Q4

AKASTOR

FOURTH QUARTER AND PRELIMINARY ANNUAL RESULTS 2015

mhwirth Frontica AKOFS Offshore FJORDS PROCESSING KOP Real Estate and other holdings

HIGHLIGHTS

- Real estate portfolio sold for NOK 1 243 million
- Balance sheet strengthened; net debt reduced by NOK 1.5 billion to NOK 4.9 billion, working capital decreased by NOK 581 million, liquidity reserve of NOK 2.6 billion
- Weak market conditions continue across the portfolio, significant cost reductions initiated
- EBITDA of NOK 552 million, including special items of NOK 321 million
- Impairment of NOK 615 million, mainly related to Managed Pressure Operations (MPO)
- Secured commitment for refinancing in January 2016
- Frontica secured five year contract with Aker Solutions in February 2016

Key Figures: Akastor Group

NOK million	Q4 15	Q4 14	YTD 15	YTD 14
Operating revenue and Other income	3 952	5 326	15 869	21 432
EBITDA	552	262	702	1 380
EBIT	(342)	(103)	(2 159)	(706)
CAPEX and R&D capitalization	146	308	1 659	1 098
NIBD	4 918	3 617	4 918	3 617
NCOA [1)]	2 340	2 084	2 340	2 084
Net capital employed	12 087	12 656	12 087	12 656
Order intake	2 779	5 247	10 506	25 254
Order backlog	15 616	21 555	15 616	21 555
Employees	5 677	7 609	5 677	7 609

[1)] Changes in NCOA definition: The calculation of Net Current Operating Assets has been changed to exclude the impact of derivative hedging positions without cash effect. This is also reflected in the historical numbers, and has been done to better connect to the cash flow.

Q4 Key Figures: Portfolio Companies

NOK million	MHWirth	Frontica	AKOFS Offshore	Fjords Processing	KOP Surface Products	Real Estate and other
Revenue	1 529	1 083	198	582	214	558
EBITDA	1	64	45	60	52	329
EBIT	(642)	33	(41)	51	28	229

01. OVERVIEW

Akastor divested its real estate portfolio during the quarter for a value of NOK 1 243 million. The transaction resulted in a gain of NOK 310 million.

The market situation for the oil services industry deteriorated further during the fourth quarter, contributing to a mixed performance across Akastor's portfolio of companies. MHWirth has been most significantly impacted by the weak market. The adverse market conditions resulted in low order intake and reduced earnings through 2015. The total order backlog of Akastor has been reduced, impacted by low order intake in MHWirth, and in other portfolio companies. However, the majority of the other portfolio companies have experienced satisfactory operational and financial performance during the quarter. All of Akastor's portfolio companies are focusing on making adjustments to the current market situation, including cost and capacity reductions as well as exploring strategic initiatives to strengthen each company's competitive position during this downturn. The working capital for Akastor has been reduced by NOK 581 million in the quarter, to NOK 2.3 billion.

Results from the companies
Aggregated revenues for the portfolio companies in the quarter were NOK 3 952 million, compared with NOK 5 326 million for the fourth quarter of 2014, a decrease of 26 percent. For the full year 2015 revenues were NOK 15 869 million, compared with NOK 21 432 million, a decrease of 26 percent from 2014. The decrease in both Q4 and full year revenue was due to lower activity and weaker market conditions in the oil service industry in general, and the offshore drilling market in particular.

Aggregated EBITDA for the quarter was NOK 552 million, which included a NOK 310 million gain from the sale of Akastor's real estate portfolio. In addition, restructuring costs of NOK 42 million, mainly stemming from downsizing in MHWirth, impacted the EBITDA result in Q4. Hedge transactions not qualifying for hedge accounting had a positive EBITDA effect of NOK 53 million. Adjusted EBITDA for Q4 was NOK 231 million. For the full year 2015, EBITDA was NOK 702 million, down from NOK 1 380 million in 2014. The reduction in EBITDA primarily reflects the weakening of market conditions for the oil and energy industry.

Financial situation
Akastor's liquidity reserve at the end of the fourth quarter was approximately NOK 2.6 billion, with cash and bank deposits of NOK 563 million and undrawn committed credit facilities of NOK 2 billion. The working capital level of NOK 2.3 billion was down by NOK 581 million by the end of the fourth quarter, as compared to the previous quarter, due to delivery of several projects in the period. The calculation of Net Current Operating Assets has been changed to exclude the impact of derivative hedging positions without cash effect. This is also reflected in the historical numbers, and has been done to better connect to the cash flow.

As of December 31, 2015, the interest covenant ratio was below the minimum level of 4.0 as defined in the existing financing agreement with its bank syndicate. External borrowings of NOK 3.6 billion, with maturity in 2017, were therefore reclassified from non-current to current borrowings. On January 28, 2016, Akastor reached an agreement with its bank syndicate on main terms and conditions, including new financial covenant levels, to amend and extend its financing structure. See Note 10 for more information.

Cost improvement initiatives
Given the current situation in the oil and energy markets, Akastor is working to ensure that each portfolio company is effectively managing the necessary changes, including accelerating cost reduction activities. The implemented workforce reduction for all Akastor companies in 2015 was 25 percent compared to 2014, down by 1 932 employees to 5 677 at the end of 2015.

02. PORTFOLIO COMPANIES

Akastor has six reporting businesses: MHWirth, Frontica Business Solutions, AKOFS Offshore, Fjords Processing, KOP Surface Products and Real Estate & other holdings. Following the sale of the real estate portfolio in Q4 2015, the latter reporting unit will be referred to as Other Holdings going forward.

MHWirth

The current down cycle in the offshore drilling market continued through the quarter with further decreases in both floater utilization rates and day-rates due to a continued oversupply of floaters. Floater utilization fell to approximately 75 percent for the active fleet in February 2016 (source: Clarksons Platou Offshore Rig Monthly). No newbuild orders for high-end floaters were placed in 2015, and a number of owners have canceled newbuilds under construction.

These market conditions have resulted in a revenue drop for MHWirth of 44 percent quarter on quarter. Revenues in the quarter were NOK 1 529 million. The revenue for 2015 of NOK 6 743 was down 37 percent from 2014. In response, MHWirth has throughout 2015, and into 2016, adjusted organizational capacity and has announced aggregated personnel reductions of approximately 2 300 people, corresponding to a reduction of around 54 percent compared to year-end 2014. The cost base is expected to be reduced by around NOK 1 700 million, with restructuring costs of NOK 33 million recognized in the fourth quarter, and NOK 235 million for 2015. MHWirth will continue to make necessary adjustments to its cost base in accordance with market conditions to ensure profitability of the company at lower activity levels.

The drop in revenue both in Q4, and for the full year was mainly driven by reduced revenue on large projects due to lack of order intake and backlog phasing. EBITDA in the fourth quarter of 2015 was NOK 1 million, including the restructuring costs of NOK 33 million. Drilling Lifecycle Services delivered strong results during the quarter driven by a high level of spare parts sales to operating rigs and supply chain improvements.

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 42 million. This is down from NOK 102 in the third quarter. The negative EBITDA for the full year was NOK 219 million. An impairment related to MPO of NOK 488 million was charged to the results in the fourth quarter. Financial performance has been challenging due to current industry conditions. MHWirth is currently evaluating strategic alternatives for MPO.

The working capital level (NCOA) of MHWirth was reduced by NOK 682 million in the quarter, down to NOK 2.3 billion, due to delivery of projects. The NCOA is still impacted by delayed deliveries and delayed payments from customers on some larger projects. Order intake in the fourth quarter was NOK 1 108 million, and NOK 3 521 million for the full year.

A significant portion of MHWirth's backlog is for delivery of seven drilling packages to Jurong Shipyard in Singapore, for operations in Brazil. Due to the financial uncertainty of Jurong's client, Sete Brazil, the reduced pace of progress will continue until a conclusion is reached on the Brazil situation.

MHWirth does not see signs indicating a market recovery in the near future and has therefore assumed in its operational plans, which will be continuously monitored, that no new high-end floaters will be ordered in 2016 and 2017. The number of active rigs with MHWirth equipment in operation has declined during 2015, and as a result, the activity in upgrades and modifications is expected to decline during 2016. Thus, revenues from Drilling Lifecycle Services are expected to drop somewhat going forward.

Finn Amund Norbye has been appointed CEO of MHWirth. Mr. Norbye has been EVP of MHWirth since May 2015 and will succeed Roy Dyrseth who will continue in MHWirth's management team in addition to taking on further responsibility at Akastor where he will lead the company's drilling related business development efforts.

Key Figures: MHWirth

NOK million	Q4 15	Q4 14	YTD 15	YTD 14
Operating revenue and other income	1 529	2 711	6 743	10 681
EBITDA	1	241	(176)	941
EBIT	(642)	102	(1 204)	526
CAPEX and R&D capitalization	56	253	385	762
NCOA	2 252	2 298	2 252	2 298
Net capital employed	4 729	5 328	4 729	5 328
Order intake	1 108	1 569	3 521	6 941
Order backlog	5 750	9 566	5 750	9 566
Employees	3 005	4 237	3 005	4 237

Frontica

Frontica had revenues of NOK 1 083 million in the quarter, down from NOK 1 483 million last year. Full year revenues ended at NOK 4 919 million. EBITDA ended at NOK 64 million for the quarter, with an EBITDA margin of 5.9 percent, up from 5.0 percent in the fourth quarter last year, primarily driven by effects of the capacity adjustment within Business Solutions carried through earlier this year. Full year revenues ended at NOK 4 919 million, and EBITDA at NOK 260 million. The EBITDA margin was 5.3 percent. The booked order intake in the quarter of NOK 997 million equals expected volume from existing contracts over the coming 12 months. Order backlog was reduced in the quarter due to lower activity level and the transfer of Frontica's Facility Management scope. Net current operating assets were negative NOK 303 million at the end of the year.

The revenue drop in the quarter, and for the full year, is a result of lower activity level within all services areas, with most significant effect within temporary staffing (Advantage). Frontica is preparing for a challenging market also going forward, and will continue its efforts to optimize cost base and streamline service offerings in order to strengthen Frontica's competitive position. The company sees opportunities with regards to securing new business on the back of an increasing trend of outsourcing and high focus on costs among its current client base, as well as for potential new clients. In February 2016, Frontica signed a five year contract with Aker Solutions, which is described under the section "Subsequent events".

Key Figures: Frontica

NOK million	Q4 15	Q4 14	YTD 15	YTD 14
Operating revenue and other income	1 083	1 483	4 919	5 753
EBITDA	64	74	260	315
EBIT	33	49	147	218
CAPEX and R&D capitalization	13	56	43	110
NCOA	(303)	(237)	(303)	(237)
Net capital employed	267	374	267	374
Order intake	997	1 658	4 384	8 196
Order backlog	1 754	2 620	1 754	2 620
Employees	983	1 356	983	1 356

AKOFS Offshore

Revenue in AKOFS Offshore was NOK 198 million in the fourth quarter compared to NOK 256 million a year earlier. Full year revenue was NOK 781 million. The EBITDA result was NOK 45 million in the quarter, and NOK 104 million for 2015. Order intake was NOK 12 million, and backlog ended at NOK 6 430 million.

Skandi Santos continued to build on its strong track record in Brazil and operated at close to full utilization throughout the quarter.

Aker Wayfarer worked for one month during the fourth quarter, before starting preparations for the 5+5 year contract in Brazil. The vessel 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. Aker Wayfarer is expected to commence operations in Brazil during Q3 2016.

AKOFS Seafarer was idle during the fourth quarter. The market outlook is expected to be challenging going forward and a decision was made in the third quarter to further reduce costs by adjusting operational preparedness. Following these cost reductions, operating expenses for the vessel whilst lying idle are less than USD 10 000 per day with full effect from end of Q4 2015.

The purchase of the hull 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.

In Q3 2015, impairment losses of NOK 1 037 million related to AKOFS Seafarer were recognized. The vessel is being, and will continue to be, actively marketed for work in the subsea construction and service market as well as Light Well Intervention (LWI), however the impairments were triggered by the current weak market conditions which are expected to continue in the medium term.

Key Figures: AKOFS Offshore

NOK million	Q4 15	Q4 14	YTD 15	YTD 14
Operating revenue and other income	198	256	781	1 542
EBITDA	45	51	104	175
EBIT	(41)	(21)	(1 288)	(1 117)
CAPEX and R&D capitalization	17	3	1 057	5
NCOA	69	63	69	63
Net capital employed	5 284	4 374	5 284	4 374
Order intake	12	142	305	6 140
Order backlog	6 430	6 186	6 430	6 186
Employees	91	115	91	115

Fjords Processing

Revenues of Fjords Processing were NOK 582 million in the quarter, down from NOK 690 million in fourth quarter 2014. Full year revenues were NOK 1 936 million, down from NOK 2 322 million in 2014. EBITDA for the quarter ended at NOK 60 million, with an EBITDA margin of 10.3 percent, up from 1.3 percent last year. EBITDA for 2015 was NOK 104 million. Order intake in the quarter was NOK 789 million, up from 505 million in the same period previous year, giving an order backlog of NOK 1 398 million.

The decrease in revenues compared to last year is mainly due to lower activity in Americas where the market situation remains challenging. The increase in EBITDA is mainly an effect of good project execution in this quarter and growth in service revenue on installed base combined with new brownfield related service offerings.

The company is taking concrete actions to continue to streamline and increase efficiency throughout its organization. Certain segments of the business remain solid and materialized in a strong order intake in the quarter. Intake was driven by the Middle East and included both oil separation systems as well as one larger MEG project, confirming Fjords' strong market position within this technology.

Fjords Processing has initiated an internal investigation related to the ongoing corruption investigations in Brazil. Fjords Processing is neither aware of, nor has been accused of any wrongful doings. Nevertheless, the company, in cooperation with external advisors and its owner Akastor, has initiated an internal investigation.

Key Figures: Fjords Processing

NOK million	Q4 15	Q4 14	YTD 15	YTD 14
Operating revenue and other income	582	690	1 936	2 322
EBITDA	60	9	104	52
EBIT	51	1	67	25
CAPEX and R&D capitalization	15	36	44	62
NCOA	117	(131)	117	(131)
Net capital employed	715	463	715	463
Order intake	789	505	2 116	2 197
Order backlog	1 398	1 190	1 398	1 190
Employees	545	617	545	617

KOP Surface Products

Revenue in KOP Surface Products was NOK 214 million in Q4, compared to NOK 335 million one year earlier. Revenues for the full year 2015 were NOK 1 131 million, and EBITDA ended at NOK 242 million. In USD terms, revenue declined by 50 percent versus fourth quarter of 2014, and 20 percent versus full year 2014. EBITDA decreased by 11 percent compared to Q4 2014 and increased 22 percent for the full year. EBITDA ended at NOK 52 million with a margin of 24.3 percent in the quarter, compared to 13.7 percent in the same period last year. The margin increase was driven by improved operational performance and cost efficiency.

Order intake was NOK 91 million in the quarter, giving a backlog of NOK 149 million at the end of the year. The market outlook for KOP Surface Products remains soft and as a consequence, both the activity level and financial results of KOP Surface Products are expected to be substantially weaker in the quarters ahead compared to performance in 2015.

Key Figures: KOP Surface Products

NOK million	Q4 15	Q4 14	YTD 15	YTD 14
Operating revenue and other income	214	335	1 131	1 119
EBITDA	52	46	242	156
EBIT	28	24	177	109
CAPEX and R&D capitalization	16	5	31	32
NCOA	240	375	240	375
Net capital employed	555	674	555	674
Order intake	91	330	553	1 052
Order backlog	149	659	149	659
Employees	682	854	682	854

Real Estate and Other Holdings

Real Estate and Other Holdings reported revenues of NOK 558 million in the quarter, with an EBITDA of NOK 329 million. The real estate portfolio was sold for NOK 1 243 million in the quarter, resulting in an EBITDA gain of NOK 310 million in Q4. The two businesses Step Oiltools and First Geo delivered a total EBITDA of NOK -12 million in the quarter.

Full year revenues were NOK 1 190 million, and the EBITDA was NOK 168 million. A provision of NOK 173 million was recognized during 2015 related to onerous leases as a result of a weaker leasing market for subleasing in regions such as Stavanger, Aberdeen and Houston.

An impairment loss of NOK 65 million related to goodwill in Step Oiltools, is recognized in the fourth quarter. The impairment was triggered by the current weak market conditions.

Key Figures: Real Estate and Other Holdings

NOK million	Q4 15	Q4 14	YTD 15	YTD 14
Operating revenue and other income	558	375	1 190	975
EBITDA	329	(159)	168	(260)
EBIT	229	(258)	(59)	(469)
CAPEX and R&D capitalization	30	7	99	128
NCOA	(34)	(284)	(34)	(284)
Net capital employed	537	1 443	537	1 443
Order intake	319	1 653	679	2 097
Order backlog	412	1 658	412	1 658
Employees	372	430	372	430

03. FINANCIAL RESULTS

The Akastor group's revenue was down 26 percent in the fourth quarter from the same quarter one year earlier, to NOK 3 952 million. Revenues for 2015 were NOK 15.9 billion, versus NOK 21.4 billion in 2014, down 26 percent. The lower revenue level has resulted in capacity costs impacting the overall EBITDA for the fourth quarter, and for the full year of 2015.

EBITDA was NOK 552 million for the fourth quarter, and NOK 702 million for the full year. Depreciation and amortization amounted to NOK 279 million for Q4, and impairments were NOK 615 million. Net financial expenses were NOK 171 million for the quarter, and NOK 691 million for 2015 as a whole.

Net tax expense was NOK 124 million in Q4. The tax expense 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 currency than the functional currency.

The result for the fourth quarter period was a loss of NOK 638 million, and a loss of NOK 2 564 million for the full year.

Financial Position

Cashflow from operations was positive NOK 472 million for the Akastor group in the fourth quarter, and negative NOK 603 million for the full year. Net current operating assets were NOK 2 340 million at the end of December.

Net cash flow from investing activity was NOK 1 103 million in the quarter, mainly as a result of the real estate transaction, and negative NOK 216 million for the full year. Net interest-bearing debt decreased by around NOK 1.5 billion, to NOK 4.9 billion at the end of the fourth quarter.

The liquidity reserve at the end of the quarter was around NOK 2.6 billion, with cash and bank deposits of NOK 563 million and undrawn committed credit facilities of NOK 2 billion.

The equity ratio was 36.0 percent at the end of the fourth quarter. Gross interest-bearing debt was NOK 5.6 billion at the end of the fourth quarter, including the financial lease on Aker Wayfarer of NOK 1.6 billion.

Borrowings have increased from NOK 5.0 billion to NOK 5.6 billion in 2015. This is mainly explained by the new bank debt of USD 125 million related to purchase of AKOFS Seafarer, SGD 25 million through forward contract with Ezra shares, increased borrowing of BRL 110 million related to new MHWirth plant under construction in Brazil and reduced borrowings by NOK 1 billion under the Revolving Credit Facility.

As of December 31, 2015, the interest covenant ratio was below the minimum level of 4.0 as defined in the existing financing agreement with its bank syndicate. External borrowings of NOK 3.6 billion, with maturity in 2017, was therefore reclassified from non-current to current borrowings. On January 28, 2016, Akastor reached an agreement with its bank syndicate on main terms and conditions to amend and extend its financing structure. See Note 10 for more information.

Subsequent Events

In January 2016, Akastor ASA reached an agreement with its bank syndicate on main terms and conditions to amend and extend its current bank facilities until July 2019. See Note 10 for more information.

In February 2016, Frontica signed a five year contract with Aker Solutions to deliver staffing services, IT services and consultancy projects as well as business support services within HR, finance and procurement. The contract value of outsourcing services (ITO and BPO) is estimated to be between NOK 1-1.25 billion annually over five years and will be reflected in Frontica's order backlog from first quarter of 2016. Staffing services, with an estimated value of additional NOK 1 billion annually (depending on volume) will not be booked as order intake due to the nature of this business.

Related party transactions

Please see note 8 for a summary of significant related party transactions that occurred in Q4 2015.

Principle, Risk and Uncertainty

Akastor ASA 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. Further, the financial results will be affected by project execution by the portfolio companies and customer behavior. 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. The company is exposed to financial market risks including changes in currency rates, 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, are also exposed to legal/regulatory risks and political risks, i.e. political decisions on international sanctions that impact supply and demand and 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.

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 1.6 billion on February 15 2016. The company owned 2 776 376 own shares at the end of the quarter.

AKASTOR GROUP INTERIM FINANCIAL STATEMENTS FOURTH QUARTER 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

		Fourth quarter		Full year	
NOK million	*note*	2015	2014	2015	2014
Operating revenues and other income		3 952	5 326	15 869	21 432
Operating expenses		(3 400)	(5 063)	(15 168)	(20 052)
Operating profit before depreciation, amortization and impairment (EBITDA)		**552**	**262**	**702**	**1 380**
Depreciation and amortization		(279)	(258)	(1 103)	(922)
Impairment	*5*	(615)	(107)	(1 758)	(1 164)
Operating profit (loss)		**(342)**	**(102)**	**(2 159)**	**(706)**
Net financial items	*6*	(171)	(396)	(691)	(947)
Profit (loss) before tax		**(513)**	**(498)**	**(2 851)**	**(1 653)**
Tax income (expense)		(124)	23	286	266
Profit (loss) from continuing operations		**(638)**	**(475)**	**(2 564)**	**(1 387)**
Profit (loss) from discontinued operations		(23)	(27)	(23)	3 880
Profit (loss) for the period		**(661)**	**(502)**	**(2 587)**	**2 493**
Attributable to:					
Equity holders of Akastor ASA		(660)	(502)	(2 587)	2 482
Non-controlling interests		-	-	-	11
Earnings per share (NOK)		(2.44)	(1.85)	(9.54)	9.13
Earnings per share (NOK) continuing operations		(2.35)	(1.74)	(9.46)	(5.09)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Fourth quarter		Full year	
NOK million	2015	2014	2015	2014
Net profit (loss) for the period	(661)	(502)	(2 587)	2 493
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges, effective portion of changes in fair value	124	(178)	(172)	(942)
Cash flow hedges, reclassification to income statement	(31)	405	58	345
Change in fair value reserve	-	(68)	-	(185)
Currency translation differences	21	736	640	956
Deferred tax effect	(18)	(65)	49	155
Net items that may be reclassified to profit or loss	**96**	**830**	**576**	**329**
Items that will not be reclassified to profit or loss:				
Remeasurement gain (loss) net defined benefit liability	27	(69)	27	(70)
Deferred tax of remeasurement gain (loss) net defined benefit liability	(9)	19	(9)	19
Net items that will not be reclassified to profit or loss	**18**	**(50)**	**18**	**(51)**
Total comprehensive income for the period, net of tax	**(547)**	**278**	**(1 993)**	**2 771**
Attributable to:				
Equity holders of Akastor ASA	(547)	278	(1 993)	2 750
Non-controlling interests	-	-	-	21

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		December 31	
NOK million	*note*	2015	2014
Deferred tax assets		468	214
Intangible assets		2 785	3 122
Property, plant and equipment		6 480	6 469
Investment property		-	707
Other non-current operating assets		478	691
Other investments		437	610
Non-current interest-bearing receivables		84	131
Total non-current assets		**10 732**	**11 946**
Current operating assets	*9*	9 171	11 204
Current interest-bearing receivables		72	205
Cash and cash equivalents		563	1 075
Total current assets		**9 805**	**12 485**
Total assets		**20 537**	**24 430**
Equity attributable to equity holders of Akastor ASA		7 386	9 378
Total equity		**7 386**	**9 378**
Deferred tax liabilities		51	483
Employee benefit obligations		434	473
Other non-current liabilities		414	285
Non-current borrowings	*5, 10*	1 583	4 720
Total non-current liabilities		**2 483**	**5 961**
Current operating liabilities	*9*	6 613	8 782
Current borrowings	*5, 10*	4 054	308
Total current liabilities		**10 667**	**9 090**
Total liabilities and equity		**20 537**	**24 430**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK million	2015	2014
Profit (loss) for the period	(2 587)	2 493
(Profit) loss for the period - discontinued operations	23	(3 880)
Depreciations, amortization and impairment continuing operations	2 861	2 086
Other adjustments for non-cash items and changes in operating assets and liabilities	(900)	(211)
Net cash from operating activities	**(603)**	**488**
Acquisition of property, plant and equipment	(1 460)	(1 302)
Payments for capitalized development	(176)	(639)
Proceeds from sale of subsidiaries, net of cash	1 150	5 948
Acquisition of subsidiaries, net of cash acquired	(11)	(126)
Cash flow from other investing activities	281	618
Net cash from investing activities	**(216)**	**4 499**
Change in external borrowings	185	(4 193)
Dividends to shareholders	-	(1 115)
Cash flow from other financing activities	-	(28)
Net cash from financing activities	**185**	**(5 336)**
Effect of exchange rate changes on cash and bank deposits	122	142
Net increase (decrease) in cash and bank deposits	**(512)**	**(206)**
Demerger of New Aker Solutions	-	(1 064)
Cash and bank deposits at the beginning of the period	1 075	2 345
Cash and bank deposits at the end of the period	**563**	**1 075**

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

Cash flow from discontinued operations

NOK million	2014
Net cash from operating activities	589
Net cash from investing activities	4 574
Net cash from financing activities	142
Effect on cash flow from discontinued operations	**5 305**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK million	Contributed equity and retained earnings	Other reserves	Total equity attributable to the parent	Non controlling interests	Total equity
Equity as of January 1, 2015	8 636	742	**9 378**	-	**9 378**
Total comprehensive income	(2 587)	594	**(1 993)**	-	**(1 993)**
Treasury shares	2	-	**2**	-	**2**
Equity as of December 31, 2015	**6 051**	**1 336**	**7 386**	**-**	**7 386**
Equity as of January 1, 2014	13 022	192	**13 214**	161	**13 375**
Total comprehensive income	2 482	268	**2 750**	21	**2 771**
Dividends	(1 115)	-	**(1 115)**	-	**(1 115)**
Demerger of New Aker Solutions	(5 719)	282	**(5 437)**	(182)	**(5 619)**
Treasury shares	(60)	-	**(60)**	-	**(60)**
Employee share purchase program	26	-	**26**	-	**26**
Equity as of December 31, 2014	**8 636**	**742**	**9 378**	**-**	**9 378**

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 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 year ended December 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.

On January 13, 2016, IASB issued the new lease standard *IFRS 16 Leases*, requiring companies to bring most of leases on-balance sheet, recognising new assets and liabilities. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019, and has not been endorsed by EU. The potential impacts on the financial positions of Akastor are under evaluation.

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, 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 Q4 2015 an accounting gain to EBITDA of NOK 53 million (loss of NOK 8 million in Q4 2014) and a loss under financial items of NOK 30 million (loss of NOK 145 million in Q4 2014). Corresponding year-to-date figures are an accounting gain of NOK 53 million to EBITDA (gain of NOK 25 million in 2014) and a gain under financial items of NOK 44 million (loss of NOK 372 million in 2014).

Q4 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	1 523	965	198	583	214	469	-	**3 952**
Internal revenue	6	118	-	(1)	-	88	(211)	**-**
Total revenue	1 529	1 083	198	582	214	558	(211)	**3 952**
Operating profit before depreciation, amortization and impairment (EBITDA)	1	64	45	60	52	329	-	**552**
Operating profit (loss) (EBIT)	(642)	33	(41)	51	28	229	-	**(342)**
Capital expenditure and R&D capitalization [1)]	56	13	17	15	16	30	-	**146**
Cash flow from operating activities	600	(133)	38	(67)	242	(208)	-	**472**

Q4 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	2 691	984	255	690	335	370	-	**5 326**
Internal revenue	20	498	-	-	-	5	(523)	**-**
Total revenue	2 711	1 483	256	690	335	375	(523)	**5 326**
Operating profit before depreciation, amortization and impairment (EBITDA)	241	74	51	9	46	(159)	-	**262**
Operating profit (loss) (EBIT)	102	49	(21)	1	24	(258)	-	**(103)**
Capital expenditure and R&D capitalization [1)]	253	56	3	36	5	7	-	**360**
Cash flow from operating activities	611	96	(101)	(186)	71	(265)	-	**225**

Full year 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	6 671	4 267	781	1 932	1 131	1 087	-	**15 869**
Internal revenue	72	652	-	4	-	103	(832)	**-**
Total revenue	6 743	4 919	781	1 936	1 131	1 190	(832)	**15 869**
Operating profit before depreciation, amortization and impairment (EBITDA)	(176)	260	104	104	242	168	-	**702**
Operating profit (loss) (EBIT)	(1 204)	147	(1 288)	67	177	(59)	-	**(2 159)**
Capital expenditure and R&D capitalization [1]	385	43	1 057	44	31	99		**1 659**
Cash flow from operating activities	(338)	226	(193)	(190)	400	(508)	-	**(603)**
Net current operating assets (NCOA)[2]	2 252	(303)	69	117	240	(34)	-	**2 340**
Net capital employed [2]	4 729	267	5 284	715	555	537	-	**12 087**

Full year 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	10 634	4 868	1 542	2 317	1 119	952	-	**21 432**
Internal revenue	47	885	-	4	-	23	(960)	**-**
Total revenue	10 681	5 753	1 542	2 322	1 119	975	(960)	**21 432**
Operating profit before depreciation, amortization and impairment (EBITDA)	941	315	175	52	156	(260)	-	**1 380**
Operating profit (loss) (EBIT)	526	218	(1 117)	25	109	(469)	-	**(706)**
Capital expenditure and R&D capitalization [1]	762	110	5	62	32	128	-	**1 098**
Cash flow from operating activities	(52)	297	(167)	34	113	(326)	-	**(101)**
Net current operating assets (NCOA)[2]	2 298	(237)	63	(131)	375	(284)	-	**2 084**
Net capital employed [2]	5 328	374	4 374	463	674	1 443	-	**12 656**

1) Includes capitalized borrowing costs.

2) Definition of Net current operating assets and Net capital employed has been changed in Q4 2015 and does not longer include hedge adjustments without cash effect.

NOTE 5 - SIGNIFICANT EVENTS

Divestment of real estate portfolio

In December 2015, Akastor sold its real estate portfolio of eight properties to Aker Group for a consideration of NOK 1 174 million. A gain of NOK 310 million was recognized as "Other income" in the fourth quarter. See also note 8.

Restructuring

In 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 2 300 people including contractors. In the fourth quarter, a restructuring cost of NOK 33 million is recognized as operating expenses and the total restructuring cost recognized in 2015 amounts to approximately NOK 235 million.

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.

Impairment loss

Managed Pressure Operations (MPO)

In light of challenging financial performance under current industry conditions, the management has reassessed the recoverable amount of MPO in MHWirth. An impairment loss of NOK 488 million is recognized in the fourth quarter, of which NOK 213 million is related to goodwill allocated to MPO.

Step Oiltools

An impairment loss of NOK 65 million related to goodwill in Step Oiltools, reported as Real estate and other holdings, is recognized in the fourth quarter. The impairment was triggered by the current weak market conditions.

The recoverable amounts of MPO and Step Oiltoos are determined by value in use calculations. The cash flow projections are based on the future cash flow, budget and strategic forecasts for the periods 2016 -2020. Beyond the explicit forecast periods, the cash flows are extrapolated using a constant growth rate. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The discount rates, estimated based on Weighted Average Cost of Capital (WACC), applied in the value in use calculations for MPO and Step Oiltools as of December 31, 2015 are stated in the table below.

per cent	MPO	Step Oiltools
Discount rate after tax	10.5	11.0
Discount rate before tax	11.8	12.1

Following the impairment loss, the recoverable amounts of MPO and Step Oiltools are equal to the carrying amounts. Therefore, any adverse change in a key assumption may result in a further impairment.

MHWirth

In addition to MPO, impairment losses of NOK 44 million was recognized in the fourth quarter of 2015 (NOK 117 million for the full year), relating to property, plant and equipment as well as intangible assets that were no longer expected to be utilized in MHWirth.

AKOFS Offshore

An impairment loss of NOK 1 037 million (USD 122 million) related to AKOFS Seafarer vessel was recognized in the third quarter. The impairment was triggered by the current weak market conditions which are expected to continue in the short to medium term.

Provision for onerous lease contracts

A provision of NOK 173 million was recognized in the third quarter related to onerous leases as a result of a weaker leasing market for subleasing in regions such as Stavanger, Aberdeen and Houston.

Borrowings

Borrowings have increased from NOK 5.0 billion to NOK 5.6 billion in 2015. This is mainly explained by the new bank debt of USD 125 million related to purchase of AKOFS Seafarer, SGD 25 million through forward contract with Ezra shares, increased borrowing of BRL 110 million related to new MHWirth plant under construction in Brazil and reduced borrowings by NOK 1 billion under the Revolving Credit Facility.

Akastor's exisiting financing agreement with its bank syndicate has a covenant that Interest ratio coverage (ICR) should not be less than 4.0 calculated from the consolidated EBITDA to consolidated Net Finance Cost. As of December 31, 2015, the ICR was below the minimum level. Borrowings of NOK 3.6 billion, with maturity in 2017, was therefore reclassified from non-current to current borrowings. On January 28, 2016, Akastor reached an agreement with its bank syndicate on main terms and conditions to amend and extend its financing structure, including new ICR ratios from Q4 2015. See Note 10 for more information.

NOTE 6 - NET FINANCIAL ITEMS

	Fourth quarter		Full year	
NOK million	2015	2014	2015	2014
Net interest expenses on financial liabilities measured at amortized costs	(52)	(11)	(191)	(297)
Financial charges under finance leases	(65)	(57)	(279)	(57)
Impairment on available for sale assets	(22)	(70)	(202)	(97)
Net foreign exchange gain (loss)	62	55	46	55
Profit (loss) on foreign currency forward contracts	(30)	(145)	44	(372)
Profit (loss) from equity accounted investees	(46)	(134)	(73)	(126)
Other financial income (expenses)	(18)	(33)	(36)	(53)
Net financial items	**(171)**	**(396)**	**(691)**	**(947)**

Impairment on available for sale assets is related to Akastor's shareholding in Ezra Holdings Limited.

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 December 31, 2015	Fair value as of December 31, 2014
Current operating assets			
- Forward foreign exchange contract	Level 2	1 746	2 199
Current operating liabilities			
- Forward foreign exchange contract	Level 2	(1 528)	(1 861)
Non-current liabilities			
- Non-current borrowings	Level 2	(1 640)	(4 748)
Current liabilities			
- Current borrowings	Level 2	(4 018)	(308)

NOTE 8 - RELATED PARTIES

The 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 - Aker Entities.

Income statement

	Fourth quarter		Full year	
NOK million	2015	2014	2015	2014
Operating revenue	938	1 013	4 222	4 596
Gain of disposal of business	310	-	310	-
Operating costs	(90)	(187)	(288)	(488)
Net financial items	(65)	(57)	(279)	(62)

Balance sheet - Assets (Liabilities)

NOK million	December 31, 2015	December 31, 2014
Trade receivables	154	530
Interest-bearing receivables	-	63
Assets under finance lease (Aker Wayfarer)	1 723	1 490
Trade payables	(51)	(137)
Finance lease liability (Aker Wayfarer)	(1 645)	(1 376)
Interest-bearing liability	-	(82)

In December 2015, Akastor sold its real estate portfolio of eight properties to Aker Group for a consideration of NOK 1 174 million. A gain of NOK 310 million was recognized as "Other income" in the fourth quarter.

NOTE 9 - CURRENT OPERATING ASSETS AND LIABILITIES

NOK million	December 31 2015	December 31 2014
Current operating assets:		
Inventories	1 464	1 785
Trade receivables	3 049	2 997
Amounts due from customers for construction work	1 402	2 325
Advances to suppliers	203	226
Accrued operating revenue	377	576
Current tax assets	2	43
Hedge adjustments, assets	1 746	2 199
Other receivables	929	1 054
Total current operating assets	**9 171**	**11 204**
Current operating liabilities:		
Trade payables	950	1 505
Amounts due to customers for construction work, including advances	1 864	2 179
Provisions	553	395
Current tax liabilities	89	97
Hedge adjustments, liabilities	1 528	1 861
Accrued operating expenses and other liabilities	1 629	2 745
Total current operating liabilities	**6 613**	**8 782**

NOTE 10 - EVENTS AFTER THE REPORTING PERIOD

On January 28, 2016, Akastor ASA announced that it has reached an agreement with its bank syndicate on main terms and conditions to amend and extend its current bank facilities until July 2019.

The existing bank facilities, maturing 2017, will be replaced by a USD 422.5 million reducing revolver facility (Facility A), maturing in July 2019. In addition, Akastor has reached an agreement on main terms and conditions with DNB, Nordea and SEB for a new NOK 362.5 million revolving facility (Facility C) to mature in June 2017. The existing NOK 2.0 billion revolving facility (Facility B) is still maturing on July 2019.

The loan agreement is expected to be signed in Q1 2016.

Fornebu, February 16, 2016
The Board of Directors and CEO of Akastor ASA

Financial Calendar
First quarter results 2016, May 2, 2016.

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