Q2

AKASTOR

SECOND QUARTER AND HALF YEAR RESULTS 2016

mhwirth Frontica AKOFS Offshore FJORDS PROCESSING AKOP Other Holdings

HIGHLIGHTS

- Weak market conditions continue across portfolio, but with more stable revenues in the quarter
- Net debt at NOK 5 427 million, working capital stable at NOK 2 030 million, liquidity reserve at NOK 2.2 billion
- Reported EBITDA of NOK -45 million, with adjusted EBITDA of NOK 169 million
- Cost and capacity reductions continue, as well as long-term efforts to strategically develop portfolio companies
- MHWirth reaches agreement with AFGlobal for sale of Managed Pressure Operations

Key Figures: Akastor Group

NOK million	Q2 16	Q2 15 *(restated)*	YTD 16	YTD 15 *(restated)*
Operating revenue and Other income	2 782	3 638	5 325	8 034
EBITDA	(45)	176	(30)	370
EBIT	(289)	(67)	(520)	(101)
CAPEX and R&D capitalization	60	280	130	1 407
NIBD	5 427	6 121	5 427	6 121
NCOA	2 030	2 925	2 030	2 925
Net capital employed	11 326	14 710	11 326	14 710
Order intake	1 665	2 289	8 360	5 369
Order backlog	15 103	18 886	15 103	18 886
Employees	4 414	6 585	4 414	6 585

Q2 Key Figures: Portfolio Companies

NOK million	MHWirth	Frontica	AKOFS Offshore	Fjords Processing	KOP Surface Products	Other Holdings
Revenue	1 010	877	142	655	66	124
EBITDA	(16)	50	32	52	(5)	(158)
EBIT	(119)	26	(45)	43	(19)	(175)

01. OVERVIEW

Similar to previous quarters, performance was mixed across Akastor's portfolio of companies both in the second quarter, and the first six months of 2016. Revenues in Q2 increased from the previous quarter, but were still impacted by the continued challenging market situation in the oil services industry. MHWirth and KOP Surface Products were most significantly impacted by the weak market conditions, while Fjords Processing continue to perform favorably. The order intake for Akastor in the quarter was NOK 1.7 billion, resulting in an aggregate backlog of NOK 15.1 billion.

Revenues in the 2016 second quarter were NOK 2 782 million, compared with NOK 3 638 million in the 2015 second quarter, a decrease of 24 percent. The reduced revenues in the second quarter, compared to the same period last year, was primarily due to reduced activity levels and weaker market conditions in the oil service industry and offshore drilling market. However, when compared to the previous quarter, revenues were more stable, up 9.4 percent.

EBITDA in the 2016 second quarter was NOK -45 million, compared with NOK 176 million in the 2015 second quarter. EBITDA in the second quarter was impacted by restructuring costs of NOK 96 million mainly related to downsizing in MHWirth. In addition, a provision of NOK 110 million was made in the quarter related to onerous real estate leases. Hedge transactions not qualifying for hedge accounting had a negative EBITDA effect of NOK 8 million. Adjusted EBITDA for the 2016 second quarter was NOK 169 million, compared to NOK 173 million in the 2015 second quarter.

As previously communicated, MHWirth has been evaluating strategic alternatives for Managed Pressure Operations (MPO). On July 13 2016, MHWirth reached an agreement with AFGlobal to divest the MPO business for a consideration of USD 10 million on closing combined with an earn-out element which potentially could reach USD 65 million over the next six years. As a result of the sale, MPO was classified as held-for-sale and discontinued operation in Q2 2016. Accordingly, the income statement has been restated for historical figures. See note 5 for more information.

Akastor's liquidity reserve at the end of the second quarter was approximately NOK 2.2 billion with cash and bank deposits of NOK 315 million and undrawn committed credit facilities of NOK 1.9 billion. Working capital was NOK 2.0 billion at quarter-end, a reduction of NOK 28 million compared to the previous quarter.

02. PORTFOLIO COMPANIES

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

MHWirth

The numbers referred to in this section have been restated as a result of the MPO transaction.

MHWirth reported revenues of NOK 1 010 million in the 2016 second quarter, a reduction of 35 percent compared to the 2015 second quarter. The decrease in revenues was primarily driven by reduced project related work as a result of low order intake since 2014. In addition, due to fewer rigs with MHWirth equipment in operations and reduced upgrade and modification work, Drilling Lifecycle Services (DLS) experienced lower activity in the quarter, but with stable margins.

EBITDA in the 2016 second quarter was NOK -16 million, including restructuring costs of NOK 95 million, compared to NOK 38 million, including restructuring costs of NOK 20 million, in the 2015 second quarter. EBITDA excluding restructuring costs was NOK 79 million in the quarter, compared to NOK 58 million in the 2015 second quarter.

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 second quarter, progress was made on only the first drilling package, while progress on the other six has been put on hold. Given the high degree of uncertainty related to the latter drilling packages and the amount of unfinished work, MHWirth has decided to remove three of the drilling packages to Jurong from its backlog at the end of the quarter. The contracts with Jurong remain in place.

The working capital level (NCOA) of MHWirth was reduced by NOK 128 million in the quarter to NOK 1.7 billion, totalling a reduction of NOK 451 million over the previous six months. The reduction was mainly due to cash optimization in the DLS business, delivery of certain projects and currency hedging write-offs related to the three Jurong Shipyard drilling packages referenced above that were taken out of MHWirth's backlog in the second quarter.

Order intake in the 2016 second quarter was NOK 912 million compared to NOK 896 million in the 2015 second quarter. Market conditions continue to be weak with further decreases in both floater utilization levels and day rates observed during the quarter. In early June, floater utilization was approximately 70 percent for the active fleet (source: Clarksons Platou Offshore Drilling Rig Monthly). Total backlog as of Q2 amounts to NOK 1.6 billion of which the four remaining drilling packages to Jurong Shipyard amounts to approximately NOK 1.0 billion.

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 second quarter, total restructuring costs of NOK 95 million were recognized, mainly related to laid-off personnel and costs for excess office capacity. MHWirth does not expect significant restructuring costs in the quarters ahead.

On July 13, 2016, MHWirth reached an agreement with AFGlobal to divest the MPO business for a consideration of USD 10 million on closing combined with an earn-out element which potentially could reach USD 65 million over the next six years.

Key Figures: MHWirth (continuing operations)

NOK million	Q2 16	Q2 15	YTD 16	YTD 15
Operating revenue and other income	1 010	1 564	1 917	3 588
EBITDA	(16)	38	(79)	58
EBIT	(119)	(27)	(282)	(70)
CAPEX and R&D capitalization	14	148	25	248
NCOA	1 683	2 770	1 683	2 770
Net capital employed	4 032	5 151	4 032	5 151
Order intake	912	896	1 542	1 665
Order backlog	1 668	7 019	1 668	7 019
Employees	2 059	3 515	2 059	3 515

Frontica

Frontica reported revenues of NOK 877 million in the 2016 second quarter, compared with NOK 1 261 million in the 2015 second quarter. EBITDA was NOK 50 million in the quarter, compared with NOK 57 million in the same period last year. The EBITDA margin was 5.7 percent in the quarter, up from 4.5 percent in the 2015 second quarter.

The order backlog per end of Q2 amounted to NOK 5 200 million, with the five year agreement with Aker Solutions signed and commenced in Q1 as the largest contributor. Subsequent to the quarter close, Frontica entered into a 5-year master services agreement with MHWirth for the provision of IT Outsourcing (ITO)/ Business Process Outsourcing (BPO) services with an estimated value of approx. NOK 700 million to be reflected in the backlog from Q3 2016.

The company is continuing its efforts to diversify its customer base and improve its competitive position through streamlining and increasing organizational efficiency, including strengthening its global delivery centre in Malaysia.

Key Figures: Frontica

NOK million	Q2 16	Q2 15	YTD 16	YTD 15
Operating revenue and other income	877	1 261	1 761	2 692
EBITDA	50	57	86	121
EBIT	26	31	38	69
CAPEX and R&D capitalization	6	8	6	26
NCOA	(156)	(298)	(156)	(298)
Net capital employed	289	300	289	300
Order intake	410	804	5 247	2 298
Order backlog	5 200	2 260	5 200	2 260
Employees	810	1 065	810	1 065

AKOFS Offshore

AKOFS Offshore reported revenues of NOK 142 million in the 2016 second quarter, compared with NOK 186 in the 2015 second quarter. EBITDA was NOK 32 million in the quarter, compared with NOK 31 million in the same period last year. The order backlog ended at NOK 6 160 million.

As in the previous quarter, Skandi Santos operated at high utilization during the second quarter. Aker Wayfarer has completed its conversion project according to plan, including the five-year special periodical survey, equipment installation and mobilization of crews. AKOFS Seafarer remained idle during the second quarter with operating expenses continuing at less than USD 10 000 per day. The vessel is currently being marketed for work in the subsea construction and service market as well as for Light Well Intervention (LWI).

AKOFS Offshore is in dialogue with Petrobras regarding its current contracts, which includes the start-up timing of the five year Aker Wayfarer contract. The company expects to conclude these discussions during Q3 2016.

Key Figures: AKOFS Offshore

NOK million	Q2 16	Q2 15	YTD 16	YTD 15
Operating revenue and other income	142	186	301	354
EBITDA	32	31	70	7
EBIT	(45)	(56)	(86)	(165)
CAPEX and R&D capitalization	25	61	73	1 027
NCOA	256	99	256	99
Net capital employed	5 264	5 567	5 264	5 567
Order intake	7	66	30	186
Order backlog	6 160	6 194	6 160	6 194
Employees	93	102	93	102

Fjords Processing

Fjords Processing reported revenues of NOK 655 million in the 2016 second quarter, compared with NOK 475 million in the 2015 second quarter. The increase in revenues was driven primarily by the Europe and Middle East regions, as well as by increased activity within the gas processing market. EBITDA was NOK 52 million in the quarter, representing a margin of 7.9 percent, compared with NOK 16 million, representing a margin of 3.4 percent, in the same period last year. The increase in EBITDA margin was driven by good project execution and the effects of a more streamlined organization.

Order intake was NOK 239 million in the 2016 second quarter, giving a strong book-to-bill ratio of 1.2 for the first half of the year. The strong order intake in 2016 reflects a significant number of projects booked, including one large MEG project and a sizeable oil separation project in the Middle East.

Fjords continue 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. The company continues its process to optimize its organization and increase efficiency.

Key Figures: Fjords Processing

NOK million	Q2 16	Q2 15	YTD 16	YTD 15
Operating revenue and other income	655	475	1 118	867
EBITDA	52	16	78	26
EBIT	43	7	60	9
CAPEX and R&D capitalization	10	13	13	21
NCOA	81	(70)	81	(70)
Net capital employed	647	532	647	532
Order intake	239	500	1 322	936
Order backlog	1 559	1 245	1 559	1 245
Employees	543	572	543	572

KOP Surface Products

KOP Surface Products reported revenues in the period of NOK 66 million compared with NOK 255 million in the 2015 second quarter. The reduction is a reflection of the weak market for surface products in South-East Asia, KOP's main market. Also, some clients have for some time covered their need for equipment using existing inventories, which has amplified the effect of the market downturn on KOP this year.

EBITDA was NOK -5 million in the quarter compared with NOK 59 million in the second quarter 2015. The reduction in EBITDA is a result of capacity costs due to a prolonged period with low activity. Significant cost reductions and operational improvements made it possible for KOP Surface Products to expand its margins over several quarters, but sizeable capacity costs due to weak order intake have negatively impacted margins.

Order intake in the quarter was NOK 71 million giving an order backlog of NOK 144 million at quarter-end. Given the low order backlog and continued weak market conditions in the company's main markets, the second half of the year is expected to continue to be challenging. However, the destocking of KOP's key clients is expected to slow down toward the end of 2016 and the company expects to see some pick-up in order intake as a result of this, starting in the first half of 2017.

While weathering the downturn, KOP has actively been pursuing new opportunities to position itself for future business. The company is making good progress on its business development activities in the Middle East as well as new product developments.

Key Figures: KOP Surface Products

NOK million	Q2 16	Q2 15	YTD 16	YTD 15
Operating revenue and other income	66	255	188	579
EBITDA	(5)	59	9	124
EBIT	(19)	45	(19)	96
CAPEX and R&D capitalization	2	3	5	8
NCOA	163	410	163	410
Net capital employed	461	700	461	700
Order intake	71	138	186	354
Order backlog	144	466	144	466
Employees	502	736	502	736

Other Holdings

Other Holdings reported revenues of NOK 124 million in the quarter, with EBITDA of NOK -158 million. The EBITDA is negatively impacted by provision for onerous real estate leases, amounting to NOK 110 million. After the split of Aker Solutions in 2014, a number of office lease contracts remained in Akastor, of which some leases have maturity up to 2023/2024. Due to the weak office markets in oil& gas locations like Stavanger, Houston and Aberdeen, it has been very challenging to sublet excess office capacity. As a consequence, the provisions for onerous real estate leases have been increased by NOK 110 million. The two businesses Step Oiltools and First Geo delivered a total EBITDA of NOK -5 million in the quarter.

During the second quarter, the shares in Ezra Holdings Ltd were sold for NOK 106 million and resulted in a financial loss of NOK 26 million.

DOF Deepwater AS, the 50 % joint venture owned with DOF ASA, was restructured in June 2016 through a NOK 110 million cash injection by each of the owners and a total instalment release of NOK 260 million over 3 years by the Lenders. The restructuring includes a more accommodating minimum value clause on the 5 Anchor Handling Tug Supply (AHTS) vessels, and a new minimum cash covenant of NOK 25 million.

Key Figures: Other Holdings

NOK million	Q2 16	Q2 15	YTD 16	YTD 15
Operating revenue and other income	124	113	250	406
EBITDA	(158)	(25)	(194)	33
EBIT	(175)	(66)	(231)	(39)
CAPEX and R&D capitalization	2	42	5	65
NCOA	15	(103)	15	(103)
Net capital employed	438	1 590	438	1 590
Order intake	103	46	198	255
Order backlog	284	1 660	284	1 660
Employees	327	416	327	416

03. AKASTOR GROUP

The Akastor group's revenues decreased by 24 percent in the second quarter compared to the same quarter last year, to NOK 2 782 million. Revenues in the first half of 2016 were down 34 percent to NOK 5 325 million. Even though the cost base has been reduced substantially during 2016, the lower revenue level has resulted in capacity costs impacting the overall EBITDA for the quarter and the first half year.

EBITDA was NOK –45 million for the second quarter and NOK -30 million for the first half year. EBITDA was negatively impacted by restructuring costs of NOK 96 million for the quarter and NOK 205 million for the first half year, which were mostly related to downsizing in MHWirth. In addition, a provision of onerous office leases of NOK 110 million was recognized in the second quarter.

Depreciation, amortization and impairment amounted to NOK 245 million and NOK 490 million for Q2 and first half year of 2016, respectively. Net financial expenses were NOK -377 million for the quarter and NOK -570 million for the first half year 2016, compared with NOK -321 million in 2015. The increase is due to transaction costs related to the refinancing of external borrowings in Q1 as well as hedges not qualifying for hedge accounting of NOK 187 million in Q2 2016. The hedge loss is mainly explained by negative market to market value on projects in MHWirth. As most of the currency hedges have been rolled forward, the loss has a limited cash effect, but did reduce the working capital level in the quarter.

Net tax income was NOK 99 million in the second quarter and NOK 204 million for the first half year, giving an effective tax rate of 15% and 19%, respectively. The effective tax rates are explained by the mix of revenue the group earns in jurisdictions with various tax rates, impairment of deferred tax assets, as well as tax effects from fluctuations in currencies from entities that are taxable in other currencies than the functional currency.

As mentioned above, MPO was reclassified as discontinued operations as of Q2 2016. The company reported a negative net result of NOK 270 million in the quarter and reflects NOK 54 million in negative EBITDA mainly explained by further losses on projects and capacity costs, as well as NOK 216 million depreciations, amortizations and impairment of the assets in the company. See note 5 for further information.

The result for the second quarter period was a loss of NOK 838 million and loss for the first half year was NOK 1 204 million.

Financial Position

Cash flow from operations was negative NOK 346 million for the Akastor group in the second quarter and negative NOK 380 million for the first half year.

Net current operating assets were NOK 2 030 million at the end of June, a reduction of NOK 28 million since previous quarter.

Net cash flow from investing activity was negative NOK 33 million in the quarter and negative NOK 135 million in the first half year of 2016. Net interest-bearing debt increased by NOK 350 million in the second quarter of 2016, to NOK 5 427 million at the end of the period.

The liquidity reserve at the end of the quarter was around NOK 2.2 billion, with cash and bank deposits of NOK 315 million and undrawn committed credit facilities of NOK 1.9 billion.

The equity ratio was 31.7 percent at the end of the second quarter. Gross interest-bearing debt was NOK 6.0 billion at the end of the first half year.

Subsequent events

On July 13 2016, MHWirth reached an agreement with AFGlobal to divest the MPO business for a consideration of USD 10 million on closing combined with an earn-out element which potentially could reach USD 65 million over the next six years.

Directly after the quarter, Frontica entered into a 5-year master services agreement with MHWirth for the provision of ITO/BPO services with an estimated value of approx. NOK 700 million, which will be reflected in the backlog from Q3.

Related party transactions

Please see note 9 for a summary of significant related party transactions that occurred in the first half year of 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, e.g. political decisions on international sanctions that impact supply and demand of the services offered by the portfolio companies, as well as environmental regulations. As an investment company, Akastor and its portfolio companies from time to time engage in mergers and acquisitions and other transactions that could expose the companies to financial and other non-operational risks, such as warranty and indemnity 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 2.4 billion on July 13, 2016. The company owned 2 776 376 own shares at the end of the quarter.

Declaration by the Board of directors and CEO

The Board of Directors and the CEO have today considered and approved the consolidated condensed financial statements for the six months ending June 30, 2016, with comparatives for the corresponding period of 2015 for Akastor Group.

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

To the best of our knowledge:

- The consolidated condensed financial statements for the six months ending June 30, 2016 have been prepared in accordance with IAS 34 - Interim Financial Reporting and additional disclosure requirements under the Norwegian Securities Trading Act.
- The information provided in the financial statements gives a true and fair portrayal of Akastor Group's assets, liabilities, profit and overall financial position as of June 30, 2016.
- The information provided in the report for the first half 2016 provides a true and fair overview of the development, performance, financial position, important events and significant related party transactions in the accounting period as well as the most significant risks and uncertainties facing Akastor Group.

Frank Ove Reite
Chairman

Lone Fønns Schrøder
Deputy Chair

Øyvind Eriksen

Kathryn Moore Baker

Sarah Elizabeth Ryan

Jannicke Sommer-Ekelund

Siv Kristin Hestad

Asbjørn Michailoff Pettersen

Kristian Røkke
CEO

Fornebu, July 13, 2016

The Board of Directors and CEO of Akastor ASA

AKASTOR GROUP INTERIM FINANCIAL STATEMENTS SECOND QUARTER 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK million	note	Second quarter 2016	Second quarter 2015 (Restated)	First half 2016	First half 2015 (Restated)	Full year 2015 (Restated)
Operating revenues and other income		**2 782**	3 638	**5 325**	8 034	15 654
Operating expenses		**(2 827)**	(3 463)	**(5 354)**	(7 665)	(14 758)
Operating profit before depreciation, amortization and impairment (EBITDA)		**(45)**	176	**(30)**	370	895
Depreciation and amortization		**(210)**	(233)	**(424)**	(460)	(944)
Impairment		**(35)**	(10)	**(66)**	(10)	(1 257)
Operating profit (loss)		**(289)**	(67)	**(520)**	(101)	(1 305)
Net financial items	*7*	**(377)**	(180)	**(570)**	(321)	(692)
Profit (loss) before tax		**(667)**	(247)	**(1 090)**	(422)	(1 997)
Tax income (expense)		**99**	27	**204**	42	279
Profit (loss) from continuing operations		**(567)**	(220)	**(886)**	(380)	(1 718)
Net profit (loss) from discontinued operations	*5*	**(270)**	(78)	**(318)**	(168)	(869)
Profit (loss) for the period		**(838)**	(298)	**(1 204)**	(549)	(2 587)
Attributable to:						
Equity holders of Akastor ASA		**(838)**	(298)	**(1 204)**	(549)	(2 587)
Basic/diluted earnings (loss) per share (NOK)		**(3.09)**	(1.10)	**(4.44)**	(2.02)	(9.54)
Basic/diluted earnings (loss) per share continuing operations (NOK)		**(2.09)**	(0.81)	**(3.27)**	(1.40)	(6.34)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK million	Second quarter 2016	Second quarter 2015	First half 2016	First half 2015	Full year 2015
Net profit (loss) for the period	**(838)**	(298)	**(1 204)**	(549)	(2 587)
Other comprehensive income:					
Cash flow hedges, effective portion of changes in fair value	**42**	(76)	**156**	(308)	(172)
Cash flow hedges, reclassification to income statement	**(427)**	99	**(598)**	31	58
Change in fair value reserve	**(17)**	30	**-**	-	-
Currency translation differences	**31**	19	**(123)**	170	640
Deferred tax effect	**95**	(3)	**101**	88	49
Net items that may be reclassified to profit or loss	**(277)**	68	**(465)**	(20)	575
Remeasurement gain (loss) net defined benefit liability	**(1)**	-	**(2)**	-	25
Deferred tax of remeasurement gain (loss) net defined benefit liability	**1**	-	**1**	-	(8)
Net items that will not be reclassified to profit or loss	**-**	1	**(1)**	1	18
Total comprehensive income (loss) for the period, net of tax	**(1 114)**	(229)	**(1 669)**	(568)	(1 994)
Attributable to:					
Equity holders of Akastor ASA	**(1 114)**	(229)	**(1 669)**	(568)	(1 994)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	note	June 30 2016	December 31 2015
Deferred tax assets		**863**	468
Intangible assets		**2 436**	2 785
Property, plant and equipment		**6 399**	6 480
Other non-current operating assets		**88**	478
Other investments		**252**	437
Non-current interest-bearing receivables		**196**	84
Total non-current assets		**10 234**	10 732
Current operating assets	*10*	**7 154**	9 171
Current interest-bearing receivables		**70**	72
Cash and cash equivalents		**315**	563
Assets classified as held for sale	*5*	**259**	-
Total current assets		**7 799**	9 805
Total assets		**18 033**	20 537
Equity attributable to equity holders of Akastor ASA		**5 718**	7 386
Total equity		**5 718**	7 386
Deferred tax liabilities		**87**	51
Employee benefit obligations		**412**	434
Other non-current liabilities		**450**	414
Non-current borrowings	*4*	**5 330**	1 583
Total non-current liabilities		**6 279**	2 483
Current operating liabilities	*10*	**5 304**	6 613
Current borrowings		**679**	4 054
Liabilities classified as held for sale	*5*	**53**	-
Total current liabilities		**6 037**	10 667
Total liabilities and equity		**18 033**	20 537

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK million	First half 2016	First half 2015	Full year 2015
Profit (loss) for the period	**(1 204)**	(549)	(2 587)
(Profit) loss for the period - discontinued operations	**318**	168	869
Depreciations, amortization and impairment continuing operations	**490**	470	2 201
Other adjustments for non-cash items and changes in operating assets and liabilities	**15**	(1 181)	(1 086)
Net cash from operating activities	**(380)**	(1 091)	(603)
Acquisition of property, plant and equipment	**(106)**	(1 297)	(1 460)
Payments for capitalized development	**(22)**	(97)	(176)
Proceeds from sale of subsidiaries, net of cash	**-**	-	1 150
Acquisition of subsidiaries, net of cash acquired	**(7)**	(6)	(11)
Cash flow from other investing activities	**-**	226	281
Net cash from investing activities	**(135)**	(1 174)	(216)
Changes in external borrowings	**268**	2 009	185
Net cash from financing activities	**268**	2 009	185
Effect of exchange rate changes on cash and cash equivalents	**(1)**	31	121
Net increase (decrease) in cash and cash equivalents	**(247)**	(225)	(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	**315**	850	563

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

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	(1 204)	(465)	(1 669)	**(1 669)**
Equity as of June 30, 2016	**4 847**	**870**	**5 718**	**5 718**
Equity as of January 1, 2015	8 636	742	9 378	9 378
Total comprehensive income	(549)	(19)	(568)	(568)
Equity as of June 30, 2015	8 087	723	8 810	8 810

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 six months ended June 30, 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 half year of 2016, a total restructuring cost of NOK 205 million (NOK 96 million in the second quarter) is recognized as operating expenses, mainly related to workforce reductions in MHWirth.

Provision for onerous lease contracts

Due to the weak office markets in oil and gas locations, it has been very challenging to sublet excess office capacity in Stavanger, Houston and Aberdeen. A provision of NOK 110 million is recognized in the second quarter related to onerous leases as a result of weak leasing market.

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 - DISCONTINUED OPERATION

In June 2016, MHWirth committed to a plan to sell Managed Pressure Operations (MPO), following the decision of evaluating strategic alternatives for this operation. MPO is classified as a disposal group held-for-sale and discontinued operation as of June 30, 2016. The comparative condensed consolidated income statement has been restated to show the discontinued operation separately from continuing operations.

Results of discontinued operation

	Second quarter		First half		Full year
NOK million	2016	2015	2016	2015	2015
Revenue	**(12)**	54	**3**	205	216
Expenses	**(258)**	(130)	**(335)**	(345)	(1 070)
Net financial items	**-**	(3)	**-**	-	1
Profit (loss) before tax	**(271)**	(78)	**(332)**	(140)	(853)
Income tax	**-**	(1)	**14**	(28)	7
Net profit (loss) from operating activities	**(270)**	(78)	**(318)**	(168)	(846)
Gain (loss) on sale of discontinued operations	**-**	-	**-**	-	(23)
Net profit (loss) from discontinued operations	**(270)**	(78)	**(318)**	(168)	(869)
Basic/diluted earnings (loss) per share from discontinued operations (NOK)	**(1.00)**	(0.29)	**(1.17)**	(0.62)	(3.21)

Cash flows from (used in) discontinued operation

	First half		Full year
NOK million	2016	2015	2015
Net cash from operating activities	(104)	(182)	(338)
Net cash from investing activities	(3)	(12)	(24)
Net cash flow from discontinued operation	**(107)**	**(194)**	**(363)**

Assets and liabilities held-for-sale

	June 30
NOK million	2016
Intangible assets	90
Property, plant and equipment	13
Inventories	98
Other current assets	57
Non-current liabilities	(22)
Current liabilities	(31)
Net assets held-for-sale	**206**

An impairment loss of NOK 185 million is recognized in the second quarter, writing down the carrying amount of the disposal group to its fair value less costs to sell. The fair value is based on the expected closing consideration, cash flows from future earn-outs and potential guarantee obligations.

NOTE 6 - 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 Q2 2016 an accounting loss to EBITDA of NOK 8 million (loss of NOK 12 million in Q2 2015) and a loss under financial items of NOK 187 million (gain of NOK 33 million in Q2 2015). Corresponding year-to-date figures are an accounting an accounting loss to EBITDA of NOK 3 million (gain of NOK 20 million in 2015) and a loss under financial items of NOK 236 million (gain of NOK 37 million in 2015).

Q2 2016

NOK million	MHWirth (continuing operations)	Frontica	AKOFS Offshore	Fjords Processing	KOP Surface Products	Other holdings	Elimina-tions	Total
External revenue and other income	998	790	142	655	66	131	-	**2 782**
Internal revenue	13	87	-	-	-	(7)	(93)	**-**
Total revenue	**1 010**	**877**	**142**	**655**	**66**	**124**	**(93)**	**2 782**
Operating profit before depreciation, amortization and impairment (EBITDA)	(16)	50	32	52	(5)	(158)	-	**(45)**
Operating profit (loss) (EBIT)	(119)	26	(45)	43	(19)	(175)	-	**(289)**
Capital expenditure and R&D capitalization	14	6	25	10	2	2	-	**60**
Cash flow from operating activities	(138)	85	(112)	12	(24)	(131)	-	**(308)**

Q2 2015 (Restated)

NOK million	MHWirth (continuing operations)	Frontica	AKOFS Offshore	Fjords Processing	KOP Surface Products	Real estate & other holdings	Elimina-tions	Total
External revenue and other income	1 537	1 079	186	473	255	109	-	**3 638**
Internal revenue	27	182	-	3	-	4	(216)	**-**
Total revenue	**1 564**	**1 261**	**186**	**475**	**255**	**113**	**(216)**	**3 638**
Operating profit before depreciation, amortization and impairment (EBITDA)	38	57	31	16	59	(25)	-	**176**
Operating profit (loss) (EBIT)	(27)	31	(56)	7	45	(66)	-	**(67)**
Capital expenditure and R&D capitalization [1]	148	8	61	13	3	42	-	**276**
Cash flow from operating activities	(77)	232	(110)	(11)	49	(67)	-	**16**

First half 2016

NOK million	MHWirth (continuing operations)	Frontica	AKOFS Offshore	Fjords Processing	KOP Surface Products	Other holdings	Elimina-tions	Total
External revenue and other income	1 897	1 573	301	1 118	188	247	-	**5 325**
Internal revenue	20	188	-	-	-	3	(211)	**-**
Total revenue	**1 917**	**1 761**	**301**	**1 118**	**188**	**250**	**(211)**	**5 325**
Operating profit before depreciation, amortization and impairment (EBITDA)	(79)	86	70	78	9	(194)	-	**(30)**
Operating profit (loss) (EBIT)	(282)	38	(86)	60	(19)	(231)	-	**(520)**
Capital expenditure and R&D capitalization	25	5	73	13	5	5	-	**127**
Cash flow from operating activities	88	(49)	(250)	107	14	(187)	-	**(276)**
Net current operating assets (NCOA)	1 683	(156)	256	81	163	15	-	**2 041**
Net capital employed	4 032	289	5 264	647	461	438	-	**11 131**

First half 2015 (Restated)

NOK million	MHWirth (continuing operations)	Frontica	AKOFS Offshore	Fjords Processing	KOP Surface Products	Real estate & other holdings	Elimina-tions	Total
External revenue and other income	3 539	2 304	353	862	579	398	-	**8 034**
Internal revenue	49	388	-	5	-	8	(450)	**-**
Total revenue	**3 588**	**2 692**	**354**	**867**	**579**	**406**	**(451)**	**8 034**
Operating profit before depreciation, amortization and impairment (EBITDA)	58	121	7	26	124	33	-	**370**
Operating profit (loss) (EBIT)	(70)	69	(165)	9	96	(39)	-	**(101)**
Capital expenditure and R&D capitalization [1)]	248	26	1 027	21	8	65	-	**1 394**
Cash flow from operating activities	(561)	168	(217)	(65)	106	(339)	-	**(909)**
Net current operating assets (NCOA)	2 770	(298)	99	(70)	410	(103)	-	**2 808**
Net capital employed	5 151	300	5 567	532	700	1 590	-	**13 840**

1) Includes capitalized borrowing costs.

NOTE 7 - NET FINANCIAL ITEMS

	Second quarter		First half		Full year
NOK million	2016	2015	2016	2015	2015
Net interest expenses on financial liabilities measured at amortized costs	**(51)**	(44)	**(139)**	(81)	(191)
Financial charges under finance leases	**(74)**	(72)	**(146)**	(141)	(279)
Impairment on available for sale assets	**-**	(100)	**-**	(100)	(202)
Gain (loss) from disposal of external investments	**(26)**	-	**(26)**	-	-
Net foreign exchange gain (loss)	**18**	(1)	**43**	(18)	46
Profit (loss) on foreign currency forward contracts	**(187)**	33	**(236)**	37	44
Profit (loss) from equity accounted investees	**(48)**	8	**(48)**	(11)	(73)
Other financial income (expenses)	**(10)**	(5)	**(18)**	(8)	(36)
Net financial items	**(377)**	(180)	**(570)**	(322)	(691)

Net interest expenses on financial liabilities measured at amortized costs include transaction costs of NOK 53 million as a result of refinancing of external borrowings in Q1 2016. 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 4.

Loss from disposal of external investments related to disposal of shareholdings in Ezra Holding Limited.

Loss on foreign currency forward contracts reflects fair value on hedge contracts that don't qualify for hedge accounting under IFRS. The loss in Q2 is mainly related to hedge contracts in MHWirth.

Loss from equity accounted investees in Q2 2016 relates mainly to impairment loss of the vessels in DOF Deepwater AS.

NOTE 8 - 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 June 30, 2016	Fair value as of December 31, 2015
Current operating assets			
- Forward foreign exchange contract	Level 2	**484**	1 746
Current operating liabilities			
- Forward foreign exchange contract	Level 2	**(665)**	(1 528)
Non-current liabilities			
- Non-current borrowings	Level 2	**(5 339)**	(1 583)
Current liabilities			
- Current borrowings	Level 2	**(679)**	(4 076)

NOTE 9 - 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	Second quarter 2016	Second quarter 2015	First half 2016	First half 2015
Operating revenue	**787**	1 128	**1 586**	2 306
Operating costs	**(15)**	(60)	**(33)**	(123)
Net financial items	**(74)**	(72)	**(146)**	(141)

Financial position - Assets (Liabilities)

NOK million	June 30 2016	December 31 2015
Trade receivables	**179**	154
Property, plant and equipment under finance lease (Aker Wayfarer)	**1 636**	1 313
Other non-current assets under finance lease (Aker Wayfarer)	**30**	410
Trade payables	**(25)**	(51)
Finance lease liability (Aker Wayfarer)	**(1 642)**	(1 645)

Related party transactions with joint venture

During the first half year of 2016, the shareholder's loan to DOF Deepwater AS, a joint venture with DOF ASA, was increased by NOK 110 million. As of June 30, 2016, the carrying amount of the interest-bearing receivables from DOF Deepwater AS is NOK 195 million (NIBOR 6 months+ 3.6 percent).

NOTE 10 - CURRENT OPERATING ASSETS AND LIABILITIES

NOK million	June 30 2016	December 31 2015
Current operating assets:		
Inventories	**1 242**	1 464
Trade receivables	**2 753**	3 015
Amounts due from customers for construction work	**1 410**	1 402
Advances to suppliers	**233**	203
Accrued operating revenue	**72**	377
Current tax assets	**3**	2
Hedge adjustments, assets	**484**	1 746
Other receivables	**957**	962
Total current operating assets	**7 154**	**9 171**
Current operating liabilities:		
Trade payables	**722**	898
Amounts due to customers for construction work, including advances	**2 036**	510
Provisions	**413**	553
Current tax liabilities	**32**	89
Hedge adjustments, liabilities	**665**	1 528
Accrued operating expenses and other liabilities	**1 435**	3 034
Total current operating liabilities	**5 304**	**6 613**

NOTE 11 - EVENTS AFTER REPORTING DATE

On July 13 , 2016, MHWirth reached an agreement with AFGlobal to divest the MPO business for a consideration of USD 10 million on closing combined with an earn-out element which potentially could reach USD 65 million over the next six years. The accounting gain or loss of the divestment is not expected to be significant.

DEFINITIONS

Akastor discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are used to provide an enhanced insight into the operating performance, financing and future prospects of the company and are frequently used by securities analysts, investors and other interested parties.

The definitions of these measures are as follows:

EBITDA - Operating profit or loss (earnings) before (i) income tax, (ii) net financial items, (iii) depreciation, amortization and impairment

EBIT - Operating profit or loss (earnings) before net financial items and income tax

Capex and R&D capitalization - Expenditure on PPE or intangible assets that qualify for capitalization

NCOA (Net current operating assets) - Current operating assets minus current operating liabilities, excluding current assets or liabilities related to hedging.

Net capital employed - Refers to the value of all assets employed in the operation of a business. It is calculated by non-current assets (excluding non-current interest bearing receivables) added by net current operating assets minus non-current operating liabilities (deferred tax liabilities, employee benefit obligations and other non-current liabilities)

Gross interest-bearing debt - Sum of current and non-current borrowings

Net interest-bearing debt (Net debt, NIBD) - Gross interest-bearing debt minus (i) current and non-current interest-bearing receivables, (ii) cash and cash equivalents

Liquidity reserve - Cash and cash equivalents plus undrawn committed credit facilities

Equity ratio - Total equity divided by total assets at the reporting date

Order intake - Represents the expected sales revenue from the contracts or orders that are entered into or committed in the reporting period

Order backlog - Represents the remaining unearned sales revenue from the contracts that are already entered into at the reporting date

Book-to-bill ratio - Order intake divided by revenue in the reporting period

Financial Calendar
Third quarter 2016 results, November 1, 2016.

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