the quarter. Like the other companies owned by Akastor, KOP Surface Products is exposed to the cyclicity in the oil and energy sector, and will have a strong focus on cost in order to maintain its competitive position. There are clear signs of a softening market, and the financial results of KOP Surface Products are expected to be weaker for the rest of the year and particularly in the second half of the year.



**Sector:** Oilfield equipment and services  
**CEO:** Gordon Cameron

KOP Surface Products is a leading global supplier of flow control equipment to the oil and gas industry. The main products are valves, wellheads and trees for offshore and land-based surface production.

[kopsurfaceproducts.com](http://kopsurfaceproducts.com)

## KEY FINANCIALS: KOP SURFACE PRODUCTS

NOK million	1Q 15	1Q 14
Operating revenue and other income	324	245
EBITDA	65	33
EBIT	51	26
CAPEX and R&D capitalization	4	7
NCOA	420	346
Net capital employed	718	622
Order intake	216	302
Order backlog	590	620
Employees	848	784





## REAL ESTATE AND OTHER HOLDINGS

Real Estate and Other Holdings had revenues of NOK 292 million in the quarter. EBITDA in the quarter was NOK 58 million. EBITDA includes NOK 32 million related to adjustment for non-qualifying hedges. The two businesses Step Oiltools and First Geo delivered a total EBITDA of NOK 2 million in the quarter. The real estate portfolio delivered an EBITDA of NOK 17 million. A gain of NOK 37 million was realized in the quarter, as the sale of the remaining 17 percent share in a property in the Oslo area was concluded.

The majority of the properties in Akastors portfolio are on long term leases with Aker Solutions, and one of the properties is on a long term lease to MHWirth. Akastor is currently exploring opportunities to monetize these assets.



DOF Deepwater

**Sector:** Investment

Akastor has a portfolio of real estate and other holdings which it manages separately from the other portfolio businesses.

## KEY FINANCIALS: REAL ESTATE AND OTHER HOLDINGS

NOK million	1Q 15	1Q 14
Operating revenue and other income	292	156
EBITDA	58	(14)
EBIT	27	(44)
CAPEX and R&D capitalization	23	17
NCOA	(107)	238
Net capital employed	1 636	2 930
Order intake	210	166
Order backlog	1 728	281
Employees	407	528

# FINANCIALS

See comments under the section "Summary and Highlights" on page 4.

Cashflow from operations was NOK -1 025 million for the Akastor group in the first quarter.

Net current operating assets increased from previous quarter by NOK 656 million in the quarter to NOK 3.1 billion at the end of March.

Net cash flow from investing was negative NOK 950 million in the quarter. Net interest bearing debt increased with NOK 2.2 billion to NOK 5.9 billion at the end of first quarter. In addition to the negative cash flow from operations and the investments the net debt was impacted by several currency effects. Financial lease in USD, funding of subsidiaries in USD, and liquidity effects on contract hedges that are rolled forward had a total effect on the net debt of around NOK 500 million in the quarter (none of them having profit and loss effect).

The liquidity reserve at the end of the quarter was around NOK 1.0 billion, with cash and bank deposits of NOK 780 million and undrawn committed credit facilities of NOK 200 million. In addition, other short- and medium-term credit lines of NOK 500 million have been established after the end of the quarter.

The equity ratio was 35.8 percent at the end of the first quarter. Gross interest-bearing debt was NOK 6.9 billion at the end of the first quarter, including the financial lease on Aker Wayfarer of NOK 1.5 billion. Net interest-bearing debt was NOK 5.9 billion at the end of the quarter. In July 2014, a term loan of NOK 2.5 billion was established with seven banks. Also, a credit facility of NOK 2 billion was established with the same banks, of which NOK 1.8 billion was utilized by the end of the quarter. In 1Q 2015, an additional financing of USD 125 million was established, related to the purchase of AKOFS Seafarer.

## PRINCIPLE RISKS AND UNCERTAINTY

Financial results will be affected by customer behaviour, project execution, and the general state of the markets in which Akastor and its portfolio companies operates. Results also depend on costs, both the portfolio companies' own costs and those charged by suppliers, as well as interest expenses, exchange rates and customers' ability to pay. Akastor and its portfolio companies also frequently engage in mergers and acquisitions and other transactions that could expose the companies to financial and other non-operational risks, such as warranty claims and price adjustment mechanisms.

Akastor has established governing documents and systems to manage its exposure to the financial markets. These systems cover, among other things, currency-, interest rate-, tax-, counterparty- and liquidity risks. Akastor works systematically to manage risk in all of its portfolio companies. Akastors annual report for 2014 provides more information on risks and uncertainties.

## THE AKASTOR SHARE

The company had a market capitalization of NOK 4.3 billion on April 24, 2015. The company owned 2 976 376 Akastor shares at the end of the quarter.

Oslo, April 27, 2015

The Board of Directors and President  
Akastor ASA

## FINANCIAL CALENDAR

Second quarter results, July 16, 2015

Third quarter results, November 2, 2015

## CONTACT INFORMATION

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# FIGURES AND NOTES



# AKASTOR GROUP INTERIM FINANCIAL STATEMENTS

## FIRST QUARTER 2015

### CONDENSED CONSOLIDATED INCOME STATEMENT

<i>NOK million</i>	1Q 15	1Q 14	Full year 2014
Operating revenues and other income	4 546	4 997	21 432
Operating expenses	(4 370)	(4 606)	(20 052)
<b>Operating profit before depreciation, amortization and impairment (EBITDA)</b>	<b>177</b>	<b>391</b>	<b>1 380</b>
Depreciation, amortization and impairment	(275)	(219)	(2 086)
<b>Operating profit (loss)</b>	<b>(98)</b>	<b>172</b>	<b>(706)</b>
Net financial items	(139)	(101)	(947)
<b>Profit (loss) before tax</b>	<b>(237)</b>	<b>71</b>	<b>(1 653)</b>
Tax income (expense)	(14)	(41)	266
<b>Profit (loss) from continuing operations</b>	<b>(251)</b>	<b>30</b>	<b>(1 387)</b>
Net profit from discontinued operations <sup>1)</sup>	-	3 230	3 880
<b>Profit (loss) for the period</b>	<b>(251)</b>	<b>3 260</b>	<b>2 493</b>

<sup>1)</sup> See note 2

Attributable to:

Equity holders of Akastor ASA	(251)	3 258	2 482
Non-controlling interests	-	2	11
Earnings per share (NOK)	(0.93)	11.98	9.13
Earnings per share (NOK) continuing operations	(0.93)	0.11	(5.09)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK million</i>	1Q 15	1Q 14	Full year 2014
Net profit (loss) for the period	(251)	3 260	2 493
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Cash flow hedges, effective portion of changes in fair value	(232)	(180)	(942)
Cash flow hedges, reclassification to income statement	(68)	61	345
Cash flow hedges, tax effect	90	32	155
Change in fair value reserve	(30)	(98)	(185)
Currency translation differences	150	(101)	956
<b>Net Items that may be reclassified to profit or loss</b>	<b>(89)</b>	<b>(286)</b>	<b>329</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement gain (loss) net defined benefit liability	-	(1)	(70)
Deferred tax of remeasurement gain (loss) net defined benefit liability	-	-	19
<b>Net Items that will not be reclassified to profit or loss, net of tax</b>	<b>-</b>	<b>(1)</b>	<b>(51)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>(340)</b>	<b>2 973</b>	<b>2 771</b>

Attributable to:

Equity holders of Akastor ASA	(340)	2 969	2 750
Non-controlling interests	-	4	21

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>NOK million</i>	March 31 2015	December 31 2014
Deferred tax assets	218	214
Intangible assets	3 149	3 122
Property, plant and equipment	7 704	6 469
Investment property	697	707
Other non-current operating assets	613	691
Investments	532	610
Non-current interest-bearing receivables	135	131
<b>Total non-current assets</b>	<b>13 049</b>	<b>11 946</b>
Current operating assets	11 327	11 204
Current interest-bearing receivables	89	205
Cash and cash equivalents	780	1 075
<b>Total current assets</b>	<b>12 196</b>	<b>12 485</b>
<b>Total assets</b>	<b>25 245</b>	<b>24 430</b>
Equity attributable to equity holders of Akastor ASA	9 039	9 378
<b>Total equity</b>	<b>9 039</b>	<b>9 378</b>
Deferred tax liabilities	352	483
Employee benefits obligations	467	473
Other non-current liabilities	275	285
Non-current borrowings	6 602	4 720
<b>Total non-current liabilities</b>	<b>7 696</b>	<b>5 961</b>
Current operating liabilities	8 249	8 782
Current borrowings	262	308
<b>Total current liabilities</b>	<b>8 510</b>	<b>9 090</b>
<b>Total liabilities and equity</b>	<b>25 245</b>	<b>24 430</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

<i>NOK million</i>	1Q 15	1Q 14	Full year 2014
Profit (loss) for the period - continuing operations	(251)	3 260	2 493
Profit (loss) for the period - discontinued operations	-	(3 230)	(3 880)
Depreciations, amortization and impairment continuing operations	275	219	2 086
Other adjustments for non-cash items and changes in operating assets and liabilities	(1 049)	(1 007)	(211)
<b>Net cash from operating activities</b>	<b>(1 025)</b>	<b>(758)</b>	<b>488</b>
Acquisition of property, plant and equipment	(1 076)	(227)	(1 302)
Payments for capitalized development	(46)	(176)	(639)
Proceeds from sale of subsidiaries, net of cash	-	5 460	5 948
Acquisition of subsidiaries, net of cash acquired	(7)	(80)	(126)
Cashflow from other investing activities	178	377	618
<b>Net cash from investing activities</b>	<b>(950)</b>	<b>5 354</b>	<b>4 499</b>
Change in external borrowings	1 678	(3 458)	(4 193)
Dividends to shareholders	-	-	(1 115)
Cashflow from other financing activities	-	-	(28)
<b>Net cash from financing activities</b>	<b>1 678</b>	<b>(3 458)</b>	<b>(5 336)</b>
Effect of exchange rate changes on cash and bank deposits	3	9	142
<b>Net increase (decrease) in cash and bank deposits</b>	<b>(294)</b>	<b>1 147</b>	<b>(206)</b>
Demerger of New Aker Solutions	-	-	(1 064)
Cash and bank deposits at the beginning of the period	1 075	2 345	2 345
<b>Cash and bank deposits at the end of the period</b>	<b>780</b>	<b>3 492</b>	<b>1 075</b>

The statement includes discontinued operations prior to their disposal unless otherwise stated.

### Cashflow from discontinued operations

<i>NOK million</i>	1Q 14	2014
Net cash from operating activities	(715)	589
Net cash from investing activities	5 241	4 574
Net cash from financing activities	28	142
<b>Effect on cashflow from discontinued operations</b>	<b>4 554</b>	<b>5 305</b>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>NOK million</i>	Contributed equity and retained earnings	Other reserves	Total equity attributable to the parent	Non controlling interests	Total equity
Equity as of January 1, 2015	8 658	720	9 378	-	9 378
Total comprehensive income	(251)	(89)	(340)	-	(340)
<b>Equity as of March 31, 2015</b>	<b>8 407</b>	<b>631</b>	<b>9 038</b>	<b>-</b>	<b>9 038</b>
Equity as of January 1, 2014	13 028	186	13 214	161	13 375
Total comprehensive income	3 260	(287)	2 973	-	2 973
<b>Equity as of March 31, 2014</b>	<b>16 288</b>	<b>(101)</b>	<b>16 187</b>	<b>161</b>	<b>16 348</b>

# NOTES

## NOTE 1 - GENERAL

Akastor (the group) consists of Akastor ASA and its subsidiaries. Akastor ASA is a limited liability company incorporated and domiciled in Norway and whose shares are publicly traded.

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

The group is an oil-services investment company with a portfolio of industrial holdings, real estate and other investments. Akastor is listed on the Oslo Stock Exchange under the ticker AKA. Please refer to note 34 *Group companies* in Akastor's Annual Report 2014 for more information on the group's structure.

Akastor's Annual Report for 2014 is available on [www.akastor.com](http://www.akastor.com).

## NOTE 2 - BASIS FOR PREPARATION

The condensed consolidated financial statements of Akastor comprise the group and the group's interests in equity-accounted investees. As a result of rounding differences, numbers or percentages may not add up to the total.

Akastor's condensed interim financial statements for the three months ended March 31, 2015 are prepared in accordance with International Accounting Standard (IFRS) 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information and disclosures required for a complete set of annual consolidated financial statements, and should be read in conjunction with Akastor's Annual Report 2014. The accounting policies applied in these financial statements are the same as those applied in the group's consolidated financial statements as for the year ended December 31, 2014.

The condensed consolidated interim financial statements are unaudited.

### Net profit from discontinued operations for 2014

Net profit from discontinued operation for the interim reporting periods in 2014 does not correspond to the interim reports for 2014 due to the correction of errors that was implemented in the accounts in 4Q 2014. The adjustments made for each interim period are summarized as below:

NOK million	1Q 14	2Q 14	3Q 14	4Q 14
Net profit from discontinued operations	53	52	4	-

## NOTE 3 - JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the accounting policies, management makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of uncertainty in the estimates are consistent with those applied to the consolidated financial statements as for the period ended December 31, 2014.

## NOTE 4 - OPERATING SEGMENTS

Akastor identifies its reportable segments and discloses segment information under IFRS 8 *Operating Segments*. See note 6 *Operating segments* in Akastor's Annual Report 2014 for descriptions of Akastor's management model and operating segments as well as accounting principles used for segment reporting.

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 qualifies for hedge accounting in accordance with IFRS. The correction of the non-qualifying hedges is made as an adjustment at corporate level in order to secure that the consolidated financial statements are prepared in accordance with IFRS. This means that the group's segment reporting reflects all hedges as qualifying even though they may not qualify for hedge accounting in accordance with IFRS.

Hedge transactions not qualifying for hedge accounting represent in 1Q 2015 an accounting gain to EBITDA of NOK 32 million (gain of NOK 4 million in 1Q 2014) and a gain under financial items of NOK 15 million (gain NOK 11 million in 1Q 2014).

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

### 1Q 2015

NOK million	MHWirth	Frontica Business Solutions	AKOFS Offshore	Fjords Processing	KOP Surface	Real estate & other holdings	Elimina- tions	Total
External revenue and other income	2 152	1 225	168	389	324	289	-	4 546
Internal revenue	22	206	-	3	-	4	(234)	-
Total revenue	2 174	1 431	168	392	324	292	(234)	4 546
Operating profit before depreciation, amortization and impairment (EBITDA)	3	64	(24)	10	65	58	-	177
Operating profit (loss) (EBIT)	(107)	38	(109)	2	51	27	-	(98)
Capital expenditure and R&D capitalization	107	17	967	8	4	23	-	1 127
Net current operating assets (NCOA)	3 153	(119)	(145)	(125)	420	(107)	-	3 078
Net capital employed	6 177	493	5 387	487	718	1 636	-	14 899
Cash flow from operating activities	(584)	(64)	(108)	(54)	56	(272)	-	(1 025)

### 1Q 2014

NOK million	MHWirth	Frontica Business Solutions	AKOFS Offshore	Fjords Processing	KOP Surface	Real estate & other holdings	Elimina- tions	Total
External revenue and other income	2 418	1 236	394	534	245	171	-	4 997
Internal revenue	6	237	-	1	-	3	(247)	-
Total revenue	2 424	1 473	394	535	245	174	(247)	4 997
Operating profit before depreciation, amortization and impairment (EBITDA)	224	80	41	27	33	(14)	-	391
Operating profit (loss) (EBIT)	149	58	(39)	22	26	(43)	-	172
Capital expenditure and R&D capitalization	112	27	2	6	7	17	-	171
Net current operating assets (NCOA)	2 171	(294)	(90)	(221)	346	238	-	2 150
Net capital employed	4 431	170	3 697	236	622	2 930	-	12 086
Cash flow from operating activities	(234)	122	(86)	180	(35)	11	-	(42)



## NOTE 5 - SIGNIFICANT EVENTS

### Restructuring

In the first quarter of 2015, MHWirth had to undertake a necessary reduction of its global work force due to the very challenging rig market, affecting both MHWirth and its customers. The reduction in workforce is estimated to be 750 people including contractors, and a restructuring cost of approximately NOK 40 million is recognized in operating expenses.

### Purchase of AKOFS Seafarer vessel

The purchase of AKOFS Seafarer was executed in February 2015 and is included in capital expenditure in AKOFS Offshore. The purchase price was USD 122.5 million, all financed with new bank debt.

### Borrowings

Borrowings has increased from NOK 5.0 billion to NOK 6.9 billion in 1Q 2015. This is mainly explained by the new bank debt of USD 125 million related to the purchase of AKOFS Seafarer and increased borrowings under the Revolving Credit Facility by NOK 800 million.

## NOTE 6 - NET FINANCIAL ITEMS

NOK million	1Q 15	1Q 14	2014
Net interest expenses on financial liabilities measured at amortized costs	(38)	(106)	(297)
Financial charges under finance leases	(68)	-	(57)
Impairment on available for sale assets	-	-	(97)
Net foreign exchange gain (loss)	(15)	(6)	55
Profit (loss) on foreign currency forward contracts	5	11	(372)
Profit (loss) from equity accounted investees	(19)	2	(126)
Other financial income (expenses)	(3)	(2)	(53)
<b>Net financial items</b>	<b>(139)</b>	<b>(101)</b>	<b>(947)</b>

## NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified by the levels in the fair value hierarchy. See note 33 *Financial instruments* in Akastor's Annual Report 2014 for more information about valuation methodologies and the group's financial instruments. The estimated fair values of material financial instruments are as below:

NOK million	Fair value hierarchy	Fair value as of March 31, 2015	Fair value as of December 31, 2014
<i>Current operating assets</i>			
- Forward foreign exchange contract	Level 2	2 247	2 199
<i>Current operating liabilities</i>			
- Forward foreign exchange contract	Level 2	(2 126)	(1 841)
<i>Non-current liabilities</i>			
- Non-current borrowings	Level 2	(6 633)	(4 748)

## NOTE 8 - RELATED PARTIES

Akastor believes that all transactions with related parties have been carried out based on arm's length terms. For detailed descriptions of related party transactions, please refer to note 35 Related parties in Akastor's Annual Report 2014.

Below is a summary of transactions and balances between Akastor and significant related parties.

Income statement	1Q 15		1Q 14	
	Aker Solutions entities	Other Aker entities	Aker Solutions entities	Other Aker entities
<i>NOK million</i>				
Operating revenues	1 089	89	1 124	55
Operating costs	(60)	(3)	(62)	(52)
Net financial items	-	(68)	(3)	-

Balance sheet - Assets (Liabilities)	March 31, 2015		March 31, 2014	
	Aker Solutions entities	Other Aker entities	Aker Solutions entities	Other Aker entities
<i>NOK million</i>				
Trade receivables	417	38	315	31
Interest-bearing receivables	37	-	-	-
Finance lease (Aker Wayfarer)	-	1 064	-	-
Non-current assets (Aker Wayfarer)	-	523	-	138
Group contribution, receivables	-	-	1 833	-
Trade payables	(126)	(10)	(100)	(21)
Finance lease liability (Aker Wayfarer)	-	(1 484)	-	-
Interest-bearing liability	-	-	(112)	-
Group contribution, payable	-	-	(129)	-

## NOTE 9 - CURRENT OPERATING ASSETS AND LIABILITIES

	March 31 2015	December 31 2014
<i>NOK million</i>		
<i>Current operating assets:</i>		
Inventories	1 755	1 785
Trade receivables	3 028	2 997
Amounts due from customers for construction work	2 551	2 325
Advances to suppliers	216	226
Accrued operating revenue	498	576
Current tax assets	29	43
Other receivables	3 249	3 254
<b>Total current operating assets</b>	<b>11 327</b>	<b>11 204</b>
<i>Current operating liabilities:</i>		
Trade payables	1 078	1 505
Amounts due to customers for construction work, including advances	2 346	2 170
Provisions	394	395
Current tax liabilities	92	97
Accrued operating expenses and other liabilities	4 338	4 616
<b>Total current operating liabilities</b>	<b>8 249</b>	<b>8 782</b>

