Q3

AKASTOR

THIRD QUARTER
RESULTS 2017

Q3 HIGHLIGHTS

- Completed the transaction to sell KOP Surface Products to the Weir Group PLC, releasing approximately NOK 1 billion in cash
- EBITDA of NOK 54 million, including several special items with a total negative value of NOK 79 million
- Net debt reduced by NOK 0.9 billion to NOK 2.4 billion, including financial leases of NOK 1.4 billion
- MHWirth awarded contract for drilling equipment package to the West White Rose Extension Project in October

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

KEY FIGURES

Akastor Group (continuing operations)

NOK million	Q3 17	Q3 16	YTD 17	YTD 16
Operating revenue and Other income	1 433	1 130	3 249	3 686
EBITDA	54	95	126	(102)
EBIT	(194)	(90)	(449)	(689)
CAPEX and R&D capitalization	30	31	60	135
NCOA	1 162	1 552	1 162	1 552
Net capital employed	7 749	9 144	7 749	9 144
Order intake	1 149	766	2 538	2 649
Order backlog	6 373	7 466	6 373	7 466
Net Debt	2 353	5 035	2 353	5 035
Employees	2 043	2 396	2 043	2 396

Portfolio Companies Q3 2017

NOK million	MHWirth	AKOFS Offshore	Other Holdings
Operating revenue and Other income	1 113	193	142
EBITDA	(21)	62	13
Order backlog	1 299	4 858	218
Employees	1 470	173	400

01. PERFORMANCE SUMMARY Q3 2017

- In July, Akastor completed the transaction to sell KOP Surface Products to the Weir Group PLC, resulting in an accounting gain before tax of NOK 716 million.

- Total revenues were NOK 1 433 million, positively impacted by approximately NOK 500 million from a settlement agreement between MHWirth and Jurong related to three drilling packages.

- EBITDA was NOK 54 million, compared to an EBITDA of NOK 95 million in the same quarter last year. EBITDA in the quarter was negatively impacted by restructuring costs of NOK 21 million and impairment of inventories of NOK 311 million in MHWirth, offset by positive effect of NOK 225 million from a settlement agreement of drilling packages in MHWirth and reversal of onerous lease provision of NOK 28 million in Other Holdings. EBITDA excluding these items was NOK 133 million.

- Net debt was reduced by NOK 908 million to NOK 2 353 million, mainly due to the divestment of KOP Surface Products. Net bank debt was NOK 915 million, while financial leases were NOK 1 439 million.

- The order intake for Akastor in the quarter was NOK 1.1 billion, resulting in an aggregate backlog of NOK 6.4 billion.

02. PORTFOLIO COMPANIES

MHWIRTH

MHWirth reported revenues of NOK 1 113 million in the third quarter. The company has entered into a settlement agreement for the last three contracts out of seven drilling packages to Jurong shipyard. The revenues were positively impacted by the settlement agreement of around NOK 500 million, as no revenues or profits have been recognized from these projects in previous periods. MHWirth will receive a net cash settlement of USD 10 million.

EBITDA was negative NOK 21 million in the quarter. Restructuring costs of NOK 21 million were recognized in the quarter, mainly related to further workforce reduction of approximately 50 employees in Norway. The book value of inventory was written down by NOK 311 million in the third quarter impacting EBITDA and is now at a book value of around NOK 500 million. The inventory level has been high for several years caused by inventory build-up when the company was preparing for an expected high order intake. Based on the current market outlook, an additional impairment was made in the third quarter. Further, the settlement agreement with Jurong resulted in a positive EBITDA effect of NOK 225 million in the third quarter. EBITDA adjusted by these items was NOK 86 million.

The working capital level (NCOA) of MHWirth decreased from the second quarter by NOK 33 million to NOK 1.1 billion, however impacted by the special items mentioned above.

Order intake in the third quarter was NOK 1 000 million compared to NOK 604 million in the 2016 third quarter. The order intake included revenue of NOK 500 million related to Jurong settlement. Total backlog as of Q3 amounts to NOK 1.3 billion, of which the four remaining drilling packages to Jurong Shipyard amount to approximately NOK 800 million.

Two important contracts and agreements were signed in October 2017. MHWirth received a contract from Wood Group Canada for delivery of a drilling package, including equipment, engineering and services for the West White Rose Extension Project offshore Canada. Together with its co-venture partners, Husky Energy is developing the West White Rose Project. The contract covers the majority of the equipment ranges of MHWirth in addition to an engineering scope. Further, a ten-year agreement for the purpose of maintenance and repair of MHWirth produced drilling equipment was signed with Transocean, with a potential value of up to USD 100 million. The agreement calls for MHWirth to maintain Transocean's top side drilling equipment on nine semisubmersible offshore rigs and deepwater drillships. Of these, four rigs have a complete MHWirth top side equipment package and five rigs are equipped with a MHWirth topdrive. The agreement includes maintenance, inspection, provision of spares, overhaul, repair and recertification of the equipment on Transocean's rigs.

While MHWirth continues to see a challenging market for 2017 driven by fewer active rigs and reduced project work, there are indications in recent months that the decline in rig market activity has slowed.

In September, MHWirth became a 20% shareholder in the company Electrical Subsea & Drilling (ESD) by transferring certain work-in-progress technologies for new well barrier for BOP. ESD is a privately owned Norwegian company working on the development and qualification of two drilling technologies; all electric control of Blow Out Preventers (BOP) and a Rotating Control Device for Managed Pressure Drilling. MHWirth and ESD will establish a market and technology partnership.

As per Q3 2017, MHWirth had 1 470 employees.

AKOFS Offshore

AKOFS Offshore reported revenues of NOK 193 million in the third quarter, compared with NOK 190 million in the 2016 third quarter. EBITDA was NOK 62 million in the quarter, compared with NOK 49 million in the same period last year. The order backlog ended at NOK 4.9 billion. The company had 173 employees at the end of the quarter.

Skandi Santos operated at near full utilization during the quarter.

AKOFS Seafarer remained idle during the third 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 mobilizing for the 5+5 year contract with Petrobras in Brazil, which is expected to commence in Q4 2017.

Other Holdings

Other Holdings reported revenues of NOK 142 million in the quarter, with EBITDA of NOK 13 million. Step Oiltools, Cool Sorption and First Geo delivered a total EBITDA of NOK 1 million in the quarter. As a consequence of successful subletting of several of the office leases that Akastor holds after the demerger in 2014, the provision for onerous lease contracts was reduced in the third quarter, with a positive EBITDA effect of NOK 28 million. Total onerous lease provisions for the office buildings in Stavanger, Trondheim, Oslo, Aberdeen and Houston were NOK 340 million as of the third quarter, reflecting expected negative cash flows from these office leases until expiry in 2024.

03. AKASTOR GROUP

Performance
Akastor group's revenues in the third quarter were NOK 1 433 million, while EBITDA in the third quarter was NOK 54 million.

Depreciation, amortization and impairment amounted to NOK 248 million in the quarter, of which NOK 93 million was related to impairment in MHWirth. The impairment was mainly related to internally developed intangible assets and testing facilities that were no longer expected to be fully utilized in MHWirth.

Net financial expenses were NOK 161 million for the quarter, compared with NOK 177 million in the third quarter 2016.

Net tax income was NOK 114 million in the third quarter. 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 third quarter from continuing operations was a loss of NOK 241 million and the total profit for the period was NOK 455 million. Net profit from discontinued operations was positively affected by the accounting gain net after tax of NOK 697 million from the divestment of KOP Surface Products.

Financial position
Net debt was reduced by NOK 908 million in the third quarter to NOK 2 353 million at the end of the period, mainly due to the divestment of KOP Surface Products.

The liquidity reserve at the end of the quarter was approximately NOK 1.6 billion, with cash and bank deposits of NOK 183 million and undrawn committed credit facilities of NOK 1.4 billion.

Net current operating assets for continuing operations were NOK 1 162 million at the end of September, a decrease of NOK 66 million since previous quarter.

Cash flow from operations was negative NOK 155 million in the third quarter. Net Cash flow from investing activities was NOK 887 million in the third quarter, mainly related to the proceeds from the sale of KOP Surface Products.

The equity ratio was 49 percent at the end of the third quarter. Gross debt was NOK 2 536 million at the end of the period.

Related party transactions
Please see note 9 for significant related party transactions that occurred in the third quarter 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 segments in which Akastor operates, remains 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 4.6 billion on October 24, 2017. The company owned 2 776 376 own shares at the end of the quarter.

Fornebu, October 24, 2017
The Board of Directors and CEO of Akastor ASA

AKASTOR GROUP INTERIM FINANCIAL STATEMENTS THIRD QUARTER 2017

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK million	note	Third quarter 2017	Third quarter 2016 (Restated)	First nine months 2017	First nine months 2016 (Restated)	Full year 2016 (Restated)
Operating revenues and other income		**1 433**	1 130	**3 249**	3 686	4 975
Operating expenses		**(1 379)**	(1 035)	**(3 124)**	(3 788)	(4 884)
Operating profit before depreciation, amortization and impairment		**54**	95	**126**	(102)	91
Depreciation and amortization		**(156)**	(186)	**(458)**	(521)	(688)
Impairment		**(93)**	-	**(117)**	(66)	(473)
Operating profit (loss)		**(194)**	(90)	**(449)**	(689)	(1 071)
Net financial items	*7*	**(161)**	(177)	**(554)**	(743)	(1 174)
Profit (loss) before tax		**(355)**	(266)	**(1 003)**	(1 432)	(2 245)
Tax income (expense)		**114**	81	**251**	329	293
Profit (loss) from continuing operations		**(241)**	(185)	**(751)**	(1 103)	(1 953)
Net profit (loss) from discontinued operations	*5*	**696**	25	**1 074**	(256)	670
Profit (loss) for the period		**455**	(160)	**323**	(1 359)	(1 282)
Attributable to:						
Equity holders of Akastor ASA		**455**	(160)	**323**	(1 359)	(1 282)
Basic/diluted earnings (loss) per share (NOK)		**1.68**	(0.59)	**1.19**	(5.01)	(4.73)
Basic/diluted earnings (loss) per share continuing operations (NOK)		**(0.89)**	(0.68)	**(2.77)**	(4.07)	(7.20)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK million	Third quarter 2017	Third quarter 2016	First nine months 2017	First nine months 2016	Full year 2016
Net profit (loss) for the period	**455**	(160)	**323**	(1 359)	(1 282)
Other comprehensive income:					
Cash flow hedges, effective portion of changes in fair value	**62**	(86)	**55**	70	180
Cash flow hedges, reclassification to income statement	**(49)**	178	**(68)**	(420)	(537)
Change in fair value reserve	**6**	-	**23**	-	-
Currency translation differences	**(252)**	(147)	**(275)**	(269)	(81)
Currency translation differences, reclassification to income statement	**(200)**	-	**(227)**	-	(105)
Deferred tax effect	**(3)**	(31)	**3**	69	55
Net items that may be reclassified to profit or loss	**(437)**	(86)	**(489)**	(550)	(488)
Remeasurement gain (loss) net defined benefit liability	**-**	-	**(1)**	(2)	(40)
Deferred tax effect	**-**	-	**-**	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	**18**	(246)	**(167)**	(1 910)	(1 806)
Attributable to:					
Equity holders of Akastor ASA	**18**	(246)	**(167)**	(1 910)	(1 806)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		September 30		December 31
NOK million	*note*	2017	2016	2016
Deferred tax assets		**797**	700	600
Intangible assets		**1 417**	1 800	1 731
Property, plant and equipment		**4 297**	5 768	5 198
Other non-current operating assets		**138**	288	104
Equity-accounted investees and other investments		**598**	204	213
Non-current interest-bearing receivables		**15**	198	51
Total non-current assets		**7 263**	8 957	7 897
Current operating assets	*10*	**3 521**	4 853	4 250
Current interest-bearing receivables		**8**	67	15
Other current assets		**39**	-	-
Cash and cash equivalents		**183**	333	487
Assets classified as held for sale		**-**	2 182	212
Total current assets		**3 751**	7 435	4 964
Total assets		**11 013**	16 392	12 861
Equity attributable to equity holders of Akastor ASA		**5 413**	5 476	5 580
Total equity		**5 413**	5 476	5 580
Deferred tax liabilities		**7**	58	15
Employee benefit obligations		**345**	354	380
Other non-current liabilities and provisions		**347**	398	445
Non-current borrowings	*4*	**2 025**	4 910	1 494
Total non-current liabilities		**2 725**	5 720	2 334
Current operating liabilities and provisions	*10*	**2 365**	3 391	3 209
Current borrowings	*4*	**510**	458	1 560
Liabilities classified as held for sale		**-**	1 346	177
Total current liabilities		**2 875**	5 195	4 947
Total liabilities and equity		**11 013**	16 392	12 861

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

	First nine months		Full year
NOK million	2017	2016	2016
Profit (loss) for the period	**323**	(1 359)	(1 282)
(Profit) loss for the period - discontinued operations	**(1 074)**	256	(670)
Depreciations, amortization and impairment continuing operations	**575**	587	1 162
Other adjustments for non-cash items and changes in operating assets and liabilities	**(588)**	534	662
Net cash from operating activities	**(764)**	18	(129)
Acquisition of property, plant and equipment	**(44)**	(148)	(153)
Payments for capitalized development	**(18)**	(30)	(49)
Proceeds from sale of subsidiaries, net of cash*)	**924**	43	2 382
Acquisition of subsidiaries, net of cash acquired	**-**	(9)	(7)
Cash flow from other investing activities	**(107)**	7	548
Net cash from investing activities	**755**	(137)	2 720
Changes in external borrowings	**(279)**	(109)	(2 624)
Net cash from financing activities	**(279)**	(109)	(2 624)
Effect of exchange rate changes on cash and cash equivalents	**(17)**	(2)	10
Net increase (decrease) in cash and cash equivalents	**(304)**	(230)	(23)
Cash and cash equivalents at the beginning of the period*)	**487**	563	563
Cash and cash equivalents at the end of the period	**183**	333	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	**323**	**(490)**	**(167)**	**(167)**
Equity as of September 30, 2017	**5 092**	**321**	**5 413**	**5 413**
Equity as of January 1, 2016	6 051	1 335	7 386	7 386
Total comprehensive income	(1 359)	(551)	(1 910)	(1 910)
Equity as of September 30, 2016	4 692	784	5 476	5 476

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 nine months ended September 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 0.7 billion under the agreement, with maturity in 2019, are classified as non-current borrowings.

Restructuring

In the third quarter of 2017, restructuring costs of NOK 21 million (NOK 73 million for the first nine months) were recognized as operating expenses, related to workforce reductions in MHWirth.

Impairment loss

Impairment losses of NOK 93 million were recognized for Property, plant and equipment and Intangible assets in the third quarter of 2017 (NOK 117 million for the nine months). The impairment was mainly related to internally developed intangible assets and testing facilities that were no longer expected to be fully utilized in MHWirth.

Onerous lease provision

As a consequence of successful subletting of several of the office leases, the provision for onerous lease contracts was reduced by NOK 28 million in the third quarter. This reversal is recognized as a reduction of operating expenses.

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. On July 27, 2017, Akastor completed the transaction to sell KOP Surface Products to the Weir Group PLC (Weir) for a consideration of USD 114 million on a debt- and cash-free basis. These disposals resulted in an accounting gain before tax of NOK 383 million for Frontica Advantage and NOK 716 million for KOP Surface Products, presented as Net profit from discontinued operations.

Frontica Advantage and KOP Surface Products are classified as discontinued operations and the comparative condensed consolidated income statement has been restated to show the discontinued operations separately from continuing operations. Please refer to note 5 Discontinued operations for more information about the discontinued operations and divestments that were completed in 2016.

Results of discontinued operations

	Third quarter		First nine months		Full year
NOK million	2017	2016	2017	2016	2016
Revenue	**29**	1 143	**201**	3 895	4 951
Expenses	**(23)**	(1 091)	**(198)**	(4 091)	(5 130)
Net financial items	**-**	(2)	**1**	(5)	(3)
Profit (loss) before tax	**6**	50	**4**	(201)	(181)
Income tax	**(8)**	(25)	**(6)**	(54)	(43)
Net profit (loss) from operating activities	**(2)**	25	**(3)**	(256)	(224)
Gain (loss) on sale of discontinued operations	**717**	-	**1 096**	-	968
Income tax on gain (loss) of discontinued operations	**(19)**	-	**(19)**	-	(73)
Net profit (loss) from discontinued operations	**696**	25	**1 074**	(256)	670
Basic/diluted earnings (loss) per share from discontinued operations (NOK)	**2.57**	0.09	**3.96**	(0.94)	2.47

Cash flows from (used in) discontinued operations

	First nine months		Full year
NOK million	2017	2016	2016
Net cash from operating activities	**(43)**	176	(31)
Net cash from investing activities	**922**	-	2 328
Net cash flow from discontinued operations	**878**	176	2 297

Effect of disposal on the financial positions of the group

NOK million	September 30 2017
Deferred tax assets	(54)
Property, plant and equipment	(90)
Intangible assets	(198)
Inventories	(103)
Trade and other receivables	(164)
Other current assets	(46)
Cash and cash equivalents	(86)
Deferred tax liabilities	29
Pension liabilities	23
Trade and other payables	62
Other current liabilities	148
Currency translation reserve	227
Net assets and liabilities	**(254)**
Total consideration at fair value, net of transaction costs	1 354
Consideration received in cash, net of transaction costs	985
Cash and cash equivalents disposed of	(86)
Net cash flow from disposal	**899**

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.

Q3 2017

NOK million	MHWirth	AKOFS Offshore	Other holdings	Eliminations	Total continuing operations
External revenue and other income	1 105	193	135	-	**1 433**
Internal revenue	8	-	7	(15)	**-**
Total revenue	**1 113**	**193**	**142**	**(15)**	**1 433**
Operating profit before depreciation, amortization and impairment (EBITDA)	(21)	62	13	-	**54**
Operating profit (loss) (EBIT)	(160)	(25)	(8)	-	**(194)**
Capital expenditure and R&D capitalization	16	6	7	-	**30**
Cash flow from operating activities	(88)	(38)	(5)	-	**(130)**

Q3 2016 (Restated)

NOK million	MHWirth	AKOFS Offshore	Other holdings	Eliminations	Total continuing operations
External revenue and other income	822	190	118	-	**1 130**
Internal revenue	9	-	18	(27)	**-**
Total revenue	**831**	**190**	**137**	**(27)**	**1 130**
Operating profit before depreciation, amortization and impairment (EBITDA)	91	49	(45)	-	**95**
Operating profit (loss) (EBIT)	23	(45)	(68)	-	**(90)**
Capital expenditure and R&D capitalization	3	28	-	-	**31**
Cash flow from operating activities	113	64	(8)	-	**169**

First nine months 2017

NOK million	MHWirth	AKOFS Offshore	Other holdings	Eliminations	Total continuing operations
External revenue and other income	2 266	566	418	-	**3 249**
Internal revenue	25	-	18	(43)	**-**
Total revenue	**2 291**	**566**	**436**	**(43)**	**3 249**
Operating profit before depreciation, amortization and impairment (EBITDA)	35	133	(42)	-	**126**
Operating profit (loss) (EBIT)	(222)	(119)	(107)	-	**(449)**
Capital expenditure and R&D capitalization	27	25	8	-	**60**
Cash flow from operating activities	(280)	(44)	(226)	-	**(549)**
Net current operating assets (NCOA)	1 086	225	(149)	-	**1 162**
Net capital employed	3 079	3 994	677	-	**7 749**

First nine months 2016 (Restated)

NOK million	MHWirth	AKOFS Offshore	Other holdings	Eliminations	Total continuing operations
External revenue and other income	2 719	491	476	-	**3 686**
Internal revenue	29	-	43	(71)	**-**
Total revenue	**2 748**	**491**	**519**	**(71)**	**3 686**
Operating profit before depreciation, amortization and impairment (EBITDA)	12	119	(233)	-	**(102)**
Operating profit (loss) (EBIT)	(259)	(131)	(299)	-	**(689)**
Capital expenditure and R&D capitalization	28	102	5	-	**135**
Cash flow from operating activities	201	(186)	(173)	-	**(158)**
Net current operating assets (NCOA)	1 393	150	10	-	**1 552**
Net capital employed	3 846	4 880	419	-	**9 144**

NOTE 7 - NET FINANCIAL ITEMS

NOK million	Third quarter 2017	Third quarter 2016 (Restated)	First nine months 2017	First nine months 2016 (Restated)	Full year 2016 (Restated)
Net interest expenses on financial liabilities measured at amortized costs	**(28)**	(46)	**(89)**	(186)	(236)
Financial charges under finance leases	**(63)**	(73)	**(200)**	(219)	(292)
Net foreign exchange gain (loss)	**(60)**	(6)	**(29)**	39	28
Profit (loss) on foreign currency forward contracts	**2**	(12)	**(97)**	(247)	(289)
Profit (loss) from equity accounted investees	**(20)**	(27)	**(143)**	(74)	(214)
Impairment on external receivables	**-**	-	**-**	-	(94)
Loss from disposal of external investments	**-**	-	**-**	(27)	(26)
Other financial expenses	**8**	(12)	**5**	(27)	(50)
Net financial items	**(161)**	(177)	**(554)**	(743)	(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 September 30, 2017	Fair value as of December 31, 2016
Financial assets			
- Other investments	Level 1 / level 3	**585**	121
- Forward foreign exchange contract	Level 2	**100**	269
- Deferred and contingent consideration	Level 3	**138**	103
Financial liabilities			
- Non-current borrowings	Level 2	**(2 030)**	(1 494)
- Current borrowings	Level 2	**(510)**	(1 567)
- Forward foreign exchange contract	Level 2	**(106)**	(301)
- Deferred settlement obligations	Level 3	**(90)**	(116)

NOTE 9 - RELATED PARTIES

All transactions with related parties have been carried out based on arm's length terms. Significant new related party transactions occurred in the third quarter are disclosed below. For detailed descriptions of related party transactions, please refer to note 35 Related parties in Akastor's Annual Report 2016.

Associated company

In September 2017, MHWirth became a shareholder in Electrical Subsea & Drilling AS (ESD) with 20% ownership by transferring certain work-in-progress technologies for new well barrier for BOP. ESD is a privately owned Norwegian company and treated as an associated company to MHWirth. ESD is working on the development and qualification of two drilling technologies; all electric control of Blow Out Preventers (BOP) and a Rotating Control Device for Managed Pressure Drilling. MHWirth and ESD will establish a market and technology partnership.

NOTE 10 - CURRENT OPERATING ASSETS AND LIABILITIES

NOK million	September 30 2017	December 31 2016
Inventories	**573**	1 086
Trade receivables	**1 238**	1 545
Amounts due from customers for construction work	**772**	262
Advances to suppliers	**105**	163
Accrued operating revenue	**112**	176
Current tax assets	**31**	65
Hedge adjustments, assets	**100**	269
Other receivables	**590**	682
Total current operating assets	**3 521**	4 250
Trade payables	**208**	315
Amounts due to customers for construction work, including advances	**1 111**	1 226
Provisions	**262**	354
Current tax liabilities	**30**	63
Hedge adjustments, liabilities	**106**	301
Accrued operating expenses and other liabilities	**648**	951
Total current operating liabilities	**2 365**	3 209

NOTE 11 - Contingencies

A tax audit is ongoing in the South Korea Branch of MHWirth AS. There has been communication with the tax authorities indicating potential disagreement with respect to whether 8 Derrick Equipment Packages that were delivered to the clients outside of Korea are subject to Valued Added Tax (VAT) in Korea. The outcome of these assessments by the tax authorities is currently unknown.

ALTERNATIVE PERFORMANCE MEASURES

Akastor discloses alternative performance measures as a supplement to the consolidated financial statements prepared in accordance with IFRS. Such performance measures are used to provide an enhanced insight into the operating performance, financing abilities and future prospects of the company. These measures are calculated in a consistent and transparent manner and are intended to provide enhanced comparability of the performance from period to period. It is Akastor's experience that these measures are frequently used by securities analysts, investors and other interested parties.

Definitions

EBITDA - Earnings before interest, tax, depreciation and amortization, corresponding to "Operating profit before depreciation, amortization and impairment" in the consolidated income statement.

EBIT - Earnings before interest and tax, corresponding to "Operating profit (loss)" in the consolidated income statement.

Capex and R&D capitalization - a measure of expenditure on PPE or intangible assets that qualify for capitalization

NCOA (Net current operating assets) - a measure of working capital. It is calculated by current operating assets minus current operating liabilities, excluding current assets or liabilities related to hedging.

Net capital employed - a measure 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

Net bank debt - Net debt minus liabilities related to financial lease

Net interesting bearing debt - Net debt minus interest-bearing receivables

Equity ratio - a measure of investment leverage, calculated as total equity divided by total assets at the reporting date

Liquidity reserve - comprises cash and cash equivalents and undrawn committed credit facilities

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

Reconciliations

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

Net current operating assets (NCOA)

NOK million	September 30 2017	December 31 2016
Current operating assets	**3 521**	4 250
Less:		
Current operating liabilities	**2 365**	3 209
Net hedging assets (liabilities)	**(6)**	(32)
NCOA related to discontinued operations	**-**	118
Net current operating assets (continuing operations)	**1 162**	954

Net capital employed (NCE)

NOK million	September 30 2017	December 31 2016
Total non-current assets	**7 263**	7 897
Net current operating assets (NCOA)	**1 162**	954
Other current assets	**39**	-
Less:		
Non-current interest-bearing receivables	**15**	51
Deferred tax liabilities	**7**	15
Employee benefit obligations	**345**	380
Other non-current liabilities	**347**	445
NCE related to discontinued operations	**-**	278
Net capital employed (continuing operations)	**7 749**	7 682

Gross/Net debt/Net bank debt/NIBD

NOK million	September 30 2017	December 31 2016
Non-current borrowings	**2 025**	1 494
Current borrowings	**510**	1 560
Gross debt	**2 536**	3 054
Less:		
Cash and cash equivalents	**183**	487
Net debt	**2 353**	2 567
Less:		
Financial lease liabilities	**1 439**	1 622
Net bank debt	**915**	945
Net debt	**2 353**	2 567
Less:		
Non-current interest-bearing receivables	**15**	51
Current interest-bearing receivables	**8**	15
Net interest-bearing debt (NIBD)	**2 330**	2 501

Equity ratio

NOK million	September 30 2017	December 31 2016
Total equity	**5 413**	5 580
divided by Total assets	**11 013**	12 861
Equity ratio	**49 %**	43 %

Liquidity reserve

NOK million	September 30 2017	December 31 2016
Cash and cash equivalents	**183**	487
Undrawn committed credit facilities	**1 400**	2 600
Liquidity reserve	**1 583**	3 087

Financial Calendar
Fourth quarter results 2017, February 14, 2018.

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