Q1

AKASTOR

FIRST QUARTER 2016
RESULTS

mhwirth Frontica AKOFS Offshore FJORDS PROCESSING KOP Other Holdings

HIGHLIGHTS

- Stable net debt at NOK 5 077 million, working capital decreased by NOK 282 million to NOK 2 058 million, liquidity reserve of NOK 2.5 billion
- EBITDA of NOK -12 million, including special items of NOK -104 million
- Refinancing of long-term credit facilities concluded in the quarter
- Weak market conditions continue across the portfolio significantly impacting revenue
- Cost and capacity reductions continue as well as focused efforts to strategically develop portfolio companies during the downturn
- Frontica secured five-year contract with Aker Solutions, boosting order intake for the quarter

Key Figures: Akastor Group

NOK million	Q1 16	Q1 15
Operating revenue and Other income	2 558	4 546
EBITDA	(12)	177
EBIT	(293)	(98)
CAPEX and R&D capitalization	70	1 127
NIBD	5 077	4 918*
NCOA	2 058	2 956
Net capital employed	11 618	14 777
Order intake	6 695	3 079
Order backlog	19 482	19 998
Employees	5 005	7 061

** NIBD per 31.12.15*

Q1 Key Figures: Portfolio Companies

NOK million	MHWirth	Frontica	AKOFS Offshore	Fjords Processing	KOP Surface Products	Other Holdings
Revenue	922	884	159	463	123	126
EBITDA	(90)	36	38	27	14	(37)
EBIT	(225)	12	(41)	18	(1)	(56)

01. OVERVIEW

The continued challenging market situation in the oil services industry contributed to a mixed performance across Akastor's portfolio of companies, resulting in reduced revenue and earnings for Akastor as a group. MHWirth and KOP Surface Products were most significantly impacted by the weak market conditions, while Fjords continues to perform favorably. Frontica's five-year contract award with Aker Solutions resulted in a strong order intake for Akastor in the quarter of NOK 4.8 billion, increasing Akastor's aggregate backlog to NOK 19.5 billion. All Akastor portfolio companies are continuing to adjust to market conditions by reducing costs and exploring strategic initiatives to strengthen each company's competitive position during this downturn.

Revenue in the 2016 first quarter was NOK 2 558 million, compared with NOK 4 546 million in the 2015 first quarter, a decrease of 44 percent. The reduced revenue in the quarter was primarily due to reduced activity levels and weaker market conditions in the oil service industry in general, and the offshore drilling market in particular.

EBITDA in the 2016 first quarter was NOK -12 million, compared with NOK 177 million in the 2015 first quarter. EBITDA in the quarter was impacted by restructuring costs of NOK 109 million, which were mostly related to downsizing in MHWirth. Hedge transactions not qualifying for hedge accounting had a positive EBITDA effect of NOK 5 million. Adjusted EBITDA for the 2016 first quarter was NOK 92 million, compared to NOK 180 million in the 2015 first quarter.

Akastor's liquidity reserve at the end of the first quarter was approximately NOK 2.5 billion with cash and bank deposits of NOK 485 million and undrawn committed credit facilities of NOK 2.1 billion. Working capital was NOK 2.1 billion quarter-end, a reduction of NOK 282 million compared to year-end 2015.

02. PORTFOLIO COMPANIES

Akastor has six reporting segments: MHWirth, Frontica, AKOFS Offshore, Fjords Processing, KOP Surface Products and Other holdings.

MHWirth

MHWirth reported revenues of NOK 922 million in the 2016 first quarter, a reduction of 58 percent compared to the 2015 first quarter. The significant decrease in revenue was primarily driven by reduced project related work as a result of low order intake since 2014. Drilling Lifecycle Services (DLS) remained more stable during the quarter, but the start of the year was soft due to seasonal factors and challenging market conditions in certain regions.

EBITDA in the 2016 first quarter was NOK -90 million, including restructuring costs of NOK 97 million, compared to NOK 3 million including restructuring costs of NOK 40 million in the 2015 first quarter. Substantial reductions in MHWirth's indirect cost level were made during the quarter and further reductions are expected over the coming quarters as a result of already implemented initiatives.

Managed Pressure Operations (MPO), a business delivering equipment for managed pressure drilling that was acquired in 2013, had a negative EBITDA in the quarter of approximately NOK 27 million, an improvement from negative NOK 42 million in the 2015 fourth quarter. MHWirth is currently evaluating strategic alternatives for MPO.

The working capital level (NCOA) of MHWirth was reduced by NOK 300 million in the quarter to NOK 1.95 billion, totalling a reduction of approx. NOK 1 billion over the last two quarters. The reduction was mainly a result of cash optimization in the aftermarket business and delivery of certain projects. The NCOA is still impacted by delayed deliveries and delayed payments from customers on several projects.

Order intake in the 2016 first quarter was NOK 683 million compared to NOK 788 million in the 2015 first quarter. Market conditions continue to be weak with further decreases in both floater utilization levels and day rates observed during the quarter. In February, floater utilization was 75 percent for the active fleet (source: Clarksons Platou Offshore Rig Monthly). The number of active rigs with MHWirth equipment in operation has been stable so far in 2016, however, future changes in the active fleet may impact the activity in upgrades and modifications for MHWirth.

In order to adjust the cost base to current activity levels, MHWirth has during 2015 and 2016 announced total personnel reductions of approximately 2 300 people, or 54 percent since the beginning of 2015. During the second half of 2016, the total number of employees in MHWirth is expected to drop below 2 000 people. In the 2016 first quarter, total restructuring costs of NOK 97 million were recognized, mainly related to laid-off personnel and costs for excess office capacity. It is expected that MHWirth will incur further restructuring costs later in the year until all ongoing cost reduction programs have been completed.

A significant portion of MHWirth's backlog is for delivery of seven drilling packages to Jurong Shipyard in Singapore for operations in Brazil. During the 2016 first quarter, progress was only made on the first drilling package. The proportion of the MHWirth backlog relating to the projects for Jurong is approximately NOK 4.5 billion.

Key Figures: MHWirth

NOK million	Q1 16	Q1 15
Operating revenue and other income	922	2 174
EBITDA	(90)	3
EBIT	(225)	(107)
CAPEX and R&D capitalization	12	107
NCOA	1 953	2 839
Net capital employed	4 346	5 863
Order intake	683	788
Order backlog	5 476	7 659
Employees	2 567	3 990

Frontica

Frontica reported revenues of NOK 884 million in the 2016 first quarter, compared with NOK 1 431 million in the 2015 first quarter. EBITDA was NOK 36 million in the quarter, compared with NOK 64 million in the same period last year. The EBITDA margin was 4.1 percent in the quarter, down from 4.5 percent in the 2015 first quarter.

Order intake in the quarter was NOK 4 836 million and includes the estimated contract value of the new five-year contract with Aker Solutions signed in February 2016. The booked order intake does not include staffing services under the long-term contract with Aker Solutions.

The decrease in both revenue and margins in the quarter was a result of decreasing activity levels within several services areas due to lower business demands from key customers. The company is continuing its efforts to diversify its customer base and improve its competitive position through streamlining and increasing organizational efficiency, including by strengthening its global delivery centre in Malaysia. These measures expected to position the company for an eventual recovery in the oil and gas market and potentially for growth in adjacent industry segments.

Key Figures: Frontica

NOK million	Q1 16	Q1 15
Operating revenue and other income	884	1 431
EBITDA	36	64
EBIT	12	38
CAPEX and R&D capitalization	-	17
NCOA	(139)	(119)
Net capital employed	374	493
Order intake	4 836	1 495
Order backlog	5 669	2 698
Employees	894	1 135

AKOFS Offshore

AKOFS Offshore reported revenues of NOK 159 million in the 2016 first quarter, compared with NOK 168 in the 2015 first quarter. EBITDA was NOK 38 million in the quarter, compared with a loss of NOK 24 million in the same period last year. There was minor order intake during the quarter, and backlog ended at NOK 6 145 million.

As in the previous quarter, Skandi Santos operated at high utilization during the first quarter. Aker Wayfarer is currently undergoing conversion at a yard in Norway, including the five-year special periodical survey, equipment installation and mobilization of crews. The preparations are progressing according to plan. AKOFS Seafarer remained idle during the first quarter. Operating expenses for the vessel whilst lying idle are less than USD 10 000 per day. The vessel is currently being actively marketed for work in the subsea construction and service market as well as for Light Well Intervention (LWI).

Key Figures: AKOFS Offshore

NOK million	Q1 16	Q1 15
Operating revenue and other income	159	168
EBITDA	38	(24)
EBIT	(41)	(109)
CAPEX and R&D capitalization	48	967
NCOA	103	31
Net capital employed	5 142	5 563
Order intake	23	120
Order backlog	6 145	6 371
Employees	93	98

Fjords Processing

Fjords Processing reported revenues of NOK 463 million in the 2016 first quarter, compared with NOK 392 million in the 2015 first quarter. The increase in revenues was driven primarily by increased activity within the gas processing market. EBITDA was NOK 27 million in the quarter, representing a margin of 5.8 percent, compared with NOK 10 million, representing a margin of 2.6 percent, in the same period last year. The increase in EBITDA margin was positively impacted by good project execution.

Order intake was NOK 1 083 million in the 2016 first quarter giving an exceptionally strong book-to-bill ratio of 2.3x for the period. The strong order intake reflects a significant number of projects booked from gas production markets including one large MEG project and a sizeable oil separation project in the Middle East.

Fjords continues to see a number of opportunities for growth within certain technologies and regions, such as the Middle East and Asia. However, other segments such as North America, continue to be challenging. Therefore, the company continues to streamline its organization and increase efficiency throughout the company through specific initiatives.

Key Figures: Fjords Processing

NOK million	Q1 16	Q1 15
Operating revenue and other income	463	392
EBITDA	27	10
EBIT	18	2
CAPEX and R&D capitalization	3	8
NCOA	28	(97)
Net capital employed	616	515
Order intake	1 083	435
Order backlog	1 983	1 228
Employees	548	583

KOP Surface Products

KKOP Surface Products reported revenues of NOK 123 million in the 2016 first quarter, compared with NOK 324 million in the 2015 first quarter. The substantial decrease in revenues was mainly due to the market for surface products in South-East Asia as well as de-stocking of certain key clients. EBITDA was NOK 14 million in the quarter, representing a margin of 11.4 percent, compared with NOK 65 million, representing a margin of 20.1 percent, in the same period last year. Significant cost reductions and operational improvements have made it possible for KOP Surface Products to expand its margins over several quarters, but lower revenues due to weak order intake has negatively impacted margins in the 2016 first quarter. EBITDA margins are expected to remain low until order intake increases again and capacity costs are reduced.

Order intake was NOK 115 million in the 2016 first quarter giving a book-to-bill ratio of 0.9x for the period. KOP Surface Products is working actively to extend its business and expand its markets in Asia and the Middle East to diversify its customer base and enhance its long-term business value.

Key Figures: KOP Surface Products

NOK million	Q1 16	Q1 15
Operating revenue and other income	123	324
EBITDA	14	65
EBIT	(1)	51
CAPEX and R&D capitalization	3	4
NCOA	187	420
Net capital employed	490	718
Order intake	115	216
Order backlog	138	590
Employees	549	848

Other Holdings

Other Holdings reported revenues of NOK 126 million in the quarter, with an EBITDA of NOK -37 million. The two businesses Step Oiltools and First Geo delivered a total EBITDA of NOK -11 million in the quarter.

Key Figures: Other Holdings

NOK million	Q1 16	Q1 15
Operating revenue and other income	126	292
EBITDA	(37)	58
EBIT	(56)	27
CAPEX and R&D capitalization	3	23
NCOA	(72)	(117)
Net capital employed	650	1 625
Order intake	95	210
Order backlog	368	1 728
Employees	354	407

03. FINANCIAL RESULTS

The Akastor group's revenue decreased by 44 percent in the first quarter compared to the same quarter last year, to NOK 2 558 million. Even though the cost base has been reduced substantially during 2015, the lower revenue level has resulted in capacity costs impacting the overall EBITDA for the quarter.

EBITDA was NOK -12 million for the first quarter, down from NOK 177 million in 2015 first quarter. EBITDA in the quarter was impacted by restructuring costs of NOK 109 million, which were mostly related to downsizing in MHWirth. Depreciation, amortization and impairment amounted to NOK 281 million. Net financial expenses were NOK -192 million for the quarter, compared to NOK -139 million in 2015 first quarter. Increased financial expenses are due to transaction costs related to the refinancing of external borrowings, which include the unamortized borrowing costs related to the original facilities as well as transaction costs related to the new facilities.

Net tax income was NOK 119 million in the first quarter, compared to an expense of NOK 14 million in 2015 first quarter. The tax income is explained by the mix of revenue the group earns in jurisdictions with various tax rates, impairment of tax assets, as well as tax effects from fluctuations in currencies from entities that are taxable in other currencies than the functional currency.

The result for the first quarter period was a loss of NOK 366 million, compared to NOK -251 million in the corresponding quarter in 2015.

Financial Position

Cash flow from operations was negative NOK 35 million for the Akastor group in the first quarter.

Net current operating assets were NOK 2 058 million at the end of March, a reduction of NOK 282 million since 2015 fourth quarter.

Net cash flow from investing activity was negative NOK 102 million in the quarter. Net interest-bearing debt increased by NOK 159 million, to NOK 5 077 million at the end of the first quarter.

The liquidity reserve at the end of the quarter was around NOK 2.5 billion, with cash and bank deposits of NOK 485 million and undrawn committed credit facilities of NOK 2.1 billion.

The equity ratio was 36 percent at the end of the first quarter. Gross interest-bearing debt was NOK 5.7 billion at the end of the first quarter.

On March 11, 2016, Akastor reached an agreement with its bank syndicate to amend and extend its long-term financing structure until 2019. See Note 4 for more information.

Related party transactions

Please see note 8 for a summary of significant related party transactions that occurred in Q1 2016.

Principle Risks and Uncertainty

Akastor and each of its portfolio companies are exposed to various forms of market, operational and financial risks. The market situation for the oil services industry is very challenging with low activity and weak market conditions. On the operational side, sound project execution by the portfolio companies without cost overruns as well as securing new orders are substantial factors to the companies' financial performance. 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 are exposed to financial market risks including changes in currency rates and hedge activities, interest rates, tax, credit and counterparty risks, as well as risks associated with access to and terms of financing.

In addition, these companies, through their business activities within their respective sectors and countries, are also exposed to legal/compliance and regulatory/political risks, i.e. political decisions on international sanctions that impact supply and demand of the services offered by the portfolio companies, as well as environmental regulations. Akastor and its portfolio companies also 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.

To manage and mitigate risks within Akastor, risk evaluation is an integral part of all business activities. As owner, Akastor actively supervises risk management in its portfolio companies through participation on the board of directors of each portfolio company, and by defining a clear set of risk management and mitigation processes and procedures all portfolio companies must adhere to. Akastors' annual report for 2015 provides more information on risks and uncertainties.

The Akastor Share

The company had a market capitalization of NOK 3 billion on April 29, 2016. The company owned 2 776 376 own shares at the end of the quarter.

Fornebu, April 29 , 2016
The Board of Directors and CEO of Akastor ASA

Financial Calendar

Second quarter and first half year 2016 results, July 14, 2016.

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AKASTOR GROUP INTERIM FINANCIAL STATEMENTS FIRST QUARTER 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK million	*note*	First quarter 2016	First quarter 2015	Full year 2015
Operating revenues and other income		**2 558**	4 546	15 869
Operating expenses		**(2 569)**	(4 370)	(15 168)
Operating profit before depreciation, amortization and impairment (EBITDA)		**(12)**	**177**	**702**
Depreciation and amortization		**(249)**	(265)	(1 103)
Impairment		**(32)**	(10)	(1 758)
Operating profit (loss)		**(293)**	**(98)**	**(2 159)**
Net financial items	*6*	**(192)**	(139)	(691)
Profit (loss) before tax		**(485)**	**(237)**	**(2 851)**
Tax income (expense)		**119**	(14)	286
Profit (loss) from continuing operations		**(366)**	**(251)**	**(2 564)**
Net profit (loss) from discontinued operations		**-**	-	(23)
Profit (loss) for the period		**(366)**	**(251)**	**(2 587)**
Attributable to:				
Equity holders of Akastor ASA		**(366)**	(251)	(2 587)
Earnings (loss) per share (NOK)		**(1.35)**	(0.93)	(9.54)
Earnings (loss) per share (NOK) continuing operations		**(1.35)**	(0.93)	(9.46)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK million	First quarter 2016	First quarter 2015	Full year 2015
Net profit (loss) for the period	**(366)**	**(251)**	**(2 587)**
Other comprehensive income:			
Cash flow hedges, effective portion of changes in fair value	**114**	(232)	(172)
Cash flow hedges, reclassification to income statement	**(171)**	(68)	58
Change in fair value reserve	**17**	90	-
Currency translation differences	**(154)**	(30)	640
Deferred tax effect	**6**	150	49
Net items that may be reclassified to profit or loss	**(188)**	**(89)**	**575**
Remeasurement gain (loss) net defined benefit liability	**(1)**	-	25
Deferred tax of remeasurement gain (loss) net defined benefit liability	**-**	-	(8)
Net items that will not be reclassified to profit or loss	**(1)**	**-**	**18**
Total comprehensive income (loss) for the period, net of tax	**(555)**	**(340)**	**(1 994)**
Attributable to:			
Equity holders of Akastor ASA	**(555)**	(340)	(1 994)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	*note*	March 31 2016	December 31 2015
Deferred tax assets		**654**	468
Intangible assets		**2 667**	2 785
Property, plant and equipment		**6 383**	6 480
Other non-current operating assets		**260**	478
Other investments		**454**	437
Non-current interest-bearing receivables		**110**	84
Total non-current assets		**10 528**	**10 732**
Current operating assets	*9*	**7 958**	9 171
Current interest-bearing receivables		**70**	72
Cash and cash equivalents		**485**	563
Total current assets		**8 513**	**9 805**
Total assets		**19 041**	**20 537**
Equity attributable to equity holders of Akastor ASA		**6 831**	7 386
Total equity		**6 831**	**7 386**
Deferred tax liabilities		**37**	51
Employee benefit obligations		**417**	434
Other non-current liabilities		**405**	414
Non-current borrowings	*4*	**5 448**	1 583
Total non-current liabilities		**6 307**	**2 483**
Current operating liabilities	*9*	**5 608**	6 613
Current borrowings		**294**	4 054
Total current liabilities		**5 902**	**10 667**
Total liabilities and equity		**19 041**	**20 537**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK million	First quarter 2016	First quarter 2015	Full year 2015
Profit (loss) for the period	**(366)**	(251)	(2 587)
(Profit) loss for the period - discontinued operations	**-**	-	23
Depreciations, amortization and impairment continuing operations	**281**	275	2 861
Other adjustments for non-cash items and changes in operating assets and liabilities	**50**	(1 049)	(900)
Net cash from operating activities	**(35)**	**(1 025)**	**(603)**
Acquisition of property, plant and equipment	**(63)**	(1 076)	(1 460)
Payments for capitalized development	**(7)**	(46)	(176)
Proceeds from sale of subsidiaries, net of cash	**-**	-	1 150
Acquisition of subsidiaries, net of cash acquired	**(7)**	(7)	(11)
Cash flow from other investing activities	**(25)**	178	281
Net cash from investing activities	**(102)**	**(950)**	**(216)**
Changes in external borrowings	**117**	1 678	185
Net cash from financing activities	**117**	**1 678**	**185**
Effect of exchange rate changes on cash and cash equivalents	**(58)**	3	121
Net increase (decrease) in cash and cash equivalents	**(77)**	**(294)**	**(512)**
Cash and cash equivalents at the beginning of the period	**563**	1 075	1 075
Cash and cash equivalents at the end of the period	**485**	**780**	**563**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK million	Contributed equity and retained earnings	Other reserves	Total equity attributable to the parent	Total equity
Equity as of January 1, 2016	6 051	1 335	**7 386**	**7 386**
Total comprehensive income	(366)	(189)	**(555)**	**(555)**
Equity as of March 31, 2016	**5 685**	**1 146**	**6 831**	**6 831**
Equity as of January 1, 2015	8 636	742	**9 378**	**9 378**
Total comprehensive income	(251)	(89)	**(340)**	**(340)**
Equity as of March 31, 2015	**8 385**	**653**	**9 038**	**9 038**

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.

The group is an oil-services investment company with a portfolio of industrial holdings and other investments. Akastor is listed on the Oslo Stock Exchange under the ticker AKA. Please refer to note 35 *Group companies* in Akastor's Annual Report 2015 for more information on the group's structure.

Akastor's Annual Report for 2015 is available at 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, 2016 are prepared in accordance with International Accounting Standard (IAS) 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 2015. 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, 2015.

The condensed consolidated interim financial statements are unaudited.

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, 2015.

NOTE 4 - SIGNIFICANT EVENTS

Restructuring

In the first quarter of 2016, a total restructuring cost of NOK 109 million is recognized as operating expenses, mainly related to workforce reductions in MHWirth.

Borrowings

On March 11, 2016, Akastor reached an agreement with its bank syndicate to amend and extend its financing structure. Borrowings under the new agreement comprise three Revolving Credit Facilities with maturity in June 2017 and July 2019 and are recognized as non-current borrowings. Please refer to note 26 Borrowings in Akastor's Annual Report 2015 for more information.

NOTE 5 - 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 2015 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 Q1 2016 an accounting gain to EBITDA of NOK 5 million (gain of NOK 32 million in Q1 2015) and a loss under financial items of NOK 49 million (gain of NOK 5 million in Q1 2015).

Q1 2016

NOK million	MHWirth	Frontica	AKOFS Offshore	Fjords Processing	KOP Surface Products	Other holdings	Elimina-tions	Total
External revenue and other income	915	782	159	463	123	117	-	**2 558**
Internal revenue	7	101	-	-	-	10	(118)	**-**
Total revenue	922	884	159	463	123	126	(118)	**2 558**
Operating profit before depreciation, amortization and impairment (EBITDA)	(90)	36	38	27	14	(37)	-	**(12)**
Operating profit (loss) (EBIT)	(225)	12	(41)	18	(1)	(56)	-	**(293)**
Capital expenditure and R&D capitalization	12	-	48	3	3	3	-	**70**
Cash flow from operating activities	159	(134)	(137)	95	38	(56)	-	**(35)**
Net current operating assets (NCOA)	1 953	(139)	103	28	187	(72)	-	**2 058**
Net capital employed	4 346	374	5 142	616	490	650	-	**11 618**

Q1 2015

NOK million	MHWirth	Frontica	AKOFS Offshore	Fjords Processing	KOP Surface Products	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 1)	107	17	967	8	4	23	-	**1 127**
Cash flow from operating activities	(584)	(64)	(108)	(54)	56	(272)	-	**(1 025)**
Net current operating assets (NCOA)	2 839	(119)	31	(97)	420	(117)	-	**2 956**
Net capital employed	5 863	493	5 563	515	718	1 625	-	**14 777**

1) Includes capitalized borrowing costs.

NOTE 6 - NET FINANCIAL ITEMS

NOK million	First quarter 2016	2015	Full year 2015
Net interest expenses on financial liabilities measured at amortized costs	**(88)**	(38)	(191)
Financial charges under finance leases	**(72)**	(68)	(279)
Impairment on available for sale assets	**-**	-	(202)
Net foreign exchange gain (loss)	**24**	(15)	46
Profit (loss) on foreign currency forward contracts	**(49)**	5	44
Profit (loss) from equity accounted investees	**-**	(19)	(73)
Other financial income (expenses)	**(8)**	(3)	(36)
Net financial items	**(192)**	**(139)**	**(691)**

Net interest expenses on financial liabilities measured at amortized costs in Q1 2016 include transaction costs of NOK 53 million as a result of refinancing of external borrowings. These transaction costs include the unamortized borrowing costs related to the original facilities as well as transaction costs related to the new facilities that do not quality for capitalization as a result of modifications of terms. See also note 5.

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 34 *Financial instruments* in Akastor's Annual Report 2015 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, 2016	Fair value as of December 31, 2015
Current operating assets			
- Forward foreign exchange contract	Level 2	**824**	1 746
Current operating liabilities			
- Forward foreign exchange contract	Level 2	**(533)**	(1 528)
Non-current liabilities			
- Non-current borrowings	Level 2	**(5 457)**	(1 583)
Current liabilities			
- Current borrowings	Level 2	**(294)**	(4 076)

NOTE 8 - RELATED PARTIES

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 36 Related parties in Akastor's Annual Report 2015.

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

Income statement

NOK million	First quarter 2016	2015
Operating revenue	**799**	1 178
Operating costs	**(18)**	(63)
Net financial items	**(72)**	(68)

Financial position - Assets (Liabilities)

NOK million	March 31, 2016	December 31, 2015
Trade receivables	**216**	154
Property, plant and equipment under finance lease (Aker Wayfarer)	**1 462**	1 313
Other non-current assets under finance lease (Aker Wayfarer)	**193**	410
Trade payables	**(62)**	(51)
Finance lease liability (Aker Wayfarer)	**(1 606)**	(1 645)

NOTE 9 - CURRENT OPERATING ASSETS AND LIABILITIES

NOK million	March 31, 2016	December 31, 2015
Current operating assets:		
Inventories	**1 325**	1 464
Trade receivables	**2 339**	3 049
Amounts due from customers for construction work	**1 587**	1 402
Advances to suppliers	**241**	203
Accrued operating revenue	**355**	377
Current tax assets	**8**	2
Hedge adjustments, assets	**824**	1 746
Other receivables	**1 279**	929
Total current operating assets	**7 958**	**9 171**
Current operating liabilities:		
Trade payables	**592**	950
Amounts due to customers for construction work, including advances	**2 191**	1 864
Provisions	**458**	553
Current tax liabilities	**81**	89
Hedge adjustments, liabilities	**533**	1 528
Accrued operating expenses and other liabilities	**1 752**	1 629
Total current operating liabilities	**5 608**	**6 613**

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