FINANCIAL STATEMENTS
2015

KISTEFOS

Board of Directors' report

The consolidated income statement for 2015 shows a profit after tax of NOK 557 million, an increase of NOK 304 million compared with the previous year. The subsidiary Advanzia Bank S.A. (60.3% owned) which is not included in the consolidated accounts, delivered a profit after tax of NOK 318 million in 2015. During 2015, considerable gains of NOK 1,040 million were realised, following the sale of shares in Phonero and yA Bank. Bulk Invest was also in 2015 impacted by the very weak bulk market and the company reported an adjusted net result of NOK -358 million. Viking Supply Ships AB was impacted by the reduced activity level within oil-related activities and reported a result after tax of NOK -420 million.

The overall value creation of the Group in 2015 was good despite the weak results in Bulk Invest ASA and Viking Supply Ships AB. Both the Group and Kistefos AS further strengthened their balance sheets in 2015. The parent company's interest bearing debt was reduced by NOK 884 million, and the Group's interest bearing debt was also considerably reduced in 2015.

Advanzia Bank S.A. experienced a strong year with positive development in key performance indicators. As of year-end 2015, the company had a total of 526,000 issued credit cards in active use, a growth of 18% from 2014. The bank secured two important strategic B2B agreements and entered the Austrian market. As of year-end 2015, the bank had credit card customers in Luxembourg, Germany, France and Austria. Phonero delivered strong growth and improved financial results in 2015. In November, Phonero was sold to a fund under the management of Norvestor Equity AS. As a result of the sale, Kistefos received a consideration of NOK 758 million for its 57% share in the company. Through a reinvestment of NOK 152 million Kistefos maintained a 20.1% shareholding in Phonero. The challenging market conditions in oil-related activities have a negative impact on Viking Supply Ships' financial position and challenges in relation to the loan agreements. The company is working together with the banks to reach a long-term financial solution. Bulk Invest ASA delivered weak results in 2015, mainly due to the continuing weak dry bulk market as illustrated by a drop in the Baltic Dry Index of 40 % during the year to the lowest level in 30 years.

The Group's operating profit was NOK 560 million in 2015, up NOK 45 million from 2014. A profit of NOK 680 million from the sale of Phonero and an increase of NOK 83 million in Phonero's operating profit contributed to the increase in the operating profit. Viking Supply Ships AB's contribution to the Kistefos Group's operating profit was NOK 44 million after Kistefos Group adjustments, down NOK 500 million from 2014. Bulk Invest reported an operating result of NOK -251 million for 2015, a NOK 212 million reduction from 2014.

The Group's net financial result was NOK 61 million, up NOK 320 million in relation to last year's result of NOK -259 million. Gains from sale of shares amounted to NOK 347 million, which is up NOK 384 million in relation to last year's result of NOK -37 million, and is mainly due to the sale of yA Bank, which generated a gain of NOK 361 million. The Group's interest expenses amounted to NOK -276 million in 2015, down NOK 31 million compared with 2014. Other financial items of NOK -183 million, mainly consist of currency elements, which were reduced by NOK 30 million and is the main reason for the reduction of NOK 32 million in relation to the previous year. This is mainly due to the NOK exchange rate weakening less towards USD and GBP in 2015 than in 2014.

The Group's total assets were reduced by NOK 1,609 million to NOK 8,396 million in 2015. The sale of Phonero and reduced book values of ships in Viking Supply Ships AB contributed to a reduction in assets on the balance sheet. Exchange rate effects have to a certain extent offset this. Other short-term receivables and inventories were reduced by NOK 734 million to NOK 1,150 million and reflects some reduced activity level and working capital. This reduction must be seen in relation to a reduction of NOK 568 million in short-term liabilities. The Group's cash and cash equivalents amount to NOK 980 million, a reduction of NOK 541 million compared to 2014, and the cash position of key group companies is considered acceptable at year-end. At year-end 2015, the Group's long-term interest-bearing debt to credit institutions amounted to NOK 2,565 million, a reduction of NOK 703 million from 2014. The Group's outstanding debt in the bond market was reduced by NOK 619 million, from NOK 1,756 million in 2014 to NOK 1,137 million in 2015.

The parent company's external interest-bearing debt at year-end amounted to NOK 668 million, a reduction of NOK 884 million compared with year-end 2014. The parent company's interest-bearing debt consists only of unsecured bond debt.

Book equity for the Group increased by NOK 280 million to NOK 2,908 million at year-end 2015 based on the net profit for the year, other changes, exchange rate differences and provision for dividend. The Group is considered to have significant values beyond the book values.

At year-end 2015, the parent company's book equity amounted to NOK 2,472 million (NOK 1,874 million), equivalent to 59 % (47%) of total assets.

Kistefos AS had total assets of NOK 4,187 million at year end 2015, an increase of NOK 176 million compared to 2014. The parent company generated a profit after tax of NOK 873 million in 2015 resulting from profit from the sale of investments, dividends (mainly from Advanzia) and group contributions from subsidiaries. Income from subsidiaries of NOK 955 million consisted mainly of gain from the sale of Phonero and group contribution from Opplysningen 1881. Realised net gains on sale of shares and other financial instruments amounted to NOK 310 million, with the main item being the gain on the sale of yA Bank. The book value of Bulk Invest ASA was written down by NOK -262 million in Kistefos AS due to the negative development of Bulk Invest's share price. The parent company's external interest expenses were reduced from NOK 132 million in 2014 to NOK 111 million in 2015.

The parent company's cash position at year-end was good. There were no research and development activity in the parent company in 2015. Those subsidiaries that engage in this type of activity have described it in their respective annual reports.

The Group is exposed to various types of risk. In addition to the inherent market risk associated with each company and project, there are also other operational and financial risks associated with the Group's activities. The Group is exposed to currency risk in connection with its operations and ownership positions, and it hedges its operational activities against exchange rate fluctuations where this is deemed appropriate. The Group seeks to maintain a long term, currency neutral position in that the Group's liabilities are in various foreign currencies that reflect the income in the various currencies over time. There is an inherent risk linked to the Group's short-term and long-term liquidity, and the Group's Board of Directors focuses on ensuring that liquidity is satisfactory at all times. The focus on liquidity by the Group's board is important in today's dynamic financial market and is intended to ensure that the company and the Group are able to meet their financial obligations, as well as to ensure that the Group is able to have an opportunistic approach if and when interesting opportunities materialise.

The Group is also exposed to interest rate fluctuations as the Group's liabilities are subject to floating interest rates. The risk of counterparties not having the financial capacity to meet their payment obligations is deemed to be low in the offshore segment, but is, relatively higher in the shipping segment. The Group's Board and management are actively following up those parts of the business that are exposed to risk.

Group companies

VIKING SUPPLY SHIPS AB, SWEDEN (OWNED 70.4%)
The turnover of VSS AB was reduced from NOK 2,929 million in 2014 to NOK 1,890 million in 2015 due to a significant weakening of the market for offshore services and a significant decline in the group's shipping activities. VSS recorded a result after tax of NOK -420 million in 2015, which was significantly down from a profit of NOK 183 million in 2014. This was a result of the lower turnover and the write-down of the PSV fleet by NOK 267 million caused by the very weak market conditions within the offshore segment. The Group's total assets were reduced from NOK 5,030 million at year-end 2014 to NOK 4,293 million at year-end 2015. The book equity was reduced from NOK 1,960 million to NOK 1,452 million at the end of 2015.

In 2015, the company changed name to Viking Supply Ships AB (VSS AB). VSS AB has five segments. The AHTS segment consists of three combined anchor handling tug supply (AHTS) and ice breaking vessels, four ice class AHTS vessels and one conventional AHTS vessel. The PSV segment consists of five platform supply vessels (PSVs) without ice-class. The two segments Services and Ship Management offer Ice Management and logistics services, respectively, for offshore operations in Arctic regions and manage five icebreakers for the Swedish Maritime Administration. The TransAtlantic AB segment offers dry bulk and logistics-services in the Baltic Sea and is in the process of significantly downscaling the activity.

For most of the year, Viking Supply Ships A/S (VSS A/S) had four AHTS vessels employed on long-term contracts in areas of ice and harsh environment and, also had four vessels operating in the North Sea spot market. All five PSV vessels have operated in the North Sea spot market in 2015.

Turnover from the offshore activities was NOK 1,069 million in 2015, a reduction from NOK 1,741 million in 2014. EBITDA was reduced to NOK 280 million, compared with NOK 718 million in 2014. The reduction is due to the decline in the market for offshore supply services in 2015 resulting from the dramatic reduction in oil prices that led oil companies globally to reduce their investments. VSS A/S' turnover was further reduced by a reduction in Services revenue in 2015. The offshore activities had a result before tax of NOK -336 million, compared with a profit before tax of NOK 307 million in 2014. The result for 2015 includes a NOK 267 million write-down of the PSV fleet.

Based on the challenging market, VSS A/S has initiated and implemented extensive cost reduction initiatives and the company aims to reduce annual costs by at least NOK 150 million. General payroll and administration expenses have been considerably reduced. The office in Aberdeen which formerly administered the PSV fleet was closed down with effect from July, and further initiatives included change of crews on the whole PSV fleet and decisions were made in September and November to lay up three of the five PSVs as well as the AHTS vessel Odin Viking. The remaining two PSVs were laid up in March 2016.

As a result of the challenging market-conditions VSS A/S experienced difficulties to meet covenants related to contract coverage and "loan to value" in some of its loan agreements in 2015. Following a standstill agreement with the banks and other creditors of February 2016, VSS A/S and the banks have, in May 2016, negotiated a long-term financing solution. The financing solution is still subject to approval by two other creditor groups as well as an equity issue, partly guaranteed by Kistefos AS, before final approval and establishment of new agreements. The solution, when established, will imply that VSS A/S expect to have sufficient liquidity to maintain operations even if the market should remain weak until 2020. Based on this assumption, the annual accounts for VSS AB and VSS A/S is prepared based on the assumption of a going concern. In a scenario where the going concern assumption is not valid, Kistefos would have to re-assess the book value of the VSS shares which could potentially lead to significant write downs. The VSS shares are not debt financed, but potential write-downs or losses would, on a stand-alone basis, reduce the book equity of the parent company and the Group. For a further description of the situation in the VSS group, please see the description in VSS' annual accounts for 2015

During 2015, TransAtlantic has taken further steps to restructure its operations. This includes significantly downscaling through the sale of the Container and Ship Management operations, and through the sale and disposal of vessels. TransAtlantic had a turnover of SEK 863 million in 2015, which was SEK 376 million down from the previous year's turnover of SEK 1,239 million. The EBITDA was SEK -25 million in 2015, an improvement of SEK 80 million compared with 2014. At the start of 2016, TransAtlantic operates a fleet of 13 vessels, including 4 wholly-owned vessels. The company will in 2016 continue to downscale the activity.

BULK INVEST ASA, OSLO (OWNED 60.4%)
Bulk Invest had operating revenues of USD 1,032 million in 2015, down 21% from 2014. The drop in revenue was mainly a result of

lower rates than 2014 in large periods of the year and fewer vessels in operation. The adjusted net result amounted to USD -41.7 million in 2015 compared with a result of USD -11.8 million the year before. The result for 2015 includes write-downs of USD 9 million.

Western Bulk Chartering AS (100% owned by the Kistefos Group from February 2016) consists of seven business units located in Oslo, Singapore, Seattle, Santiago and Miami. The company is one of the world's leading operators of dry bulk vessels focusing mainly on the Supramax/Ultramax segment, but it also operates Handysize tonnage.

In 2015, the market rates have continued to drop from the low levels at the end of 2014 and the dry bulk indices have reached new all-time low levels during 2015. The drop in rates was primarily due to the growth of the fleet exceeding the growth in demand for dry bulk vessels. Even though a considerable number of vessels were scrapped during the year, the supply growth was too large.

The rates for Supramax vessels were approximately USD 4,700 at the end of 2015, compared with USD 8,400 at the end of 2014, a reduction of 44%. However, the net margin has developed favorably from 2014 to 2015, due to Western Bulk Chartering returning to a market neutral position after being long on tonnage at the beginning of the year.

After a recapitalisation plan was established in the third quarter to strengthen the financial position of the company, the company experienced a dramatic drop in liquidity combined with a further decline in the market at the beginning of 2016.

The company's Board was therefore required to initiate a process to protect the assets of the company. Against this background, the board concluded that the only possible solution to secure immediate liquidity to the company was to sell the company's shares in Western Bulk Chartering. The Kistefos Group had the best offer, and on February 1, 2016, following a competitive bidding process with external parties the Group was approved to purchase the shares.

On 10 February, Western Bulk changed its name to Bulk Invest ASA. During February and early March, Bulk Invest ASA's board and management worked intensively to reach a settlement with the company's creditors. However, when one of the major Japanese trading houses proved unwilling to contribute to a proposed restructuring plan for the company, the board of directors came to the conclusion that there was no longer a basis for continued operations and, on 3 March, it decided to file a petition for bankruptcy.

Kistefos intend to offer other shareholders of Bulk Invest ASA as of 25 February 2016 the opportunity to acquire shares in the holding company of Western Bulk Chartering AS. Until the situation related to the potential legal proceedings has been resolved, Kistefos finds it reckless to offer any shareholders the opportunity to acquire shares in the holding company.

OPPLYSNINGEN 1881 AS, OSLO (OWNED 100%)

Opplysningen 1881 AS' operating revenues amounted to NOK 291 million in 2015, down NOK 52 million compared to 2014 as a result of the drop in volume. EBITDA was NOK 94 million in 2015, a reduction of NOK 18 million compared with 2014.

Opplysningen 1881 is Norway's leading directory service. As expected and in line with previous years, there was a decline in the volume of directory services in 2015, both for voice and SMS services. Opplysningen 1881 succeeded in increasing its revenues in new service areas, which made up for some of the decline in the volume of the core services. The launch of a new paid iPhone application in May 2015 was particularly successful.

As a step in the development of enquiry services for the future and to make up for the decline in the company's core business, the company has continued to focus on Opplysningen Eksperthjelp (expert services), where lawyers, doctors and veterinarians provide advice by telephone.

KISTEFOS EIENDOM AS (OWNED 100%)

Bergmoen AS and Gardermoen Forum AS (both owned 57.4% by Kistefos Eiendom) are the largest players in the Gardermoen Business Park, a development area for commercial properties located between E6 and Oslo Airport Gardermoen. Bergmoen and Gardermoen Forum own and develop around 850 decares of land in Gardermoen Airport Business Park. Bergmoen has made significant investments in new infrastructure to prepare its land areas for future developments and the positive interest in the area is increasing. From 2011–2015, the company sold several properties to Coop, which has established their warehouse for the south east of Norway within the Business Park.

In December 2015, the counties of Oslo and Akershus approved a new overall land- and transportation plan that will regulate the strong growth that is expected in the area over the next 20-30 years. The plan describes Gardermoen Business Park as a particularly important area for future industrial development.

Bergmoen has established a strategic partnership with the international logistics and property development company Prologis, for the development of warehouses in the business park. The company is also actively pursuing the development of facilities for the office, hotel, conference segments and buildings for combined use. We expect considerable interest from market participants as well as increased investment activity going forward.

Other non-consolidated companies

ADVANZIA BANK S.A., LUXEMBOURG (OWNED 60.3%)

Advanzia Bank S.A.s total net revenues for 2015 amounted to EUR 115.9 million, an increase of 14% compared with 2014. The profit after losses and tax was EUR 35.6 million, which represents an increase of 29% compared with 2014. Advanzia's return on equity was 47.5% in 2015, up from 39.5% in 2014.

Advanzia is a Luxembourg-based internet bank without branches. Advanzia offers three main products: no-fee MasterCards, high-interest deposit accounts and operation of credit card programmes on behalf of other banks. Towards the end of 2015, Advanzia launched its credit card in Austria, and the company now offers credit cards in four countries: Germany, Luxembourg, France and Austria. Advanzia has for a long time entered into partnership agreements with corporations under which the bank operates credit cards in the partner's name. In 2015, the bank experienced a breakthrough in this segment, with two new strategic contracts with a potentially substantial customer volume in the German market.

At year-end 2015, Advanzia had 526,000 cards that were in active use, corresponding to an increase of 18% compared with 2014. Loans to customers after provisions for bad debts was EUR 732 million at year-end, an increase of 21%. Advanzia also offers high-interest deposit accounts, and at year end 2015, the bank had 22,400 deposit customers with a total balance of EUR 791 million, an increase of EUR 140 million compared with 2014.

The capital ratio (Tier 1) was 15% at year-end 2015, including the result for the year. Advanzia has in 2015 successfully placed a subordinated loan, qualifying as alternative Tier 1 (AT1) capital, for a total amount of NOK 85 million in order to optimize its capital structure. The bank has in 2015 distributed EUR 15.9 million in dividends to its shareholders.

PHONERO AS, KRISTIANSAND (OWNED 20.1%)
Phonero AS operates as a virtual operator in the Norwegian business market for mobile and fixed telephony. The company has a broad product portfolio and provides solutions that ranges from web-based switchboard solutions to IP telephony, focusing mainly on mobile telephony. Essential to the company's business philosophy and strategy is the high level of service, focus on customer satisfaction and efficient distribution. In 2014, Phonero acquired its competitor Ventelo, and by this became the largest competitor to Telenor in the business market for mobile telephony. The merged company had approximately 250,000 subscribers at year end 2014.

In November 2015, it was announced that Kistefos had entered into an agreement for sale of its 57% stake in Phonero AS to a fund managed by Norvestor Equity AS. Kistefos received a total consideration of NOK 758 million for the sale of its ownership share in the company, which, for accounting purposes, resulted in a gain of NOK 680 million. Through a reinvestment of NOK 152 million, Kistefos now owns 20.1% of the company.

The company grew further in 2015, to having more than 30,000 customers and more than 275,000 active SIM-cards. In 2015, the company achieved a turnover of NOK 1,104 million and an EBITDA (adjusted for transaction costs) of NOK 228 million.

Following the sale of our ownership share in Phonero, the company is no longer consolidated into the Kistefos Group accounts from December 2015.

ATEX GROUP LTD., UK (OWNED 85.3%)
Atex had operating revenues of USD 24.1 million in 2015 (USD 31.6 million), and an EBITDA of USD 3.3 million, an increase from USD 0.3 million in 2014. The reduction in operating revenues is mainly due to currency exchange, since the company reports in USD, while the majority of its revenues are in EUR, GBP and AUD. The improvement of the EBITDA is a result of the considerable restructuring made in 2014.

Atex Group Ltd. is a leading international provider of software and solutions for the media industry. The company's main business areas covers web and print content management systems together with advertising systems.

Following its reorganisation in 2014, the company achieved a positive EBITDA in 2015. The company is increasingly focusing on sales and the development of new products for a market that is still being restructured to facilitate the transition from traditional printing (e.g. newspapers) to digital media.

In 2016, the focus will shift further to new sales, product development and achieving growth in the digital media segment.

INFRONT AS, OSLO (OWNED 27.7%)
Infront's revenues increased by NOK 11 million, from NOK 182 million in 2014 to NOK 193 million in 2015. Profit before tax was reduced from NOK 10.6 million in 2014 to NOK 5.5 million in 2015, mainly due to increased expenses following the establishing of the London-office, as well as negative currency exchange effects.

Infront AS provides real-time solutions for information and trading in shares and other financial instruments. The company's core product, the Infront Terminal, is a market leader in the Nordic countries, and is in the process of establishing a strong foothold in other selected markets.

ALLIANCE VENTURE
Alliance Venture's head office in Oslo manages the two funds Alliance Venture Polaris and Alliance Venture Spring in which Kistefos is a leading investor.

Alliance Venture Polaris was established in 2006 with a total of NOK 339 million under management, of which NOK 167 million was structured as a loan from Innovation Norway. The fund is almost fully invested and there is more focus on realisation of the portfolio than on new investments. Kistefos has invested a total of approximately NOK 30 million in the fund and 100% of the committed amount had been paid in at year end.

Alliance Venture Spring was formally established in 2014 as one of two nation-wide seed capital funds that received a total of NOK 250 million in funding from Innovation Norway. As the largest private shareholder, Kistefos has subscribed for another NOK 260 million together with other investors, so that the fund now has a total of NOK 510 million under management. Kistefos has committed NOK 25 million, and 20% of the committed amount had been paid in at year end.

Organisation and environment
A total of 1,303 full-time equivalents were employed by the Kistefos Group and the portfolio companies at year-end 2015. The parent company's head office is in Oslo. The Group runs a global business.

The parent company employed 13 full-time equivalents at the end of the year, 3 women and 10 men. Kistefos has a good working environment. There were 20 days of absence due to illness (0.6%) in the parent company in 2015. No injuries or accidents have been reported by the Group or the parent company in 2015.

The Group seeks to provide men and women with equal opportunities related to competence-development, compensation and career opportunities. The Group practises a non-discriminating personnel and recruitment policy. The parent company and Group practise equal treatment in connection with recruitment and seek to achieve gender balance. The Kistefos Group has prepared a code of conduct that, among other things, describes applicable guidelines for preventing discrimination and for ensuring that the work is adapted to accommodate particular needs.

Kistefos does not engage in polluting activities of any significant extent. However, the Group has holdings in enterprises where there may be potential sources of pollution. The respective boards of these companies are responsible for ensuring that their activities are conducted responsibly and in accordance with existing guidelines in order to prevent and limit emissions to the natural environment.

Material events after the balance sheet date, going concern assumption

The Kistefos Group acquired Western Bulk Chartering AS on February 1, 2016.

Bulk Invest ASA filed a petition for bankruptcy on 3 March 2016. Kistefos' loss following the bankruptcy will be allocated to the 2016 accounts with an estimated loss of approximately NOK 290 million in the Group accounts and NOK 135 million in the parent company's accounts.

The annual financial statements have been prepared on the assumption that the Group is a going concern. The Board confirms that the basis for making such an assumption exists.

Future outlook

The positive development is expected to continue in Advanzia Bank S.A., with growth in the number of active customers, revenues and result in 2016, but the growth in net results is expected to be somewhat lower than 2015 due to significant investments in future growth. The entry into the Austrian market is already showing a positive development and France is developing in the right direction to become profitable within a few years. We expect that the B2B agreements in Germany, in the future will strengthen the bank's customer base and positive development considerably.

Western Bulk Chartering will focus on delivering positive results in a very weak dry bulk market. The company is naturally affected by the bankruptcy in Bulk Invest ASA, and we expect 2016 to be a challenging year.

Viking Supply Ships A/S has six vessels in lay-up due to the weak market conditions. The company is expected to continue to deliver weak financial results as it is anticipated that the offshore supply market will continue to be challenging as a result of the reduced level of activity in the oil and gas industry. Focus will be on winning new contracts while making continuous efforts to reduce the costs base. Based on the long-term solution being negotiated with the company's creditors, the company has a good financial basis for meeting a continuous very challenging market.

Opplysningen 1881 and Phonero is expected to continue to deliver good results.

Infront is expected to continue the positive development and further strengthen it's strategic position. The news service, TDN Finans, was acquired in 2016 and additional acquisitions are expected.

Kappa is expected to further grow organically and to do aquisitions both upward and downward in the value chain in order to further strengthen their product development and distribution capabilities.

As owner of extensive industrial development areas near Oslo Airport Gardermoen, Bergmoen AS will hopefully realise one or more projects in the course of the year. Work is still in progress to reach agreement with public authorities about local road junctions and road solutions.

Based on the current market conditions we expect the Group's ordinary operations to deliver acceptable results in 2016.

Allocation of the profit for the year

The board proposes that the parent company's profit for the year be allocated as follows (in NOK million):

Profit for the year	872,891
Provision for dividend	278,000
To be transferred to other equity	594,891
Total allocations	**872,891**

The board proposes a group contribution of NOK 33.4 million to subsidiaries.

Oslo, 1 June 2016
The Board of Directors of Kistefos AS

Christen Sveaas
Chair of the Board

Erik Wahlstrøm
Board member

Ragnhild Wiborg
Board member

Martin Reimers
Board member

Tom Ruud
Board member

Bengt A. Rem
Managing Director

PROFIT AND LOSS STATEMENT

January 1 - December 31

PARENT COMPANY				GROUP	
2014	2015	(Amounts in NOK 000s)	Note	2015	2014
		OPERATING INCOME			
0	0	Freight revenues ships		10,198,606	10,745,342
0	0	Sales revenue		1,308,642	947,755
0	0	Gain (loss) on disposal of fixed assets	11	682,419	10,321
8,423	2,225	Other operating income		51,627	416,508
8,423	**2,225**	**Total operating income**	**1**	**12,241,294**	**12,119,926**
		OPERATING EXPENSES			
0	0	Cost of goods sold		667,114	429,655
47,444	55,720	Wages and salaries	3	575,538	533,716
0	0	Operating expenses ships		9,633,242	10,037,605
72	574	Depreciation and write-downs of fixed and intangible assets	4	412,727	198,965
28,837	32,940	Other operating expenses	3	392,565	405,312
76,354	**89,235**	**Total operating expenses**		**11,681,185**	**11,605,253**
(67,931)	**(87,010)**	**OPERATING RESULT**		**560,109**	**514,673**
		FINANCIAL INCOME AND EXPENSES			
160,733	954,648	Income from group companies and associated companies		(51,308)	(4,943)
20,211	2,950	Interest received from group companies		191	0
3,472	3,027	Other interest received		23,728	17,575
36,616	310,213	Gain on shares and other financial instruments		347,101	(37,326)
198,199	99,245	Other financial income	2	203,406	285,863
(660)	(296,826)	Change in value of shares and other financial instruments		(2,352)	2,801
(12,734)	(12,318)	Interest paid to group companies		0	0
(131,885)	(110,717)	Other interest expenses		(276,295)	(307,360)
(7,854)	(8,406)	Other financial expenses	2	(183,261)	(215,621)
266,098	**941,816**	**Net financial income / (expenses)**		**61,209**	**(259,010)**
198,167	**854,807**	**Operating result before taxes**		**621,318**	**255,662**
22,136	18,085	Taxes	7	(64,001)	(2,787)
220,303	**872,891**	**NET INCOME**		**557,317**	**252,875**
		Minority's share of net income		(183,770)	24,612
		Majority's share of net income		741,087	228,263

BALANCE SHEET

As per December 31

PARENT COMPANY				GROUP	
2014	2015	(Amounts in NOK 000s)	Note	2015	2014
		ASSETS			
		FIXED ASSETS			
2,421	6,607	Deferred tax assets		25,447	68,225
0	0	Goodwill		(36,112)	69,132
0	0	Other intangible assets		343,322	595,279
2,421	**6,607**	**Total intangible assets**	4	**332,658**	**732,636**
0	0	Property and real estate		458,838	366,219
0	0	Ships, PSV and AHTS		3,494,338	3,602,062
0	0	Ship, Shipping		140,767	76,888
0	0	Ships, Bulk carriers		119,600	157,405
219	4,215	Operating equipment, FF&E, machines etc.		8,606	28,864
219	**4,215**	**Total tangible fixed assets**	4	**4,222,149**	**4,231,438**
2,585,603	2,309,155	Investments in subsidiaries	5	0	0
167,517	47,295	Loans to group companies		60,192	14,494
0	0	Investments in associated companies	5	65,569	95,470
0	0	Restricted bank deposits		176,209	134,037
26,770	8,631	Other long-term receivables	3	416,680	280,429
2,779,890	**2,365,081**	**Total financial fixed assets**		**718,649**	**524,430**
2,782,529	**2,375,903**	**Total fixed assets**		**5,273,456**	**5,488,504**
		CURRENT ASSETS			
0	0	Goods for sale		72,881	65,160
6,649	6,805	Accounts receivable		392,764	840,343
114,309	773,655	Loans to group companies		11,670	19,633
13,166	163,534	Other receivables		672,901	959,280
134,124	**943,994**	**Total receivables**		**1,150,217**	**1,884,416**
827,364	580,022	Shares and other financial instruments	6	992,981	1,110,837
266,641	287,353	Cash and cash equivalents	9	979,657	1,521,345
1,228,129	**1,811,369**	**Total current assets**		**3,122,856**	**4,516,598**
4,010,658	**4,187,272**	**TOTAL ASSETS**		**8,396,312**	**10,005,102**

BALANCE SHEET

As per December 31

PARENT COMPANY				GROUP	
2014	2015	(Amounts in NOK 000s)	Note	2015	2014
		EQUITY AND LIABILITIES			
		EQUITY			
		Restricted Equity			
310,828	310,828	Share capital		310,828	310,828
77,508	77,508	Other Restricted Equity		77,508	77,508
		Retained earnings			
1,485,726	2,083,438	Other Equity		1,814,143	1,227,164
		Minority interests		705,537	1,012,546
1,874,062	**2,471,774**	**Total Equity**	8	**2,908,016**	**2,628,046**
		LONG TERM LIABILITIES			
0	0	Deferred taxes	7	133,341	174,343
4,952	1,578	Pension liabilities	3	35,936	51,744
292,204	0	Liabilities to financial institutions	9	2,564,856	3,268,087
306,523	633,471	Liabilities to group companies		0	0
1,259,500	667,500	Unsecured bond-loans	9	1,136,605	1,756,077
0	0	Other long-term liabilities		199,200	140,806
1,863,179	**1,302,548**	**Total other long-term liabilities**		**4 069 938**	**5,391,057**
		SHORT TERM LIABILITIES			
0	0	Liabilities to financial institutions	9	0	148,883
1,747	956	Trade creditors		190,484	535,433
0	0	Taxes payable	7	16,549	15,155
2,493	3,397	Government taxes, holiday pay, tax deductions		28,138	48,146
46,970	33,458	Liabilities to group companies		0	7,942
125,000	278,000	Provision for dividend		278,000	125,000
97,207	97,138	Other short-term liabilities		905,189	1,105,440
273,417	**412,950**	**Total short-term liabilities**		**1,418,359**	**1,985,999**
2,136,596	**1,715,498**	**Total liabilities**		**5,488,298**	**7,377,055**
4,010,658	**4,187,272**	**TOTAL EQUITY AND LIABILITIES**		**8,396,312**	**10,005,102**

Oslo, 1 June 2016
The Board of Directors of Kistefos AS

Christen Sveaas
Chair of the Board

Erik Wahlstrøm
Board member

Ragnhild Wiborg
Board member

Martin Reimers
Board member

Tom Ruud
Board member

Bengt A. Rem
Managing Director

CASHFLOW STATEMENT

PARENT COMPANY			GROUP	
2014	**2015**	(Amounts in NOK 000s)	**2015**	**2014**
		CASH FLOW FROM OPERATIONAL ACTIVITIES		
198,167	854,807	Pre-tax profit	621,318	255,662
72	574	Depreciations	412,727	198,965
0	0	Gain from sale of fixed assets	(682,419)	(10,321)
(36,616)	(310,213)	Net gain on sale of shares and other financial instruments	(347,101)	37,326
(1,037)	(156)	Change in accounts receivables	447,578	(136,798)
474	(791)	Change in accounts payables	(344,949)	218,663
(99,627)	(954,648)	Income from subsidiaries and associated companies	51,308	4,943
11,458	0	Accrued dividend	0	0
660	296,826	Change in value of shares and other financial instruments	2,352	(2,801)
(3,923)	7,761	Change in other receivables and other liabilities	(50,162)	2,269
69,628	**(105,840)**	**A = Net cash flow from operating activities**	**110,652**	**567,908**
		CASH FLOW FROM INVESTMENT ACTIVITIES		
0	0	Reduction/increase operating equipment, FF&E, building/real estate etc.	(42,474)	(41,452)
0	0	Reduction/(increase) ships	(218,890)	(425,169)
0	0	Reduction/(increase) other immaterial assets	573,206	(400,462)
(50)	(50)	Reduction/(increase) barges	29,901	(90,612)
(37,184)	353,311	Reduction/(increase) shares and other financial instruments	223,824	(53,190)
0	0	Reduction/(increase) investments in subsidiaries/associated companies	(42,172)	(70,657)
0	18,139	Change in other long-term receivables	(136,250)	(48,874)
0		Change in restricted bank deposits	500,377	0
(220,848)	59,329	Change in receivables to group companies	(37,735)	(21,124)
(258,082)	**430,729**	**B = Net cash flow from investment activities**	**849,787**	**(1,151,540)**
		CASH FLOW FROM FINANCING ACTIVITIES		
(205,475)	(292,204)	Increase/(reduction) liabilities to financial institutions	(703,231)	402,984
318,000	(592,000)	Increase/(reduction) unsecured bond loan	(619,472)	58,594
86,001	104,728	Increase/(reduction) other long-term liabilities	(129,700)	330,569
0	(125,000)	Capital increase/(dividend)	(152,374)	11,308
(30,940)	600,299	Reduction / (Increase) in loan to group companies	(7,942)	7,942
167,586	**(304,177)**	**C = Net cash flow from financing activities**	**(1,612,718)**	**811,396**
		OTHER CHANGES		
0	0	Dividends from de-consolidated companies	50,994	0
0	0	Other changes, accounting principles, and currency fluctuations	59,601	(98,081)
0	**0**	**D = Net other changes**	**110,595**	**(98,081)**
(20,868)	20,713	A+B+C+D = Net change in bank deposits and cash	(541,685)	129,683
287,509	266,641	Bank deposits and cash as per 1 January	1,521,344	1,391,663
266,641	**287,353**	**Bank deposits and cash as per 31 December**	**979,657**	**1,521,344**

ACCOUNTING PRINCIPLES

These financial statements are presented in accordance with the Norwegian Accounting Act and generally accepted accounting practices in Norway.

This description of accounting principles is limited to descriptions that are mandatory in accordance with the accounting act or accounting standards, and which are necessary to evaluate the accounts and are not explicitly described in the accounts or notes, and descriptions where the accounting act or accounting standards have optionality in regards of accounting principles.

Consolidation principles

The consolidated financial statements include the parent company Kistefos AS and companies in which it holds a controlling interest, directly or indirectly, regardless of how they are incorporated. These consolidated financial statements have been prepared in accordance with uniform principles that apply to the entire Group. Intragroup transactions, profits, receivables and payables have been eliminated. The cost of shares and interests in subsidiaries has been eliminated in the consolidated financial statements against the shareholders' equity in the subsidiary companies at the time of establishment or purchase (the acquisition method). Excess values are distributed across the assets to which the excess values refer and are depreciated or amortised over the assumed life of the assets. Excess values that cannot be attributed to tangible or intangible assets are classified as goodwill and amortised. Goodwill is recognized in the balance sheet only with the majoritys share.

Minority interests are recognised as a separate item in the profit and loss statement and on the balance sheet. The minority's share of the profit is calculated on the basis of the subsidiary's profit after tax. On the balance sheet, minority interests are calculated as a share of the subsidiary's equity before intragroup eliminations.

When foreign subsidiaries are consolidated, balance sheet items are translated at the exchange rate on the balance sheet date. Profit/loss items are translated at the average exchange rate for the year. Translation differences are entered directly against the Group's equity.

Valuation and classification of assets and liabilities

The first annual instalment on long-term liabilities is included under long-term liabilities.

Assets and liabilities in foreign currency

Balance sheet items in foreign currency that are not hedged against exchange rate fluctuations are valued at the exchange rate on the balance sheet date

Transactions in foreign currency are converted at the exchange rate on the date of the transaction.

Financial instruments

Financial instruments are recognised in the financial statements in accordance with the intention behind the conclusion of the agreements. Agreements are defined as either hedging transactions or trades upon conclusion.

Financial instruments in the Group are derivatives linked to cargo, bunkers and exchange and interest rates. The derivatives are intended to hedge cash flows and future results. Gains/losses on financial hedging instruments are recognised at the same time as the effect of the hedged objects on the profit and loss statement.

Intangible assets

Costs from the maintenance of operating systems developed in-house are recognised as they are incurred. Development costs that are directly traceable to the design and testing of an identifiable and unique operating system that is controlled by the Group are recognised on the balance sheet as an intangible asset when certain criteria are met.

Fixed assets

Adaptions in leased premises are depreciated over the lease-contract period.

Subsidiaries, associated companies and joint ventures

Subsidiaries and associated companies are included in the parent company using the cost method.

Investments in companies in which the participants exercise joint control pursuant to agreement are recognised using the proportionate consolidation method

Write-down of fixed assets

In those cases in which the recoverable amount (higher of the utility value and sales value) of a fixed asset is lower than the recognised value, the asset is written down to the recoverable amount. The write-down is reversed if the basis for the write-down no longer exists.

Bunkers and other inventories

Bunkers and other holdings are recognised on the balance sheet under other current assets. The holdings are valued at whichever is the lower of their cost price and their fair value.

Shares, stocks and other financial instruments

Financially motivated investments in shares and other financial instruments are classified as current assets and are valued according to the portfolio principle. The total portfolio is valued and the value adjusted if the total holding has a value lower than the acquisition cost. The acquisition cost is allocated based on average acquisition prices.

Short-term investments in companies in which the Group holds more than a 50% ownership interest are not consolidated if the objective of the investments is to dispose of all or parts of the individual investment after restructuring and development has been completed as planned. This complies with generally accepted accounting principles, which stipulate that such investments are by their nature temporary and therefore should be recognised under current assets.

Provisions are made for dividends on shares and these are recognised as income when it is deemed probable that the dividend will be approved by the general meeting

For the bulk operations, a writedown is made in case the total market value of its leases, freight and freight/bunkers-derivatives are negative. If the negative value exceeds the assets in the balance sheet, a provision is made for the excess value.

Lease commitments

All material leasing commitments are classified as operational leasing. Leasing expenses are classified as ordinary operating expenses.

Revenue recognition principles

Sales are recognised in the profit and loss account when revenues can be reliably measured, it is probable that economic benefits will flow to the Group, and special criteria associated with the various forms of sale mentioned below are met. The Group bases the estimates for recognising revenues on historical figures, assessments of the type of customer and transaction, and any special circumstances associated with the individual transaction.

Interest income and other financial income are recognized in the profit and loss as they are earned.

Offshore og shipping

Income contingent upon travelling and expenses from offshore and shipping activities are accrued based on the number of days of the travel before and after year-end. Freight revenues on a bareboat basis are treated as freight revenues

Telecom

Customers are billed by the telecommunications operators (the operators) via their ordinary telephone bill. The Group bills the operators. Earned revenues that have not been billed are presented as accounts receivable. Revenues are measured at fair value from the fee received from operators, i.e. net after the operator's share and not at the fair value of the fee paid by the end customer

In the case of manual number information, the service is deemed to have been delivered when the phone call is completed.

Revenues from telephony consists mainly of traffic-revenues from the fixed and mobile net, as well as subscription and sign-up revenues. Traffic-revenues are recognized in accordance with actual traffic in the period. Subscription-fees are recognized over the subscription period. Sign-on fees are recognized on time of sign-on.

Maintenance and classification expenses

Periodic maintenance and docking of vessels are recognised on the balance sheet over the period up to the next periodic maintenance. Actual expenses from running maintenance are charged against operating income when maintenance takes place.

NOTES TO THE ACCOUNTS

Amounts in NOK 000s

NOTE 1 – BUSINESS AREAS

	Kistefos shipping		Kistefos Offshore
	Bulk	Industrial shipping	AHTS/PSV
Operating revenues 2014	8,222,662	1,185,932	1,742,785
Operating revenues 2015	8,321,568	856,595	1,069,419

	Real Estate	IT/Telecom	Other	Group
Operating revenues 2014	11,454	940,084	17,009	12,119,926
Operating revenues 2015	6,298	1,980,022	7,391	12,241,294

Operating revenues by geographical areas	**2015**	**2014**
Nordic region	3,099,368	3,028,248
Rest of Europe	2,484,686	3,031,931
North America	1,169,367	1,064,966
Rest of the world	5,487,874	4,994,781
Total	**12 241 294**	**12,119,926**

NOTE 2 – OTHER FINANCIAL INCOME AND EXPENSES

	PARENT COMPANY		GROUP	
	2015	**2014**	**2015**	**2014**
Share dividends	98,105	190,060	98,105	192,837
Gains on foreign exchange	1,140	8,140	101,389	92,687
Other financial income	0	0	3,912	340
Total other financial income	**99,245**	**198,199**	**203,406**	**285,863**
	2015	**2014**	**2015**	**2014**
Loss on foreign exchange	(1,611)	(2,096)	(140,780)	(170,748)
Other financial expense	(6,795)	(5,757)	(42,481)	(44,872)
Total other financial expenses	**(8,406)**	**(7,854)**	**(183,261)**	**(215,621)**

NOTE 3 – WAGES AND SALARIES, REMUNERATION, PENSIONS ETC.

	PARENT COMPANY		GROUP	
	2015	**2014**	**2015**	**2014**
Wages and salaries, holiday pay, fees etc	45,296	37,876	464,719	409,348
National insurance contribution	6,862	5,443	53,224	58,469
Pension expenses benefit-based pensions	2,463	3,315	16,925	12,188
Pension expenses contribution-based pensions	0	0	17,445	21,031
Other personnell expenses	1,099	810	23,224	32,680
Total wages and salaries	**55,720**	**47,444**	**575,538**	**533,716**
Full time equivalents	13	13	995	1,169

Wages and salaries for ship-based crews are recognised under operating expenses, ships.

Remuneration of the company's officers and managing director
The Executive Chairman NOK 0, other fees to the Board of Directors NOK 750.

The Managing Director's salary, bonus and other remuneration amounted to NOK 3,178 in 2015. The remuneration to previous Managing Director amounted to NOK 16,984 in 2015.

The Managing Director has a bonus agreement based on performance components and value creation, as well as concractual agreement of 6 months salary after an eventual resignation. Beyond the above-mentioned benefits for the Managing Director and the members of the Board of Directors, there are no other agreements relating to bonuses, severance packages, subscription rights or options.

Auditor's fee (ex. VAT)

	PARENT COMPANY	GROUP	
		Parent company's auditor	Other auditors
Statutory audit	453	2,972	3,352
Assistance with preparing annual financial statements, tax returns and other tax services	263	770	680
Services other than audit	185	607	696
Total	**901**	**4,349**	**4,728**

The parent company and some of the subsidiaries have a pension scheme that covers a total of 14 (14) employees in the parent company and 437 (470) employees in the Group at 31 December 2015, 3 of which are retired in the parent company and 347 (354) in the Group. The scheme entitles beneficiaries to certain defined future benefits. These benefits mainly depend on the number of earnings years, salary at the age of retirement and size of the benefits received from the National Insurance Scheme. The collective pension agreement is financed by generating reserves structured in a life insurance company. Net pension expenses are categorised in their entirety as wage and salary expenses in the financial statements. Under the Norwegian Mandatory Occupational Pension Act, Kistefos AS is obliged to have an occupational pension scheme. The scheme satisfies the relevant requirements.

	PARENT COMPANY		GROUP	
Pension expenses and liabilities in the financial statements:	**2015**	**2014**	**2015**	**2014**
Current value of this year's pension contributions	2,005	2,898	10,766	9,845
Interest cost of accrued pension liability	269	468	1,217	7,427
Expected return on pension assets	(275)	(461)	(653)	(7,700)
Amortisation	0	0	0	696
National insurance contribution and administration expenses	464	410	2,007	1,921
Net pension expenses, contribution plans	0	0	21,033	21,031
Year's pension expenses/(income)	**2,463**	**3,315**	**34,370**	**33,219**
Pension assets/(liabilities):	**2015**	**2014**	**2015**	**2014**
Estimated pension liabilities	(10,113)	(12,379)	(219,137)	(237,226)
Pension assets (at market value)	8,729	7,426	196,824	190,838
Unrecognised actuarial differences	0	0	0	0
Estimated national insurance contribution	(195)	0	(4,326)	(5,334)
Adjustment IFRS to NGAAP	0	0	(42)	(22)
Net book value, pension liabilities	**(1,579)**	**(4,952)**	**(26,681)**	**(51,744)**
Schemes with net obligations, classified as accruals			**(35,936)**	**0**
Pension assets included in other receivables	**0**	**0**	**9,235**	**1,291**
Estimate assumptions:				
Discount rate	2.70 %	2.30 %	2.7-3.3%	2.3-2.5%
Expected returns	3.30 %	3.20 %	2.7-3.3%	2.3-3.2%
Wage and salary adjustment rate	2.50 %	2.75 %	2.5-3.0%	2.75-3.0%
National Insurance Scheme's basic pension adjusmtent rate	2.25 %	2.50 %	2.25 %	2.50 %

NOTE 4 – TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

	PARENT COMPANY	GROUP		
	FF&E machinery, etc.	FF&E machinery, etc	Buildings, real estate	Ships, Offshore
Acquisition cost as per 1 January	17,716	133,579	366,638	4,334,785
Reclassification	0	(3,055)	0	0
Foreign currency translation differences	0	1,484	0	143,062
Additions during the year	4,570	5,691	92,639	70,564
Disposals during the year	(11,683)	(55,856)	0	153,916
Acquisition cost as per 31 December	**10,603**	**81,843**	**459,277**	**4,702,327**
Depreciations and amortisations as per 1 January	17,496	104,713	419	887,466
Reclassification	0	(2,231)	0	0
Foreign currency translation	0	(3,549)	0	52,254
This year's depreciations	574	16,344	20	173,783
This year's writedowns	0	0	0	95,305
Additions during the year	0	0	0	0
Disposals during the year	(11,683)	(42,042)	0	(818)
Accumulated depreciations and amortisations	**6,387**	**73,235**	**439**	**1,207,990**
Book value as per 31 December	**4,215**	**8,606**	**458,838**	**3,494,338**
Economic life	5-10 years	3-10 years	50 years	20-25 years
Depreciation plan	Straight line	Straight line	Straight line Real estate is not depreciated	Straight line

	Other Intangible assets	Ships, Industrial Shipping	Ships, Bulk carriers	Goodwill / (Negative Goodwill)	Total Group
Acquisition cost as per 1 January	836,798	261,100	199,242	8,080	6,140,222
Reclassification	(17,211)	317,781	0	17,298	314,813
Foreign currency translation differences	1,483	46,016	36,697	0	228,742
Additions during the year	453,001	4,762	5,378	0	632,035
Disposals during the year	(683,953)	(15,730)	0	(188,338)	(789,961)
Acquisition cost as per 31 December	**590,119**	**613,929**	**241,318**	**(162,960)**	**6,525,853**
Depreciations and amortisations as per 1 January	241,518	184,212	41,836	(61,051)	1,399,113
Reclassification	(5,229)	247,417	0	5,030	244,987
Foreign currency translation	841	34,154	11,407	3,881	98,988
This year's depreciations	105,000	18,129	12,834	(67,235)	258,875
This year's writedowns	0	2,907	55,640	0	153,852
Additions during the year	76,619	0	0	0	76,619
Disposals during the year	(171,954)	(13,655)	0	(7,472)	(235,941)
Accumulated depreciations and amortisations	**246,795**	**473,164**	**121,717**	**(126,847)**	**1,996,493**
Book value as per 31 December	**343,322**	**140,767**	**119,600**	**(36,112)**	**4,529,358**
Economic life	2 - 99 years	25 years	25 years	5 - 20 years	
Depreciation plan	Straight line / 10 % balance	Straight line	Straight line	Straight line	

Following the purchase of further shares in Viking Supply Ships AB in 2011 and 2014, negative goodwill of NOK 271 million accured. Residual amount as per 31 December 2015 amounts to NOK 48 million which will be fully recognized in 2016.

Intangible assets
Intangible assets derive from the acquisition of Opplysningen 1881 AS in 2011.

Lease agreements
Western Bulk Chartering AS has signed some long-term T/C agreements with a duration for longer than 12 months. These represent a lease liability of USD 145 million, excluding options. In addition, the company has entered into some long-term T/C agreements as charterer. These represent a lease revenue of USD 20 million.

Viking Supply Ships AB's subsidiaries have lease agreements for leased vessels with a future obligation of SEK 1.164 million. Future time charter income including owned vessels, amounts to a minimum of SEK 2,002 million.

NOTE 5 - INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

The parent company owns the following direct ownership interests in consolidated companies	Ownership share / voting rights	Business office
AS Bagatelle	100.0 %	Oslo
Kistefos Eiendom AS	100.0 %	Oslo
Kistefos Venture Capital AS	100.0 %	Oslo
Kistefos International Equity AS	100.0 %	Oslo
Oktant Invest AS	100.0 %	Oslo
Viking Invest AS	100.0 %	Oslo
Bulk Invest ASA*	60.4 %	Oslo
Western Bulk Chartering AS *	100.0 %	Oslo
Advanzia Holding AS	100.0 %	Oslo
Kistefos Equity Holdings AS	100.0 %	Oslo

Total book value of the subsidiaries is 2,309,155

Material subsidiaries	Parent company	Ownership share / voting rights	Business office
Viking Supply Ships AB	Viking Invest AS	70.4 % / 63.3 %	Gothenburg, Sweden
Opplysningen 1881 AS	Kistefos Venture Capital AS	100.0 %	Oslo
Bergmoen AS	Kistefos Eiendom AS	57.4 %	Oslo

Associated companies	Ownership share / voting rights	Business office
Western Alterna Partnership – owned by Bulk Invest ASA	20.0 %	Marshall Islands
Western Alterna GP LLC – owned by Bulk Invest ASA	20.0 %	Marshall Islands
Industrial Shipping DIS - owned by Viking Supply Ships AB	38.2 %	Oslo

Total book value of the associated companies are 65,659

* Bulk invest ASA filed for bankruptcy on 3 March, 2016, and is no longer a subsidiary. Western Bulk Chartering AS is a 100 % owned subsidiary as of February 2016

NOTE 6 – SHARES AND OTHER FINANCIAL INSTRUMENTS

PARENT COMPANY

	Number of shares owned	Ownership interest (%)	Book value
Advanzia Bank SA *	126,759	60.3 %	460,585
Kappa Bioscience AS *	597	55.0 %	29,805
OstomyCure AS*	9,564,387	66.8 %	46,943
Alliance Venture			29,395
Other shares and financial instruments			13,292
Total shares and other financial instruments – parent company			**580,022**

OWNED BY SUBSIDIARIES	Number of shares owned	Ownership interest (%)	Book value
Atex Media Group Limited - ordinary shares *	4,765,322	85.3 %	83,798
Atex Media Group Limited - preference shares *	451,050,347	99.8 %	164,645
Promon AS	183,102	20.3 %	18,455
Infront AS	593,175	27.7 %	22,095
Line 2 Inc (number of shares include 3,243,260 subscription rights)	86,674,936	48.7 %	31,808
Phonero AS (via Phonero Holding AS)	151,640,032	20.1 %	151,640
Other shares and financial instruments			18,775
Total shares and other financial instruments – Subsidiaries			**491,215**
Adjustment group assets			(78,256)
Total shares and other financial instruments – Group			**992,981**

* Not consolidated due to temporary ownership.

NOTE 7 – TAXES

	PARENT COMPANY		GROUP	
Tax expenses for the year:	**2015**	**2014**	**2015**	**2014**
Change in deferred tax/deferred tax assets*	(16,812)	(49,035)	(9,630)	(47,467)
Tax payable	0	0	73,826	29,762
Tax on group contribution in P&L	0	26,900	0	0
Other changes	(1,112)	0	(194)	20,492
Adjusted tax expense 2014	(161)	0	0	0
Year's tax expense/(income)	**(18,085)**	**(22,136)**	**64,001**	**2,787**

*: Change in deferred tax differs from the tax effect of changes in temporary differences because the tax effect of parts of the group contribution is recognized directly against deferred tax assets in the balance sheet.

Tax payable in this year's tax expense:	**2015**	**2014**
Operating result before tax	854,807	198,167
Permanent differences	(1,054,250)	(277,731)
Change in temporary differences	4,938	24,859
Basis for tax payable	**(194 506)**	**(54,705)**
Tax (27 % /27%)	0	0

Specification of the basis for deferred tax:	PARENT COMPANY		GROUP	
Offsetting differences	**2015**	**2014**	**2015**	**2014**
Temporary differences, current receivables/debt	(2,140)	(2,140)	(2,232)	(3,228)
Temporary differences, fixed assets/long term debt	27,319	33,646	606,600	422,739
Temporary differences, others	943	(446)	(134,750)	179,690
Loss carry-forward for tax purposes incl. Cut off interest cost carried forward	(52,551)	(40,025)	(251,176)	(291,962)
Change in deferred tax/(deferred tax assets)	**(26,429)**	**(8,965)**	**218,442**	**307,239**
Tax rate	25 %	27 %	22% - 25%	22 % - 27%
Estimated deferred tax/(deferred tax assets)	**(6,607)**	**(2,421)**	**54,611**	**82,955**
Deferred tax - not recognized on balance sheet			**(53,284)**	**(23,163)**
Net deferred tax / (deferred tax asset)	**(6,607)**	**(2,421)**	**(107,894)**	**(106,118)**
Deferred tax on balance sheet			**133,341**	**174,343**
Deferred tax asset on balance sheet	**(6,607)**	**(2,421)**	**(25,447)**	**(68,225)**

Net deferred tax asset is recognized on the balance sheet to the extent it is probable that the asset can be utilised. Deferred tax assets and deferred tax liabilities are presented are netted against each-other when its possible.

NOTE 8 - SHAREHOLDERS' EQUITY

PARENT COMPANY

	Share capital	Other paid equity	Other equity	Total equity
Equity as per 1 January	310,828	77,508	1,485,726	1,874,062
Profit/(loss) for the year	0	0	872,891	872,891
Provision for dividend	0	0	(278,000)	(278,000)
Other changes and conversion differences	0	0	2,821	2,821
Equity as per 31 December	**310,828**	**77,508**	**2,083,438**	**2,471,774**

The company's share capital is NOK 310,828 divided into 22,202,000 shares at NOK 14 each. All shares carry equal rights.
The company's shares are owned by Kistefos Holding AS (63.2%), AS Holding (32.3%) and Portfolio Management AS (4.5%), all companies indirectly owned by Christen Sveaas.

GROUP

	Share capital	Other paid equity	Other equity	Minority interests	Total equity
Equity as per 1 January	310,828	77,508	1,227,164	1,012,546	2,628,046
Profit/(loss) for the year	0	0	741,087	(183,770)	557,317
Provision for dividend	0	0	(278,000)	0	(278,000)
Other changes and conversion differences	0	0	123,892	(123,239)	653
Equity as per 31 December	**310,828**	**77,508**	**1,814,143**	**705,537**	**2,908,016**

NOTE 9 – DEBT, MORTGAGES, GUARANTEES, DISPUTES AND RESTRICTED BANK DEPOSITS

Liabilities and pledges
The parent company has no secured debt to credit institutions (2014: NOK 361,931, pledged in assets with a book value of NOK 1,810,172).
The Group has debt of NOK 2,564,871 (2014: NOK 3,337,814) that is pledged in assets with a book value of NOK 5,099,638 (2014: NOK 6,485,553).

The Group has no liabilities that matures later than five years (2014: NOK 129,602).
The parent company has no liabilities that matures later than five years.

Bank deposits
NOK 41,898 (2014: NOK 57,052) of the parent company's and the Group's bank deposits are in deposit accounts as collateral for forward funded shares. This can be freed when the investments are realised. In addition to this, NOK 1,917 (2014: NOK 1,440) is deposited in tax withholding account for the parent company. The parent company and Group are subject to covenant requirements concerning a minimum level of available liquidity.
The parent company and Group were in compliance with these requirements as per 31 December 2015.

Other covenants:
As per 31 December 2015, the 70,4% owned subsidiary VSS had received a claim from lenders for payment of cash or increased financial security due to contract coverage and loan-to-value-levels. For a further description of the situation in VSS, please see note 11.

Guarantees, etc.
Kistefos AS has, for the benefit of the lender, a potential guarantee for a loan taken out by the wholly-owned subsidiary Opplysningen 1881 AS.
The outstanding loan, was NOK 140 million at the end of the year. Kistefos' guarantee is not exposed to losses at the time of the financial statements

Opplysningen 1881 AS has pledged guarantees as collateral for various operations-related liabilities. Bank guarantees and collateral totalling NOK 6,600 in value have been pledged as security for the liabilities.

Disputes:
The subsidiary Bulk Invest ASA is involved in legal disputes, both as a defendant and as a plaintiff. The company makes accounting provisions based on the individual cases. The provisions made in the financial statements are considered sufficient. The Group does not wish to describe the provisions in detail due to ongoing cases.

NOTE 10 – FINANCIAL RISK FACTORS

Operational exposure
The Group's activities within shipping and offshore are exposed to the global cargo market and results will vary with rates and utilisation rates. Where appropriate, cargo derivatives are used to hedge or adjust the risk exposure in the market. The Group is also heavily exposed to changes in the price of oil, which can cause major fluctuations in the cost of bunkers. Swap or forward contracts for fuel are used to reduce the bunkers risk.

Currency risk related to the balance sheet
The Group has significant operational activities abroad and needs ongoing exposure in foreign currencies in order to maintain its daily operations.
The majority of the companies' income and expenses are in the same currency. Therefore, the overall currency risk in relation to cash items is relatively modest. Some minor items in subsidiaries are hedged using forward exchange contracts.

The Group's financial statements are prepared in Norwegian kroner (NOK). Balance sheet risk arises when the subsidiaries' balance sheets are translated from their respective local currencies into NOK. The Group's liabilities are calculated on the basis of the currency composition of assets on the balance sheet.

Interest rate risk
The Group's interest rate risk primarily derives from long-term loans. Variable rate loans involve an interest rate risk to the Group's cash flow.
Some items in subsidiaries are hedged using interest-rate futures.

Liquidity risk
The Group focuses on the liquidity reserves and liquidity necessary to cover ongoing operating liabilities. The liquidity requirements associated with loan covenants are monitored on an ongoing basis. It also focuses on the liquidity necessary to use derivatives for hedging purposes.

NOTE 11 – TRANSACTIONS WITH RELATED PARTIES, MATERIAL TRANSACTIONS AND EVENTS AFTER THE BALANCE SHEET DATE

Kistefos AS and subsidiaries completed the following significant transactions with related parties in 2015 (all transaction were made at arm's length based on estimated market values):

Transaction type	Company	Related party	Amount
Share sale	Kistefos AS	Kistefos Skog AS	NOK 50,000
Rigths Issue	Kistefos AS	AS Kistefos Træsliberi	NOK 60,024
Share purchase	Kistefos AS	Kistefos Skog AS	NOK 50,000
Share sale	Kistefos AS	Kistefos Skog AS	NOK 62,339
Placement	Kistefos Venture Capital II DA	Kistefos Holding AS	NOK 60,000

As per December 31, 2015, Kistefos AS or subsidiaries hold no shares in Kistefos Skog AS.

The parent company had liabilities to, and receivables from, other group companies. The main rule is that these are subject to interest of NIBOR + a 1.75% margin. Kistefos also performs some administrative tasks for other group companies. These are invoiced based on an arm's length basis.

Following the sale of Phonero with reduced ownership from 57% to 20.1 %, the company is deconsolidatet. The profit and loss reflects the numbers for the ownership period January - November. The Group has recorded a sales profit of NOK 677,252 for the transaction. Revenues from Phonero is included with NOK 1,011,492 in 2015.

During the second quarter, the subsidiary China Investments AS sold all of its ownership share. The Group has recorded a net income of NOK 43,662 in connection with the transaction.

During the third quarter, the parent company sold its shares in yA Holding ASA, realizing a net profit of NOK 358,426.

During the year, the parent company has made full downpayment of two unsecured bond loans; KIST01 of NOK 400,000 in July and KIST03 of NOK 200,000 in December.

After the balance sheet date, the subisidary Bulk Invest ASA (formerly Western Bulk ASA) has filed a petition for bankruptcy as a consequence of the market conditions and that negiotiations with creditors did not succeed. Kistefos' loss related to the bankruptcy will be recognized in the 2016 accounts with approximately NOK 290,000 for the Group and NOK 135,000 for the parent company.

VSS A/S is still negotiating a long-term financing solution with its creditors which will, when in place, form the basis for continued operations even if the market remains weak until 2020. The financing solution is still subject to approval by two other creditor groups before it can be finally approved and new agreements can be established. The solution is also depending on an equity issue in the parent company VSS AB which will be partly guaranteed by Kistefos AS. In the scenario that the going concern assumption is not valid, Kistefos would have to re-assess the book value of the VSS shares which could potentially lead to significant write downs. The VSS shares are not debt financed, but potential write-downs or losses would, on a stand-alone basis, reduce the book equity of the parent company and the Group. In Kistefos AS, the investment in VSS AB is done through Viking Invest AS. As of 31.12.2015 the book value of the shares in Viking Invest AS was NOK 1,255 million. As of 31.12.2015, the VSS group's total assets was NOK 4,293 million. The book equity of the group was NOK 1,452 million. For a further description of the situation in the VSS group, please see further description in the VSS annual accounts for 2015.

RSM

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To the shareholders' meeting of
Kistefos AS

AUDITORS REPORT

Report on the Financial Statements

We have audited the financial statements of Kistefos AS, which comprise the financial statements for the parent company, showing a profit of NOK 872,891,000, and the financial statements for the group, showing a profit of NOK 557,317,000. The financial statements of the parent company and of the group comprise the balance sheet as at December 31, 2015, the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the parent company Kistefos AS and the group as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Emphasis of Matter

We draw attention to the Board of Directors' report paragraph about Viking Supply Ships AB and Note 11 that describes uncertainty related to this subsidiary's ability to continue its operating. This circumstance does not affect our conclusion on the financial statements of Kistefos AS.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 1st of June 2016
RSM Norge AS

Translation, not to be signed

Per-Henning Lie
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

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