Q2

AKASTOR

SECOND QUARTER AND HALF YEAR RESULTS 2017

Q2 HIGHLIGHTS

- Entered agreement to sell KOP Surface Products to the Weir Group PLC for USD 114 million
- EBITDA of NOK 18 million (including restructuring costs of NOK 52 million)
- Net debt at NOK 3.3 billion, including financial leases of NOK 1.6 billion
- Working capital at NOK 1.2 billion

Following agreement to divest KOP Surface Products, this portfolio company is classified as discontinued operations and held-for-sale and excluded from the group's key figures.

KEY FIGURES

Akastor Group (continuing operations)

NOK million	Q2 17	Q2 16	YTD 17	YTD 16
Operating revenue and Other income	873	1 326	1 816	2 556
EBITDA	18	(135)	71	(197)
EBIT	(159)	(336)	(255)	(599)
CAPEX and R&D capitalization	15	41	30	103
NCOA	1 228	1 951	1 228	1 951
Net capital employed	8 250	9 746	8 250	9 746
Order intake	746	1 066	1 389	1 883
Order backlog	7 112	8 182	7 112	8 182
Net Debt	3 261	5 694	3 261	5 694
Employees	2 067	2 539	2 067	2 539

Portfolio Companies Q2 17

NOK million	MHWirth	AKOFS Offshore	Other Holdings
Revenue and Other income	550	187	151
EBITDA	-	37	(19)
EBIT	(71)	(46)	(41)
Employees	1 535	113	420
Backlog	1 409	5 439	269

01. OVERVIEW

In June 2017, Akastor entered into a definitive agreement to sell KOP Surface Products to the Weir Group PLC for USD 114 million on a cash and debt-free basis. The transaction is expected to be completed in Q3.

Revenues in the second quarter were NOK 873 million, compared with NOK 1 326 million in the 2016 second quarter, a decrease of 34 percent. The reduction in revenues in the second quarter was primarily due to reduced activity levels and continued weak market conditions in the offshore oil service industry and drilling market.

EBITDA in the 2017 second quarter was NOK 18 million, compared to an EBITDA of NOK -135 million in the 2016 second quarter. EBITDA in the quarter was negatively impacted by restructurings costs of NOK 52 million in MHWirth.

During the second quarter, net debt increased by NOK 224 million to NOK 3 261 million. Akastor's liquidity reserve at the end of the quarter was approximately NOK 1.6 billion with cash and bank deposits of NOK 189 million, and undrawn committed credit facilities of NOK 1.4 billion.

The order intake for Akastor in the quarter was NOK 746 million, resulting in an aggregate backlog of NOK 7.1 billion.

02. PORTFOLIO COMPANIES

MHWIRTH

MHWirth reported revenues of NOK 550 million in the 2017 second quarter, a reduction of 46 percent compared to the 2016 second quarter. The decrease in revenues from 2016 was primarily driven by reduced project and equipment related work as a result of low order intake since 2014, and fewer rigs with MHWirth equipment in operations over the same period. The active installed base increased slightly during Q2.

EBITDA including restructuring costs was NOK 0 million in the quarter. Restructuring costs of NOK 52 million were recognized in the quarter, mainly related to further workforce reduction of approximately 130 employees, primarily outside Norway. EBITDA excluding restructuring costs for Q2 was NOK 52 million, compared to NOK 79 million in the 2016 second quarter. The working capital level (NCOA) of MHWirth decreased from first quarter by NOK 131 million to NOK 1.1 billion.

Order intake in the 2017 second quarter was NOK 614 million compared to NOK 912 million in the 2016 second quarter. In Q2, overall floater utilization was approximately 67 percent for the active fleet (source: Clarksons Platou Offshore Drilling Rig Monthly). Total backlog as of Q2 amounts to NOK 1 409 million, of which the four remaining drilling packages to Jurong Shipyard amount to approximately NOK 800 million.

While MHWirth continues to see a challenging market for 2017 driven by fewer active rigs compared to 2016 in operation, and reduced project work, there are indications in recent months that the decline in rig market activity has slowed. MHWirth will continue to respond to the changing activity levels by adjusting capacity and cost base. The workforce was reduced by approximately 200 people in the first half year of 2017, and another 100 employees are on temporary leave in Norway.

As per Q2 2017, MHWirth had 1 535 employees.

AKOFS Offshore

AKOFS Offshore reported revenues of NOK 187 million in the 2017 second quarter, compared with NOK 142 million in the 2016 second quarter. EBITDA was NOK 37 million in the quarter, compared with NOK 32 million in the same period last year. The order backlog ended at NOK 5.4 billion. The company had 113 employees at the end of the quarter.

Skandi Santos operated on somewhat lower utilization during second quarter due to planned maintenance work. The vessel has started its third year of the five year option period which commenced in March 2015. 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.

Aker Wayfarer is currently on stand-by in Norway, awaiting startup of the 5+5 year contract with Petrobras in Brazil, which is expected to take place in Q4 2017.

Other Holdings

Other Holdings reported revenues of NOK 151 million in the quarter, with EBITDA of NOK -19 million. Step Oiltools, Cool Sorption and First Geo delivered a total EBITDA of NOK 0 million in the quarter. Effect of hedges not qualifying for hedge accounting is included in EBITDA by NOK -1 million in the second quarter.

03. AKASTOR GROUP

The Akastor group's revenues decreased by 34 percent in the second quarter compared to the same quarter last year, to NOK 873 million, primarily due to reduced activity levels and weaker market conditions in the offshore oil service industry and drilling market. Revenues in the first half of 2017 were NOK 1 816 million, compared to NOK 2 556 million in 2016.

EBITDA was NOK 18 million for the second quarter and NOK 71 million for the first half year. EBITDA was negatively impacted by a total restructuring cost of NOK 52 million in the quarter related to further workforce reduction in MHWirth.

Depreciation, amortization and impairment amounted to NOK 177 million and NOK 326 million for Q2 and first half year of 2017, respectively. Net financial expenses were NOK 258 million for the quarter, compared with NOK 374 million in Q2 2016. Net financial expenses were NOK 393 million for the first half year 2017.

Due to the uncertainty with regards to completion of the seven contracts with Jurong for drilling packages on drilling rigs to Sete Brazil, all hedging of expected revenues in Brazilian Reais (BRL) has been terminated. The negative market effect of these hedges was booked as a financial loss in the second quarter of NOK 98 million. The cash effect in the quarter was limited due to the fact that most hedges had been rolled forward in earlier periods. In addition, an impairment loss of the five vessels in DOF Deepwater was recognized in Q2, mainly explaining Akastor's share of loss of NOK 54 million from DOF Deepwater.

Net tax income was NOK 96 million in the second quarter and NOK 138 for the first half year. The effective tax rate is 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.

The result for the second quarter from continuing operations was a loss of NOK 321 million and the total loss for the period was NOK 321 million. The result for the first half year from continuing operations was a loss of NOK 510 million and the total loss for the same period was NOK 132 million.

Financial Position

Cash flow from operations was negative NOK 222 million in the second quarter and negative NOK 609 million in the first half year 2017.

Net current operating assets for continuing operations were NOK 1 228 million at the end of June, a decrease of NOK 40 million since previous quarter.

Net Cash flow from investing activities was negative NOK 8 million in the second quarter and negative NOK 132 million in the first half year 2017.

Net debt increased from NOK 3 037 million in the first quarter of 2017 to NOK 3 261 million at the end of the period. Net bank debt was NOK 1 691 million, while financial leases were NOK 1 570 million.

The liquidity reserve at the end of the first half year was approximately NOK 1.6 billion, with cash and bank deposits of NOK 189 million and undrawn committed credit facilities of NOK 1.4 billion.

The equity ratio was 45 percent at the end of the first half year. Gross debt was NOK 3 450 million at the end of the period.

Related Party Transactions

Please see note 9 for a summary of significant related party transactions that occurred in the first half year of 2017.

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 board of each portfolio company, and by defining a clear set of risk management and mitigation processes and procedures that all portfolio companies must adhere to. Akastor's annual report for 2016 provides more information on risks and uncertainties.

The Akastor Share

The company had a market capitalization of NOK 3.9 billion on July 12, 2017. 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, 2017, with comparatives for the corresponding period of 2016 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, 2017 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, 2017.
- The information provided in the report for the first half 2017 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.

Fornebu, July 12, 2017
The Board of Directors and CEO of Akastor ASA

Frank O. Reite | Chairman

Lone Fønss Schrøder | Deputy Chairman

Øyvind Eriksen | Director

Kathryn M. Baker | Director

Sarah Ryan | Director

Henning Jensen | Director

Asle Kristian Halvorsen | Director

Stian Sjølund | Director

Kristian Monsen Røkke | CEO

AKASTOR GROUP INTERIM FINANCIAL STATEMENTS SECOND QUARTER AND HALF YEAR 2017

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK million	*note*	Second quarter 2017	Second quarter 2016 (Restated)	First half 2017	First half 2016 (Restated)	Full year 2016 (Restated)
Operating revenues and other income		**873**	1 326	**1 816**	2 556	4 975
Operating expenses		**(855)**	(1 461)	**(1 745)**	(2 753)	(4 884)
Operating profit before depreciation, amortization and impairment		**18**	(135)	**71**	(197)	91
Depreciation and amortization		**(153)**	(166)	**(302)**	(336)	(688)
Impairment		**(24)**	(35)	**(24)**	(66)	(473)
Operating profit (loss)		**(159)**	(336)	**(255)**	(599)	(1 071)
Net financial items	*7*	**(258)**	(374)	**(393)**	(566)	(1 174)
Profit (loss) before tax		**(416)**	(710)	**(648)**	(1 166)	(2 245)
Tax income (expense)		**96**	135	**138**	248	293
Profit (loss) from continuing operations		**(321)**	(575)	**(510)**	(918)	(1 953)
Net profit (loss) from discontinued operations	*5*	**-**	(257)	**378**	(281)	670
Profit (loss) for the period		**(321)**	(832)	**(132)**	(1 198)	(1 282)
Attributable to:						
Equity holders of Akastor ASA		**(321)**	(832)	**(132)**	(1 198)	(1 282)
Basic/diluted earnings (loss) per share (NOK)		**(1.18)**	(3.07)	**(0.49)**	(4.42)	(4.73)
Basic/diluted earnings (loss) per share continuing operations (NOK)		**(1.18)**	(2.12)	**(1.88)**	(3.38)	(7.20)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK million	Second quarter 2017	Second quarter 2016	First half 2017	First half 2016	Full year 2016
Net profit (loss) for the period	**(321)**	(832)	**(132)**	(1 198)	(1 282)
Other comprehensive income:					
Cash flow hedges, effective portion of changes in fair value	**-**	42	**(7)**	156	180
Cash flow hedges, reclassification to income statement	**(33)**	(427)	**(19)**	(598)	(537)
Change in fair value reserve	**(14)**	(17)	**17**	-	-
Currency translation differences	**(6)**	31	**(22)**	(123)	(81)
Currency translation differences, reclassification to income statement	**-**	-	**(27)**	-	(105)
Deferred tax effect	**8**	95	**6**	101	55
Net items that may be reclassified to profit or loss	**(45)**	(276)	**(52)**	(464)	(488)
Remeasurement gain (loss) net defined benefit liability	**-**	(1)	**(1)**	(2)	(40)
Deferred tax of remeasurement gain (loss) net defined benefit liability	**-**	1	**-**	1	4
Net items that will not be reclassified to profit or loss	**-**	-	**(1)**	(1)	(36)
Total comprehensive income (loss) for the period, net of tax	**(366)**	(1 108)	**(185)**	(1 663)	(1 806)
Attributable to:					
Equity holders of Akastor ASA	**(366)**	(1 108)	**(185)**	(1 663)	(1 806)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	note	June 30 2017	June 30 2016	December 31 2016
Deferred tax assets		**700**	863	600
Intangible assets		**1 517**	2 436	1 731
Property, plant and equipment		**4 790**	6 399	5 198
Other non-current operating assets		**149**	88	104
Equity-accounted investees and other investments		**604**	252	213
Non-current interest-bearing receivables		**22**	196	51
Total non-current assets		**7 781**	10 234	7 897
Current operating assets	*10*	**3 507**	7 159	4 250
Current interest-bearing receivables		**9**	70	15
Cash and cash equivalents		**189**	315	487
Assets classified as held for sale		**533**	259	212
Total current assets		**4 239**	7 804	4 964
Total assets		**12 020**	18 039	12 861
Equity attributable to equity holders of Akastor ASA		**5 395**	5 723	5 580
Total equity		**5 395**	5 723	5 580
Deferred tax liabilities		**7**	87	15
Employee benefit obligations		**348**	412	380
Other non-current liabilities and provisions		**382**	450	445
Non-current borrowings	*4*	**3 038**	5 330	1 494
Total non-current liabilities		**3 775**	6 279	2 334
Current operating liabilities and provisions	*10*	**2 318**	5 305	3 209
Current borrowings	*4*	**412**	679	1 560
Liabilities classified as held for sale		**120**	53	177
Total current liabilities		**2 850**	6 037	4 947
Total liabilities and equity		**12 020**	18 039	12 861

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

	First half		Full year
NOK million	2017	2016	2016
Profit (loss) for the period	**(132)**	(1 198)	(1 282)
(Profit) loss for the period - discontinued operations	**(378)**	281	(670)
Depreciations, amortization and impairment continuing operations	**326**	402	1 162
Other adjustments for non-cash items and changes in operating assets and liabilities	**(426)**	135	662
Net cash from operating activities	**(609)**	(380)	(129)
Acquisition of property, plant and equipment	**(20)**	(106)	(153)
Payments for capitalized development	**(12)**	(22)	(49)
Proceeds from sale of subsidiaries, net of cash[*)]	**(41)**	-	2 382
Acquisition of subsidiaries, net of cash acquired	**-**	(7)	(7)
Cash flow from other investing activities	**(59)**	-	548
Net cash from investing activities	**(132)**	(135)	2 720
Changes in external borrowings	**435**	268	(2 624)
Net cash from financing activities	**435**	268	(2 624)
Effect of exchange rate changes on cash and cash equivalents	**9**	(1)	10
Net increase (decrease) in cash and cash equivalents	**(298)**	(247)	(23)
Cash and cash equivalents at the beginning of the period[*)]	**487**	563	563
Cash and cash equivalents at the end of the period	**189**	315	540

[*)] Excluding the cash and cash equivalents in Frontica Advantage of NOK 53 million which was classified as Assets held for sale as of December 31, 2016 and subsequently disposed of in January 2017. See also note 5.

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, 2017	**4 769**	**811**	**5 580**	**5 580**
Total comprehensive income	**(132)**	**(53)**	**(185)**	**(185)**
Equity as of June 30, 2017	**4 637**	**758**	**5 395**	**5 395**
Equity as of January 1, 2016	6 051	1 335	7 386	7 386
Total comprehensive income	(1 198)	(465)	(1 663)	(1 663)
Equity as of June 30, 2016	4 853	870	5 723	5 723

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 34 *Group companies* in Akastor's Annual Report 2016 for more information on the group's structure.

Akastor's Annual Report for 2016 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, 2017 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 2016. 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, 2016.

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, 2016.

NOTE 4 - SIGNIFICANT EVENTS

Borrowings

On March 1, 2017, Akastor signed an agreement with its bank syndicate to replace its Interest Coverage Ratio (ICR) covenant with a nominal EBITDA amount until Q2 2018. Please refer to note 25 *Borrowings* in Akastor's Annual Report 2016 for more information. The external borrowings of NOK 1.6 billion under the agreement, with maturity in 2019, are classified as non-current borrowings.

Restructuring

In the first half year of 2017, a total restructuring cost of NOK 52 million is recognized as operating expenses, mainly related to workforce reductions in MHWirth.

NOTE 5 - DISPOSAL OF SUBSIDIARIES

On January 6, 2017, Akastor completed the transaction to sell Frontica's staffing business (Frontica Advantage) to NES Global Talent (NES) in exchange for a minority shareholding in the combined entity. Akastor holds an initial 15.2% economic ownership interest in NES after the transaction, which is presented as Other investments and measured at fair value. The disposal resulted in an accounting gain of NOK 383 million, presented as Net profit from discontinued operations. Frontica Advantage was classified as discontinued operations and as held-for-sale as of December 31, 2016. Please refer to note 5 *Discontinued operations* for more information about the discontinued operations and divestments that were completed in 2016.

On June 12, 2017, Akastor entered into a definitive agreement sell KOP Surface Products to the Weir Group PLC (Weir) for a consideration of USD 114 million on a debt- and cash-free basis. The transaction is expected to be completed in Q3 2017, subject to customary closing conditions. KOP Surface Products is classified as discontinued operations and as held-for-sale as of June 30, 2017. The comparative condensed consolidated income statement has been restated to show the discontinued operations separately from continuing operations.

Results of discontinued operations

	Second quarter		First half		Full year
NOK million	2017	2016	2017	2016	2016
Revenue	**97**	1 436	**172**	2 752	4 951
Expenses	**(94)**	(1 654)	**(175)**	(3 000)	(5 130)
Net financial items	**1**	(3)	**1**	(3)	(3)
Profit (loss) before tax	**3**	(221)	**(2)**	(251)	(181)
Income tax	**1**	(36)	**2**	(30)	(43)
Net profit (loss) from operating activities	**4**	(257)	**(1)**	(281)	(224)
Gain (loss) on sale of discontinued operations	**(4)**	-	**379**	-	968
Income tax on gain (loss) of discontinued operations	**-**	-	**-**	-	(73)
Net profit (loss) from discontinued operations	**-**	(257)	**378**	(281)	670
Basic/diluted earnings (loss) per share from discontinued operations (NOK)	**(0.00)**	(0.95)	**1.39**	(1.03)	2.47

Cash flows from (used in) discontinued operations

	First half		Full year
NOK million	2017	2016	2016
Net cash from operating activities	**(19)**	(54)	(31)
Net cash from investing activities	**(97)**	(26)	2 328
Net cash flow from discontinued operations	**(116)**	(80)	2 297

Assets and liabilities held-for-sale

	June 30
NOK million	2017
Deferred tax assets	**29**
Intangible assets	**155**
Property, plant and equipment	**95**
Inventories	**111**
Trade receivables	**59**
Other current operating assets	**83**
Assets held-for-sale	**533**
Employee benefit obligations	**(23)**
Trade payables	**(33)**
Other current liabilities	**(64)**
Liabilities held-for-sale	**(120)**
Net assets held-for-sale	**(217)**

Effect of disposal on the financial position of the group

NOK million	June 30 2017
Deferred tax assets	(33)
Intangible assets	(47)
Current operating assets	(73)
Cash and cash equivalents	(53)
Deferred tax liabilities	29
Trade and other payables	62
Other current liabilities	81
Currency translation reserve	27
Net assets and liabilities	**(6)**
Total consideration at fair value	406
Consideration received in cash, net of transaction costs	(17)
Cash and cash equivalents disposed of	(53)
Net cash flow from disposal	**(70)**

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 2016 for descriptions of Akastor's management model and operating segments as well as accounting principles used for segment reporting.

As a result of KOP Surface Products being classified as discontinued operations, the segment reporting has been reassessed in Q2 2017 and Akastor identified two reportable segments in additional to "Other holdings". The historical comparative figures have been restated accordingly. See also note 5 for more information about the discontinued operations.

Q2 2017

NOK million	MHWirth	AKOFS Offshore	Other holdings	Eliminations	Total continuing operations
External revenue and other income	541	187	145	-	**873**
Internal revenue	9	-	6	(15)	-
Total revenue	**550**	**187**	**151**	**(15)**	**873**
Operating profit before depreciation, amortization and impairment (EBITDA)	-	37	(19)	-	**18**
Operating profit (loss) (EBIT)	(71)	(46)	(41)	-	**(159)**
Capital expenditure and R&D capitalization	8	7	-	-	**15**
Cash flow from operating activities	(21)	(85)	(101)	-	**(207)**

Q2 2016 (Restated)

NOK million	MHWirth	AKOFS Offshore	Other holdings	Eliminations	Total continuing operations
External revenue and other income	998	142	186	-	**1 326**
Internal revenue	13	-	2	(15)	**-**
Total revenue	**1 010**	**142**	**189**	**(15)**	**1 326**
Operating profit before depreciation, amortization and impairment (EBITDA)	(16)	32	(151)	-	**(135)**
Operating profit (loss) (EBIT)	(119)	(45)	(172)	-	**(336)**
Capital expenditure and R&D capitalization	14	25	2	-	**41**
Cash flow from operating activities	(138)	(112)	(120)	-	**(370)**

Half year 2017

NOK million	MHWirth	AKOFS Offshore	Other holdings	Eliminations	Total continuing operations
External revenue and other income	1 161	373	283	-	**1 816**
Internal revenue	17	-	11	(28)	**-**
Total revenue	**1 177**	**373**	**294**	**(28)**	**1 816**
Operating profit before depreciation, amortization and impairment (EBITDA)	55	70	(55)	-	**71**
Operating profit (loss) (EBIT)	(62)	(94)	(99)	-	**(255)**
Capital expenditure and R&D capitalization	11	18	-	-	**30**
Cash flow from operating activities	(128)	(243)	(221)	-	**(590)**
Net current operating assets (NCOA)	1 119	221	(112)	-	**1 228**
Net capital employed	3 200	4 307	744	-	**8 250**

Half year 2016 (Restated)

NOK million	MHWirth	AKOFS Offshore	Other holdings	Eliminations	Total continuing operations
External revenue and other income	1 897	301	358	-	**2 556**
Internal revenue	20	-	24	(44)	**-**
Total revenue	**1 917**	**301**	**382**	**(44)**	**2 556**
Operating profit before depreciation, amortization and impairment (EBITDA)	(79)	70	(188)	-	**(197)**
Operating profit (loss) (EBIT)	(282)	(86)	(231)	-	**(599)**
Capital expenditure and R&D capitalization	25	73	5	-	**103**
Cash flow from operating activities	88	(250)	(165)	-	**(327)**
Net current operating assets (NCOA)	1 683	256	12	-	**1 951**
Net capital employed	4 032	5 264	451	-	**9 746**

NOTE 7 - NET FINANCIAL ITEMS

NOK million	Second quarter 2017	2016 (Restated)	First half 2017	2016 (Restated)	Full year 2016
Net interest expenses on financial liabilities measured at amortized costs	**(33)**	(52)	**(61)**	(140)	(236)
Financial charges under finance leases	**(65)**	(74)	**(137)**	(146)	(292)
Impairment on external receivables	**-**	-	**-**	-	(94)
Loss from disposal of external investments	**-**	(26)	**-**	(26)	(26)
Net foreign exchange gain (loss)	**(5)**	26	**31**	45	28
Profit (loss) on foreign currency forward contracts	**(100)**	(193)	**(100)**	(236)	(289)
Profit (loss) from equity accounted investees	**(54)**	(48)	**(123)**	(48)	(214)
Other financial expenses	**(2)**	(7)	**(3)**	(17)	(50)
Net financial items	**(258)**	(374)	**(393)**	(566)	(1 174)

Loss on foreign currency forward contracts reflects fair value on hedge contracts that do no qualify for hedging accounting under IFRS. The increased loss in 2017 is mainly related to hedge contracts in MHWirth.

Loss from equity accounted investees mainly relates 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 33 *Financial instruments* in Akastor's Annual Report 2016 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, 2017	Fair value as of December 31, 2016
Financial assets			
- Other investments	Level 3	**604**	121
- Forward foreign exchange contract	Level 2	**100**	269
- Deferred and contingent consideration	Level 3	**148**	103
Financial liabilities			
- Non-current borrowings	Level 2	**(3 044)**	(1 494)
- Current borrowings	Level 2	**(412)**	(1 567)
- Forward foreign exchange contract	Level 2	**(136)**	(301)
- Deferred settlement obligations	Level 3	**(78)**	(116)

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 35 Related parties in Akastor's Annual Report 2016.

Below is a summary of transactions and balances between Akastor and entities controlled by Aker ASA - referred as "Aker Entities".

Income statement

NOK million	*Note*	First half 2017	2016
Operating revenue		**41**	167
Operating costs		**(5)**	(20)
Net financial items		**(137)**	(146)
Included in Net profit from discontinued operations	*5*		
- Operating revenue		**3**	1 419
- Operating costs		**-**	(14)

Financial position - Assets (Liabilities)

NOK million	June 30 2017	December 31 2016
Trade receivables	**23**	29
Property, plant and equipment under finance lease (Aker Wayfarer)	**1 542**	1 618
Trade payables	**(6)**	(16)
Finance lease liability (Aker Wayfarer)	**(1 570)**	(1 622)
Net assets held for sale	**1**	5

NOTE 10 - CURRENT OPERATING ASSETS AND LIABILITIES

NOK million	June 30 2017	December 31 2016
Inventories	**967**	1 086
Trade receivables	**1 282**	1 545
Amounts due from customers for construction work	**271**	262
Advances to suppliers	**106**	163
Accrued operating revenue	**39**	176
Current tax assets	**33**	65
Hedge adjustments, assets	**100**	269
Other receivables	**711**	682
Total current operating assets	**3 507**	4 250
Trade payables	**161**	315
Amounts due to customers for construction work, including advances	**1 126**	1 226
Provisions	**305**	354
Current tax liabilities	**8**	63
Hedge adjustments, liabilities	**136**	301
Accrued operating expenses and other liabilities	**581**	951
Total current operating liabilities	**2 318**	3 209

ALTERNATIVE PERFORMANCE MEASURES

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 debt - Sum of current and non-current borrowings

Net debt - Gross interest-bearing debt minus 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 contract value from the contracts or orders that are entered into or committed in the reporting period

Order backlog - Represents the remaining unearned contract value from the contracts that are already entered into or committed at the reporting date

The tables below show reconciliation of alternative performance measures to the line items in the financial statements according to IFRS.

Net current operating assets (NCOA)

NOK million	June 30 2017	December 31 2016
Current operating assets	**3 507**	4 250
Less:		
Current operating liabilities	**2 318**	3 209
Net hedging assets (liabilities)	**(36)**	(32)
NCOA related to discontinued operations	**(3)**	118
Net current operating assets (continuing operations)	**1 228**	954

Net capital employed (NCE)

NOK million	June 30 2017	December 31 2016
Total non-current assets	**7 781**	7 897
Net current operating assets (NCOA)	**1 228**	954
Less:		
Non-current interest-bearing receivables	**22**	51
Deferred tax liabilities	**7**	15
Employee benefit obligations	**348**	380
Other non-current liabilities	**382**	445
NCE related to discontinued operations	**-**	278
Net capital employed (continuing operations)	**8 250**	7 682

Gross/Net debt

NOK million	June 30 2017	December 31 2016
Non-current borrowings	**3 038**	1 494
Current borrowings	**412**	1 560
Gross debt	**3 450**	3 054
Less:		
Cash and cash equivalents	**189**	487
Net debt	**3 261**	2 567
Less:		
Non-current interest-bearing receivables	**22**	51
Current interest-bearing receivables	**9**	15
Net interest-bearing debt (NIBD)	**3 230**	2 501

Equity ratio

NOK million	June 30 2017	December 31 2016
Total equity	**5 395**	5 580
divided by Total assets	**12 020**	12 861
Equity ratio	**45 %**	43 %

Financial Calendar
Third quarter results 2017, October 25, 2017.

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