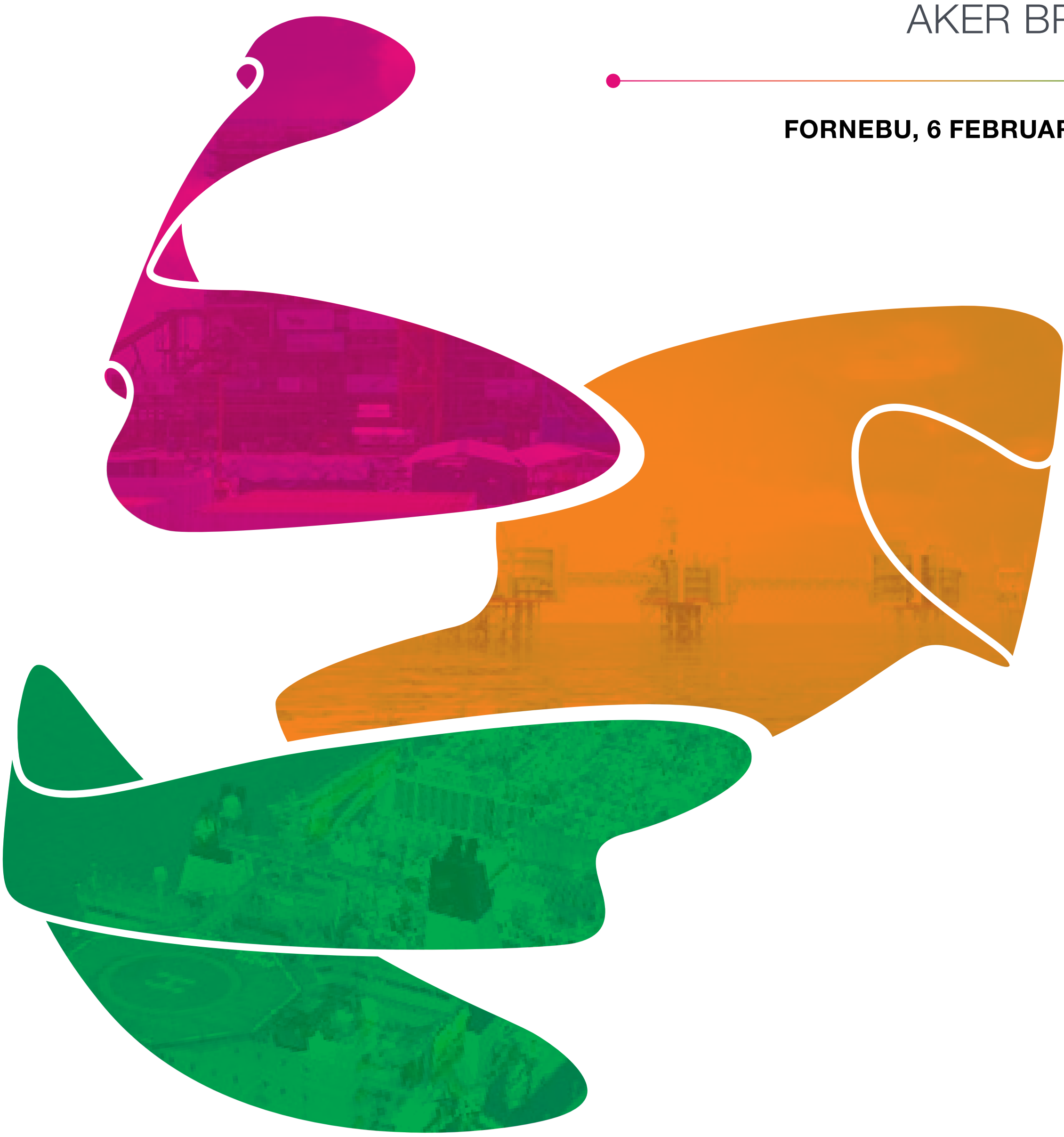
Q4 2016

QUARTERLY REPORT FOR AKER BP ASA



FORNEBU, 6 FEBRUARY 2017

KEY EVENTS IN Q4 2016

3 October:	The company announced the acquisition of licenses from Tullow Norge AS, including 15 percent interest in the Oda discovery
14 October:	The bondholder meeting in the DETNOR02 bond resolved certain amendments, including to remove restrictions related to dividend disbursements from the loan agreement
10 November:	The company announced start-up of production from Viper-Kobra, which is tied back to the Alvheim FPSO
24 November:	The Extraordinary General Meeting approved a dividend payment of USD 125 million for disbursement in December 2016 and March 2017
30 November:	The Plan for Development of Oda (15 percent working interest) was submitted to the Ministry of Petroleum and Energy (MPE)
24 December:	The company announced production start-up at the Ivar Aasen field

KEY EVENTS AFTER THE QUARTER

16 January:	The company announced year-end 2016 preliminary P50 reserves of 711 million barrels of oil equivalents ("mmboe") and mean contingent resources of 600 mmboe
17 January:	The company was offered ownership in 21 new licenses, including 13 operatorship in the 2016 Awards in Pre-defined Areas ("APA")

SUMMARY OF FINANCIAL RESULTS

	Unit	Q4 2016	Q4 2015	2016	2015
Operating income	USDm	656	255	1 364	1 222
EBITDA	USDm	485	208	968	953
Net result	USDm	-67	-156	35	-313
Earnings per share (EPS)	USD	-0.20	-0.77	0.15	-1.54
Production cost per barrel	USD/boe	10	5	8	6
Depreciation per barrel	USD/boe	14	22	18	22
Cash flow from operations	USDm	320	122	896	686
Cash flow from investments	USDm	-313	-439	-705	-1 168
Total assets	USDm	9 255	5 189	9 255	5 189
Net interest-bearing debt	USDm	2 425	2 532	2 425	2 532
Cash and cash equivalents	USDm	115	91	115	91

SUMMARY OF PRODUCTION

	Unit	Q4 2016	Q4 2015	2016	2015
Alvheim (65%)	boepd	53 683	30 865	43 290	34 133
Bøyla (65%)	boepd	6 470	8 838	7 411	9 006
Hod (37.5%)	boepd	596	-	150	-
Ivar Aasen (34.8%)	boepd	838	-	211	-
Skarv (23.8%)	boepd	30 040	-	7 551	-
Tambar / Tambar East (55.0%/46.2%)	boepd	2 070	-	520	-
Ula (80%)	boepd	5 057	-	1 271	-
Valhall (36.0%)	boepd	17 505	-	4 400	-
Vilje (46.9%)	boepd	6 221	5 741	6 599	6 376
Volund (65%)	boepd	3 462	7 326	5 027	9 040
Other (Jette, Jotun, Varg, Atla, Enoch)	boepd	578	1 226	1 010	1 449
SUM	boepd	126 520	53 996	77 441	60 004
Oil price	USD/bbl	52	45	47	54
Gas price	USD/scm	0.19	0.23	0.18	0.27

SUMMARY OF THE QUARTER

Aker BP ASA ("the company" or "Aker BP") reported total income of USD 656 (255) million in the fourth quarter of 2016. Production in the period was 126.5 (54.0) thousand barrels of oil equivalent per day ("mboepd"), realizing an average oil price of USD 52 (45) per barrel and a gas price of USD 0.19 (0.23) per standard cubic metre (scm).

EBITDA amounted to USD 485 (208) million in the quarter and EBIT was USD 281 (-95) million. Net loss for the quarter was USD 67 (156) million, translating into an EPS of USD -0.20 (-0.77). Net interest-bearing debt amounted to USD 2,425 (2,532) million per December 31, 2016.

After the merger, the integration between Det norske oljeselskap ASA ("Det norske") and BP Norge AS was completed on December 1, 2016, marking "day one" for the new organisation. All licences and activity of BP Norge AS have been transferred to Aker BP.

The Valhall area passed 1 billion boe produced late 2016 and preparations are ongoing to resume drilling on the field from the injection platform in early 2017. Production from the Skarv area was high and stable in the quarter. Ula production was impacted by shut-ins and well conversion.

Production from the Alvheim area has been stable and high in the fourth quarter, positively impacted by the start-up of Viper-Kobra in November. The Transocean Arctic drilling rig commenced infill drilling at Volund in December.

A major milestone was achieved with the production start-up of Ivar Aasen in December – on schedule and within the overall budget framework. The Johan Sverdrup project is progressing according to plan and the pre-drilling campaign was completed during the quarter. The development plan for the Oda development was submitted to the authorities in November.

In December, the company paid its first dividend of USD 0.185 per share.

Forward-looking statements in this report reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future.

All figures are presented in USD unless otherwise stated, and figures in brackets apply to the corresponding period in the previous year, and is for 2015 not directly comparable as they represent Aker BP ASA prior to the merger with BP Norge AS.

FINANCIAL REVIEW

Income statement

(USD million)	Q4 2016	Q4 2015
Operating income	656	255
EBITDA	485	208
EBIT	281	-95
Pre-tax profit/loss	210	-151
Net profit	-67	-156
EPS (USD)	-0.20	-0.77

Total income in the fourth quarter was USD 656 (255) million, higher than the fourth quarter 2015 mainly due to inclusion of BP Norge AS activities. Petroleum revenues accounted for USD 542 (218) million, while other income was USD 114 (36) million, primarily relating to gains on a change in pension scheme following the merger with BP Norge.

Exploration expenses amounted to USD 44 (19) million in the quarter, reflecting dry hole costs, seismic costs, area fees and G&G activities. Production costs were USD 121 (24) million, equating to 10.4 (4.8) USD/boe, including transportation cost of 2.8 USD/boe. The increase from the fourth quarter 2015 was mainly due to inclusion of BP Norge fields with a higher production cost per boe compared to the Alvheim area. Other operating expenses amounted to USD 5 (3) million, a slight increase from the fourth quarter 2015.

Depreciation amounted to USD 160 (112) million, corresponding to 14 (22) USD/boe, which represents a decrease from fourth quarter 2015 mainly due to the inclusion of the BP Norge assets. During the quarter, an impairment of USD 45 (192) million mainly related to technical goodwill from the merger with BP Norge, was recognized.

The company recorded an operating profit of USD 281 (-95) million in the fourth quarter, higher than the fourth quarter 2015 primarily due to the merger with BP Norge, higher oil prices and the curtailment gain on pensions. The net loss for the period was USD 67 (156) million after net financial items of USD 71 (56) million and a tax expense of USD 277 (5) million. The tax expense is primarily related to a change in deferred taxes, significantly impacted by a weaker NOK against the USD in the quarter as well as the tax effect of the above mentioned curtailment gain on pensions Earnings per share were USD -0.20 (-0.77).

Statement of financial position

(USD million)	Q4 2016	Q4 2015
Goodwill	1 847	768
PP&E	4 442	2 979
Cash & cash equivalents	115	91
Total assets	9 255	5 189
Equity	2 449	339
Interest-bearing debt	2 541	2 622

Total intangible assets amounted to USD 3,575 (1,706) million, of which goodwill was USD 1,847 (768) million. The increase from the fourth quarter 2015 is related to the merger with BP Norge AS.

Property, plant and equipment increased to USD 4,442 (2,979) million, reflecting the increase related to the acquisition of BP Norge AS and investments in development projects, less depreciation. Current tax receivables amounted to USD 401 (126) million at the end of the quarter relating to exploration spend and anticipated payout of tax losses from BP Norge.

The group's cash and cash equivalents were USD 115 (91) million as of 31 December. Total assets were USD 9,255 (5,189) million at the end of the quarter.

Equity amounted to USD 2,449 (339) million at the end of the quarter, corresponding to an equity ratio of 26 (7) percent. The increase is mainly related to the share issue in connection with the merger with BP Norge AS in the third quarter 2016.

Deferred tax liabilities decreased to USD 1,046 (1,356) million and are detailed in note 7 to the financial statements.

Gross interest-bearing debt decreased to USD 2,541 (2,622) million, consisting of the DETNOR02 bond of USD 215 million, the DETNOR03 bond of USD 296 million and the Reserve Based Lending ("RBL") facility of USD 2,030 million.

Statement of cash flow

(USD million)	Q4 2016	Q4 2015
Cash flow from operations	320	122
Cash flow from investments	-313	-439
Cash flow from financing	-675	204
Net change in cash & cash eq.	-668	-113
Cash and cash eq. EOQ	115	91

Net cash flow from operating activities was USD 320 (122) million, including a tax refund of USD 129 million, relating to 2015 exploration activity and tax adjustments related to previous periods.

Net cash flow from investment activities was USD -313 (-439) million. Investments in fixed assets amounted to USD 244 (229) million for the quarter, mainly reflecting CAPEX on Ivar Aasen, Alvheim and Johan Sverdrup. Investments in intangible assets including capitalized exploration were USD 62 (81) million in the quarter.

Net cash flow from financing activities totaled USD -675 (204) million, reflecting the net amount repaid on the group's RBL facility and dividend disbursements of USD 62.5 million during the quarter.

Funding

Following the announcement of the merger with BP Norge, the company made certain changes to its two bank facilities, including an increase in its reserve-based lending ("RBL") facility from USD 3.0 to 4.0 billion and certain amendments to the loan documentation. In addition, the RBL facility includes an uncommitted accordion option of USD 1.0 billion.

Amendments to the bank loan agreements include removal of the dividend restriction, replaced by a leverage ratio incurrence test of 4.5x (Net interest-bearing debt / EBITDAX). The updated security package was finalized in December 2016 and the new borrowing base was set at USD 3.9 billion until the end of June 2017.

In October, the bondholder meeting in the DETNOR02 bond loan approved a proposal to remove restrictions related to dividend disbursements and replaced that clause with an incurrence test aligned with the banks, and a put option. As compensation, the DETNOR02 bonds will be repaid at 107 percent of par (+3 percent compared to the previous repayment level) at maturity in 2020.

Bondholders representing NOK 3.5 million nominal worth of DETNOR02 bonds exercised the distribution put option following the dividend payment in December. Aker BP consequently owns bonds equal to NOK 3.5 million.

In view of the merger with BP Norge AS, the company is evaluating its capital structure and debt composition going forward.

Hedging

The company seeks to reduce the risk related to foreign exchange rates, interest rates and commodity prices through hedging instruments.

During the fourth quarter, the company benefitted from the realisation of the last of the 55 USD/bbl put options entered into during the first half of 2015. During the fourth quarter 2016, the company entered into new commodity hedges for 2017. These include put options with a strike price of 50 USD/bbl for approximately 15 percent of estimated 2017 oil production, corresponding to approximately 50 percent of the undiscounted after-tax value.

The company actively manages its foreign currency exposure through a mix of forward contracts and options.

Dividends

In November, the Extraordinary General Meeting approved the Board of Directors proposal to pay a dividend of USD 125 million, split equally for Q4 2016 and Q1 2017. This translates into a dividend per share (DPS) of USD 0.185 per quarter. The first dividend of USD 0.185 per share was disbursed on December 7, 2016 and the next dividend payment is expected to be disbursed on or about February 17, 2017.

Dividends post March 2017 will be proposed to the Annual General Meeting in April 2017. The company aims to sustain a minimum dividend level of USD 250 million per year going forward, payable quarterly and to increase this level once Johan Sverdrup is in production.

HEALTH, SAFETY AND THE ENVIRONMENT

HSE is always the number one priority in all Aker BP's activities. The company ensures that all its operations and projects are carried out under the highest HSE standards.

During fourth quarter, one high potential incident (HIPO) was recorded, which was a dropped object on the Maersk Interceptor. The incident has been thoroughly investigated and learnings distributed and implemented.

There has been one restricted work incident and seven medical treatment cases. In connection to Ivar Aasen hook up there have been minor incidents, all of which have been addressed in safety stand downs and close follow-up by leadership in the project. The hook-up and start-up phase have been conducted without any major incidents or accidents.

A new enterprise risk management process for the company has been defined and the company risk matrix has been developed based on risk matrices at business unit level. This risk process will be rolled out in the whole organization during the next quarter.

The Petroleum Safety Authority conducted the last supervisory audit on the integration process in the fourth quarter and there were no deviations recorded.

The company has also reorganized its emergency preparedness organization of the onshore response teams in order to make it more robust and effective.

OPERATIONAL REVIEW

Aker BP produced 11.6 (5.0) mmboe in the fourth quarter of 2016, corresponding to 126.5 (54.0) mboepd. The average realized oil price was USD 52 (45) per barrel, while gas revenues were recognized at market value of USD 0.19 (0.22) per standard cubic metre (scm).

Alvheim Area
PL203/088BS/036C/036D/150 (operator)

The producing fields Alvheim (including Viper-Kobra, 65 percent), Volund (65 percent), Bøyla (65 percent) and Vilje (46.9 percent) are all tied back to the Alvheim FPSO.

Production from the Alvheim area has been stable and high in the fourth quarter, with a total production efficiency of 96.6 percent.

In November, the production from the Viper-Kobra wells started on schedule and within budget. The wells have been performing well since the start-up.

Re-entry to drill and complete the Volund East and South infill wells using the Transocean Arctic rig commenced in December.

Valhall Area
PL006B/033/033B (operator)

The Valhall area consists of the producing fields Valhall (35.95 percent) and Hod (37.5 percent).

Production from the Valhall area increased in the fourth quarter compared to the previous quarter, mainly driven by higher performance from cyclic wells, in particular one well that produced longer than projected. Overall operations efficiency in the quarter was 89.4 percent, and plant efficiency 98.6 percent.

Coiled tubing activity to prepare wells for plug and abandonment (P&A) took place during the quarter. The new-built Maersk Invincible drilling rig will continue the P&A campaign in the first half of 2017.

Ula Area
PL019/019B/065/300 (operator)

The Ula area consists of the producing fields Ula (80.0 percent), Tambar (55.0 percent) and Tambar East (46.2 percent). Tambar and Tambar East are tied back to the Ula facilities, together with the Talisman operated Blane field and the Dong operated Oselvar field.

Production from the Ula area was lower in the fourth quarter compared with the previous quarter. This was mainly driven by deferrals due to delayed water alternating gas (WAG) wells conversion, and shut in of a well due to high pressure. Activity is ongoing to execute required pressure tests to bring the well back on line. Increasing WAG effect in combination with reinstating the shut-in well is expected to increase production in the first quarter 2017. The operation efficiency ended at 64.3 percent in the quarter due to lower wells efficiency caused by the issues described above. Plant efficiency was 84.9 percent in the fourth quarter.

Skarv Area
PL159/212/212B/262 (operator)

The Skarv area consists of the Skarv producing field (23.84 percent). In addition, production from the Snadd test producer is reported as Skarv volumes.

Production from the Skarv area was high and stable during the fourth quarter and increased compared to the previous quarter, which was to a large extent affected by a 27-day planned shutdown in August.

The Idun and Skarv A low pressure production project was successfully completed during the quarter. This project is important to support slower decline in production profiles. Production during the first weeks in the quarter was slightly impacted by a slower ramp up than planned following the turnaround, but was thereafter stabilized at high levels. The operation efficiency ended at 90 percent in the quarter, significantly higher than previous (74 percent) caused by the planned turnaround.

Ivar Aasen
PL001B/242/457 (operator)

Commissioning, hand over and start-up preparation activities at Ivar Aasen took place throughout the fourth quarter. Production started up on December 24, without any significant incidents, bringing wells D-10 and D-16 on line in sequence. In parallel, well intervention activities continue making the remaining three pre-drilled production wells ready for hand-over and start up in the first quarter 2017.

The Maersk Interceptor drilling rig returned to Ivar Aasen late November, serving as an additional project accommodation unit. The flotel Safe Zephyrus was demobilized early February. The Maersk Interceptor jack-up rig will continue to function as an accommodation unit until drilling of additional production and injection wells which are expected to commence during March 2017.

Key activities for the Ivar Aasen project going forward are to complete all remaining construction and commissioning work before completion of offshore hook-up and commissioning planned for April 2017.

Other producing assets

Production from Jette and Jotun ceased in December as planned.

PROJECTS

Johan Sverdrup Unit
PL265/501/502 (partner)

Phase 1 of the Johan Sverdrup development project is progressing according to plan towards production start-up in the fourth quarter 2019. Phase 1 consists of a field center with four fixed platforms, three subsea templates, oil and gas export pipelines, power from shore and 36 production and injection wells. Most major contracts have been awarded and engineering and construction is ongoing on 22 sites.

The pre-drilling of eight oil producers with Deepsea Atlantic has been completed. Thereafter a four-well pilot/appraisal campaign was initiated for further improvement of reservoir definition, before the planned pre-drilling of nine water injection wells is expected to start in February 2017.

The full field development of the peripheral parts of the Johan Sverdrup oil field (phase 2) is also progressing according to plan and will be accompanied by an increased production capacity on a 5th platform at the field center and increased power from shore capacity that will also supply the surrounding fields Ivar Aasen, Edvard Grieg and Gina Krog. Full field production capacity is estimated to be 660 mbopd. Concept selection (DG2) is planned for the first half of 2017, Plan for Development and Operation (DG3) is planned for second half 2018 and Phase 2 production start is expected in 2022.

Aker BP is still evaluating whether the decision made by the King in Council regarding the distribution of the participating interests should be contested in the court system.

Valhall Flank West
PL006B/033/033B (operator)

The Valhall Flank West project aims to continue infield development of the Tor formation in Valhall field in order to drain the western flank of the field. The project is expected to enter concept selection (DG2) in the first quarter 2017 and plan to pass DG3 at the end of 2017.

The development is planned as a normally unmanned installation, with 12 well slots, tied back to Valhall. Six of the 12 slots are planned as producers, with option to convert two producers into water injectors. Hence, there is spare capacity for additional future wells.

The project is planned to be executed through long term strategic frame agreements and alliances.

North of Alvheim (NoA)
PL442/026B/364 (operator)

The North of Alvheim (NoA) area consists of Frigg Gamma Delta, Langfjellet and Frøy. With limited infrastructure available in the area, Aker BP's goal is to develop an area hub, which can tie-in neighboring licenses and open up for new exploration potential.

The area is planned to be developed with either a floating or a permanent installation as the hub, and with subsea structures or unmanned wellhead platforms on the individual reservoirs based on their size and complexity.

The project is expected to be further matured towards a planned concept selection (DG2) decision in the fourth quarter 2017.

Storklakken
PL460 (operator)

Storklakken is planned to be developed as a stand-alone development with a single multilateral production well tied back to the Vilje template and utilizing the existing pipeline from Vilje to the Alvheim FPSO. A concept selection (DG2) is planned in the first quarter 2017 and first oil is planned for 2020.

Snadd
PL162/159/212/212B (operator)

Snadd is planned as a tie-in to Skarv FPSO in a phased development. Phase 1 is planned with three subsea wells tied in to Skarv A template, with first gas scheduled for 2020.

The key activities are development of procurement strategy for partner approval and technical qualification of the electrical heat traced pipe-in-pipe flowline. The project will be further matured towards a concept selection (DG2) decision planned during the first quarter 2017.

Oda
PL405 (partner)

Oda will be developed with a subsea template tied back to the Ula field center via the Oselvar infrastructure. Recoverable reserves are estimated at 48 mmboe (gross) and the project is planned to be developed with two production wells and one water injector well. Estimated first oil is in 2019.

The Plan for Development and Operation was submitted to the the Ministry of Petroleum and Energy on November 30, 2016. Total investments for Oda are estimated at NOK 5.4 billion.

Gina Krog
PL029B/029C/048/303 (partner)

The Gina Krog field is being developed with a fixed platform with living quarters and processing facilities. Oil from Gina Krog will be exported to the markets by shuttle tankers while gas will be exported via the Sleipner platform.

The project is progressing towards a planned production start-up in the second quarter this year.

EXPLORATION

During the quarter, the company's cash spending on exploration was USD 77 million. USD 44 million was recognized as exploration expenses in the period, relating to dry wells, seismic, area fees and G&G costs.

Drilling on the Langfjellet prospect in PL442 in the North Sea was completed during the fourth quarter. The main well encountered a gross oil column of 109 meters in the Vestland Group. Three technical sidetracks were subsequently drilled to collect data.

Preliminary volume estimates for the discovery are in the range of 24 to 74 million barrels of oil equivalent. The licensees will evaluate the discovery with regards to a potential development together with other discoveries in the area. Following the successful drilling results at Langfjellet, the licensees have identified further prospectivity within the license.

In total, net resource additions from exploration was 83 mmboe in 2016, stemming from the Langfjellet discovery and the drilling campaign at Askja/Krafla.

In January 2017, the company was awarded 21 licenses in the 2016 APA (Awards in predefined areas) round, 13 as operator. The majority of the licenses are close to the company's existing core areas.

BUSINESS DEVELOPMENT

In October, Aker BP announced the acquisition of eight licenses from Tullow Norge AS, including 15 percent in the Oda (previously known as Butch) discovery in PL405. The transaction strengthens Aker BP's position in core areas surrounding the Ula, North of Alvheim, Skarv and the Askja/Krafla areas. The transaction closed in December 2016.

OUTLOOK

In a continued uncertain macro environment, Aker BP has established a strong platform for further value creation through an effective business model built on lean principles, unique technological competence and industrial cooperation.

Going forward, the company will pursue further growth opportunities both to enhance production and increase dividend capacity, while maintaining the highest standards of HSE. A dividend of USD 0.185 per share is scheduled to be paid out in February and the ambition to sustain a dividend level of minimum USD 250 million in the medium term and to increase this level once Johan Sverdrup is in production is reiterated.

The company will have up to four operated rigs in 2017. Drilling operations include production drilling at Valhall and Ivar Aasen, infill drilling at Volund, Boa and Tambar and P&A activity at Valhall. During 2017, the company plans to drill seven exploration wells in total, four operated wells and three as partner.

Aker BP plans to submit three PDO's during 2017, relating to the Valhall Flank West, Snadd and Storklakken projects.

The company has a robust balance sheet with USD 2.5 billion in available liquidity, providing the company with ample financial flexibility. Going forward, the company will work to improve the efficiency and effectiveness of its capital and debt structure.

Aker BP expects to produce between 128 and 135 mboepd in 2017 with a production cost of approximately 11 USD/boe. The full year 2017 CAPEX is expected to be between USD 900 – 950 million, exploration expenditures are expected to be USD 280 – 300 million and decommissioning costs between USD 100 – 110 million.

FINANCIAL STATEMENTS WITH NOTES

INCOME STATEMENT (Unaudited)

		Group			
		Q4		01.01.-31.12.	
(USD 1 000)	Note	2016	2015	2016	2015
Petroleum revenues	2	541 550	218 314	1 260 803	1 158 683
Other income	2	114 074	36 320	103 326	63 119
Total income		655 624	254 634	1 364 129	1 221 802
Exploration expenses	3	44 281	18 867	147 453	76 404
Production costs		121 139	24 077	226 818	141 000
Depreciation	5	159 796	111 590	509 027	480 959
Impairments	4, 5	44 627	191 939	71 375	430 468
Other operating expenses		5 029	3 228	21 993	51 608
Total operating expenses		374 872	349 701	976 665	1 180 438
Operating profit/loss		280 752	-95 067	387 464	41 364
Interest income		2 887	1 739	5 795	3 098
Other financial income		20 625	1 815	42 871	65 385
Interest expenses		20 229	23 047	82 161	82 774
Other financial expenses		73 855	36 645	63 515	140 679
Net financial items	6	-70 572	-56 138	-97 011	-154 971
Profit/loss before taxes		210 180	-151 205	290 453	-113 607
Taxes (+)/tax income (-)	7	277 183	4 980	255 482	199 045
Net profit/loss		-67 003	-156 184	34 971	-312 652
Weighted average no. of shares outstanding and fully diluted		337 737 071	202 618 602	236 582 807	202 618 602
Earnings/(loss) after tax per share		-0.20	-0.77	0.15	-1.54

STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

		Group			
		Q4		01.01.-31.12.	
(USD 1 000)	Note	2016	2015	2016	2015
Profit/loss for the period		-67 003	-156 184	34 971	-312 652
Items which will not be reclassified over profit and loss (net of taxes)					
Currency translation adjustment		-	-	-59	-
Actuarial gain/loss pension plan		-	17	-	17
Total comprehensive income in period		-67 003	-156 168	34 911	-312 636

STATEMENT OF FINANCIAL POSITION (Unaudited)

(USD 1 000)	Note	Group 31.12.2016	Group 31.12.2015
ASSETS			
Intangible assets			
Goodwill	5	1 846 971	767 571
Capitalized exploration expenditures	5	395 260	289 980
Other intangible assets	5	1 332 813	648 030
Tangible fixed assets			
Property, plant and equipment	5	4 441 796	2 979 434
Financial assets			
Long-term receivables		47 171	3 782
Other non-current assets	8	12 894	12 628
Total non-current assets		8 076 905	4 701 425
Inventories			
Inventories		69 434	31 533
Receivables			
Accounts receivable		170 000	85 546
Other short-term receivables	9	422 932	105 190
Other current financial assets		-	2 907
Tax receivables	7	400 638	126 391
Short-term derivatives	12	-	45 217
Cash and cash equivalents			
Cash and cash equivalents	10	115 286	90 599
Total current assets		1 178 290	487 384
TOTAL ASSETS		9 255 196	5 188 809

STATEMENT OF FINANCIAL POSITION (Unaudited)

(USD 1 000)	Note	Group 31.12.2016	Group 31.12.2015
EQUITY AND LIABILITIES			
Equity			
Share capital	11	54 349	37 530
Share premium		3 150 567	1 029 617
Other equity		-755 709	-728 121
Total equity		2 449 207	339 026
Non-current liabilities			
Deferred taxes	7	1 045 542	1 356 114
Long-term abandonment provision	16	2 080 940	412 805
Provisions for other liabilities		218 562	1 638
Long-term bonds	14	510 337	503 440
Other interest-bearing debt	15	2 030 209	2 118 935
Long-term derivatives	12	35 659	62 012
Current liabilities			
Trade creditors		88 156	51 078
Accrued public charges and indirect taxes		39 048	9 060
Tax payable	7	92 661	-
Short-term derivatives	12	5 049	13 506
Short-term abandonment provision	16	75 981	10 520
Other current liabilities	13	583 844	310 675
Total liabilities		6 805 988	4 849 783
TOTAL EQUITY AND LIABILITIES		9 255 196	5 188 809

STATEMENT OF CHANGES IN EQUITY - GROUP (Unaudited)

			Other equity					
				Other comprehensive income				
(USD 1 000)	Share capital	Share premium	Other paid-in capital	Actuarial gains/(losses)	Foreign currency translation reserves*	Retained earnings	Total other equity	Total equity
Equity as of 31.12.2014	37 530	1 029 617	573 083	-105	-115 491	-872 972	-415 485	651 662
Profit/loss for the period 01.01.2015 - 31.12.2015	-	-	-	17	-	-312 652	-312 636	-312 636
Equity as of 31.12.2015	37 530	1 029 617	573 083	-88	-115 491	-1 185 625	-728 121	339 026
Private placement	16 820	2 120 950	-	-	-	-	-	2 137 769
Dividend distributed	-	-	-	-	-	-62 500	-62 500	-62 500
Profit/loss for the period 01.01.2016 - 31.12.2016	-	-	-	-	-59	34 971	34 911	34 911
Equity as of 31.12.2016	54 349	3 150 567	573 083	-88	-115 550	-1 213 154	-755 709	2 449 207

* At 15 October 2014, the presentation currency was changed to USD retrospectively as if USD had always been the presentation currency. For each category of the opening equity as at 1 January 2013, the historical rates were used for translation to USD, and therefore an exchange reserve was established which represents the fact that the presentation currency is different from the functional currency in the periods presented prior to the change in functional currency to USD as at 15 October 2014. For each period presented prior to the change in functional currency, the ending balance of total equity is translated to USD using the end rate.

STATEMENT OF CASH FLOW (Unaudited)

		Group			
		Q4		01.01.-31.12.	Year
(USD 1 000)	Note	2016	2015	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/loss before taxes		210 180	-151 205	290 453	-113 607
Taxes paid during the period		-	-85 397	-1 419	-320 618
Tax refund during the period		129 278	87 662	212 944	87 662
Depreciation	5	159 796	111 590	509 027	480 959
Net impairment losses	4, 5	44 627	191 939	71 375	430 468
Accretion expenses	6, 16	29 285	6 746	47 977	26 351
Interest expenses	6	42 693	37 109	160 808	127 620
Interest paid		-52 316	-44 847	-161 634	-124 276
Changes in derivatives	2, 6	43 548	-2 222	10 408	-793
Amortized loan costs	6	5 672	2 262	17 915	17 480
Gain on change of pension scheme	2	-115 616	-	-115 616	-
Amortization of fair value of contracts assumed in the Marathon acquisition		-	-	-	-2 878
Expensed capitalized dry wells	3, 6	7 968	2 492	51 669	11 682
Changes in inventories, accounts payable and receivables		-225 400	-28 314	-317 488	-13 060
Changes in abandonment liabilities through income statement		-1 131	-1 569	-1 131	-1 569
Changes in other current balance sheet items		41 609	-4 474	120 365	81 048
NET CASH FLOW FROM OPERATING ACTIVITIES		320 192	121 772	895 652	686 467
CASH FLOW FROM INVESTMENT ACTIVITIES					
Payment for removal and decommissioning of oil fields	16	-6 743	-3 741	-12 237	-12 508
Disbursements on investments in fixed assets	5	-244 267	-229 028	-935 755	-917 150
Net of cash consideration paid for, and cash acquired from, BP Norge AS		-	-	423 990	-
Acquisition of Premier Oil Norge AS (net of cash acquired)		-	-125 600	-	-125 600
Disbursements on investments in capitalized exploration expenditures and other intangible assets	5	-62 034	-80 959	-181 492	-113 051
NET CASH FLOW FROM INVESTMENT ACTIVITIES		-313 045	-439 328	-705 494	-1 168 310
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of short-term debt		-	-70 938	-	-70 938
Repayment of long-term debt		-612 825	-	-612 825	-330 000
Net proceeds from issuance of long-term debt		-	275 000	512 013	685 620
Paid dividend		-62 500	-	-62 500	-
NET CASH FLOW FROM FINANCING ACTIVITIES		-675 325	204 062	-163 312	284 683
Net change in cash and cash equivalents		-668 178	-113 493	26 846	-197 160
Cash and cash equivalents at start of period		785 622	206 941	90 599	296 244
Effect of exchange rate fluctuation on cash held		-2 158	-2 849	-2 158	-8 485
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	115 286	90 599	115 286	90 599
SPECIFICATION OF CASH EQUIVALENTS AT END OF PERIOD					
Bank deposits and cash		106 369	86 201	106 369	86 201
Restricted bank deposits		8 917	4 398	8 917	4 398
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	115 286	90 599	115 286	90 599

NOTES

(All figures in USD 1 000)

These interim financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS") IAS 34 "Interim Financial Reporting", thus the interim financial statements do not include all information required by IFRS and should be read in conjunction with the group's annual financial statement as at 31 December 2015. These interim financial statements have not been subject to review or audit by independent auditors.

The acquisition of BP Norge AS was completed on 30 September 2016, and the activity of BP Norge is thus fully included in this report. On 1 December 2016, the activity in BP Norge AS was transferred to Aker BP ASA.

Note 1 Accounting principles

The accounting principles used for this interim report are in all material respect consistent with the principles used in the financial statements for 2015. There are no new standards effective from 1 January 2016.

The group changed the presentation of accretion expenses in Q1 2016. It is now included in the line item other financial expenses, while it has been presented as interest expenses prior to 2016. In addition, following the change from defined benefit to defined contribution scheme, pension is no longer presented on a separate line in the Statement of financial position. Comparable figures have been restated accordingly.

Note 2 Income

	Group			
	Q4		01.01.-31.12.	
Breakdown of petroleum revenues (USD 1 000)	2016	2015	2016	2015
Recognized income liquids	459 730	197 491	1 120 094	1 044 548
Recognized income gas	76 684	19 938	128 436	110 909
Tariff income	5 136	884	12 274	3 227
Total petroleum revenues	541 550	218 314	1 260 803	1 158 683
Breakdown of produced volumes (barrels of oil equivalent)				
Liquids	9 076 017	4 419 414	23 830 388	19 307 898
Gas	2 563 841	548 240	4 512 648	2 593 733
Total produced volumes	11 639 859	4 967 654	28 343 036	21 901 630
Other income (USD 1 000)				
Realized gain/loss (-) on oil derivatives	1 497	14 758	30 199	14 962
Unrealized gain/loss (-) on oil derivatives	-2 963	20 664	-46 399	45 217
Gain on license transactions	20	856	20	856
Other income*	115 520	42	119 506	2 084
Total other income	114 074	36 320	103 326	63 119

* Other income are related to change in pension scheme for employees in BP Norge AS. As of 30 September 2016 there was a defined benefit scheme in BP Norge AS, which has been replaced by a defined contribution scheme during Q4 2016. The accounting consequences of the settlement are that previous gross pension liability is reset to zero and pension funds are used to issue an insurance policy to each employee.

The group changed its presentation of commodity derivatives in Q4 2015. Gains and losses are now presented as other operating income, while it was included in financial items prior to Q4 2015. Comparable figures have been restated accordingly.

Note 3 Exploration expenses

	Group			
	Q4		01.01.-31.12.	
Breakdown of exploration expenses (USD 1 000)	2016	2015	2016	2015
Seismic	18 316	259	29 321	12 530
Area fee	4 036	3 286	13 291	8 634
Expensed capitalized wells this year	7 968	2 492	41 284	10 390
Expensed capitalized wells previous years	-	-	10 385	1 292
Other exploration expenses	13 961	12 830	53 171	43 559
Total exploration expenses	44 281	18 867	147 453	76 404

In Q1 2016 the group did some changes in the subcategories within exploration expenses presented above. Comparable figures have been restated accordingly.

Note 4 Impairments

Impairment testing

Impairment tests of individual cash-generating units are performed when impairment triggers are identified, and for goodwill impairment is tested at least annually. In Q4 2016 two categories of impairment tests have been performed:

- Impairment test of fixed assets and related intangible assets, other than goodwill
- Impairment test of goodwill

Impairment is recognized when the book value of an asset or a cash-generating unit, including associated goodwill, exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For assets and goodwill in the Group prior to the acquisition of BP Norge AS, the impairment testing has been based on value in use, consistent with the impairment testing in Q1 - Q3 2016. For assets and goodwill recognized in relation to the acquisition of BP Norge AS, the impairment testing has been based on fair value. For both value in use and fair value, the impairment testing is done based on discounted cash flows. The expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC) for a market participant. Cash flows are projected for the estimated lifetime of the fields, which may exceed periods greater than five years. If not specifically stated otherwise, the same assumptions have been applied for value in use and fair value testing.

For producing licences and licences in the development phase, recoverable amount is estimated based on discounted future after tax cash flows. Below is an overview of the key assumptions applied for impairment testing purposes as of 31 December 2016.

Oil and gas prices

Future price level is a key assumption and has significant impact on the net present value. Forecasted oil and gas prices are based on the management's estimates and available market data. Information about market prices in the near future can be derived from the futures contract market. The information about future prices is less reliable on a long-term basis, as there are fewer observable market transactions going forward. In the impairment test, the oil price is therefore based on the forward curve from the beginning of 2017 to the end of 2019. From 2020, the oil price is based on the company's long-term price assumptions.

The nominal oil price based on the forward curve applied in the impairment test is as follows:

Year	USD/BOE
2017	58.5
2018	58.5
2019	58.0
From 2020 (in real terms) - fair value testing*	65.0
From 2020 (in real terms) - value in use testing	75.0

* In line with the fair value requirements in IAS 36, as defined by IFRS 13 definition of fair value, the long-term fair value oil price assumption reflects the view of market participants at the measurement date under current market conditions.

Oil and gas reserves

Future cash flows are calculated on the basis of expected production profiles and estimated proven and probable remaining reserves. The recoverable amount is sensitive to changes in reserves.

Discount rate

The post tax nominal discount rate is set to 7.5 per cent, which is a change from 8.5 per cent from previous quarters in 2016.

Currency rates

Year	USD/NOK
2017	8.59
2018	8.53
2019	8.46
From 2020	7.50

Inflation

The long-term inflation rate is assumed to be 2.5 per cent.

Impairment testing of assets other than goodwill

Cash generating unit (USD 1 000)	Impairment charged/reversal Intangible	Impairment charged/reversal Tangible	Recoverable amount/ carrying value
CGU's with no remaining carrying value	-	-6 739	-
Total	-	-6 739	-

The reason for the reversals is reduced ARO liabilities on CGUs with no remaining carrying value. The reduction is thus charged directly to the Income Statement.

Impairment testing of technical goodwill

For the CGUs Alvheim and Skarv/Snadd, no impairment is recognized during Q4. For the CGUs Ula/Tambar and Valhall/Hod, the impairment charge has been calculated as follows:

(USD 1 000)	Ula/Tambar	Valhall/Hod
Net carrying value	264 960	1 112 465
Recoverable amount (including tax amortization benefit)	235 551	1 090 508
Impairment charge Q4	29 409	21 957

The main reasons for the impairment is the reduction of the deferred tax, as well as a general field update.

Sensitivity analysis

The table below shows how the impairment of goodwill allocated to the Ula/Tambar and Valhall/Hod would be affected by changes in the various assumptions, given that the remainders of the assumptions are constant.

Assumption (USD 1 000)	Change	Change in goodwill impairment after Increase in assumption	Change in goodwill impairment after Decrease in assumption
Oil and gas price	+/- 20%	-51 366	407 227
Production profiles (reserves)	+/- 5%	-51 366	103 151
Discount rate	+/- 1% point	60 010	-25 170
Currency rate USD/NOK	+/- 1.0 NOK	-51 366	92 536
Inflation	+/- 1% point	-39 489	83 553

Note 5 Tangible assets and intangible assets

TANGIBLE FIXED ASSETS - GROUP

(USD 1 000)	Assets under development	Production facilities including wells	Fixtures and fittings, office machinery	Total
Book value 31.12.2015	1 493 795	1 470 881	14 758	2 979 434
Acquisition cost 31.12.2015	1 505 779	2 514 487	35 506	4 055 772
Acquisition of BP Norge AS	-	921 081	-	921 081
Additions	656 032	93 991	7 931	757 954
Disposals	-	-	91	91
Reclassification	-41 615	29 711	11 825	-79
Acquisition cost 30.9.2016	2 120 197	3 559 271	55 171	5 734 638
Accumulated depreciation and impairments 31.12. 2015	11 984	1 043 606	20 748	1 076 338
Depreciation	-	281 040	3 864	284 904
Impairment	-10 418	548	-	-9 870
Retirement/transfer depreciations	-	157	-	157
Accumulated depreciation and impairments 30.9.2016	1 566	1 325 351	24 612	1 351 529
Book value 30.9.2016	2 118 630	2 233 920	30 559	4 383 110
Acquisition cost 30.9.2016	2 120 197	3 559 271	55 171	5 734 638
Additions	96 762	83 154	4 672	184 588
Disposals	-	-	3 909	3 909
Reclassification*	-1 308 285	1 308 142	203	61
Acquisition cost 31.12.2016	908 674	4 950 566	56 137	5 915 377
Accumulated depreciation and impairments 30.9.2016	1 566	1 325 351	24 612	1 351 529
Depreciation	-	130 360	2 627	132 987
Impairment	-	-6 739	-	-6 739
Retirement/transfer depreciations	-	-313	-3 882	-4 195
Accumulated depreciation and impairments 31.12.2016	1 566	1 448 659	23 357	1 473 582
Book value 31.12.2016	907 108	3 501 908	32 779	4 441 796

* The reclassification is related to Viper/Kobra (Alvheim) and Ivar Aasen which entered into production phase in Q4 2016.

Capitalized exploration expenditures are reclassified to "Fields under development" when the field enters into the development phase. If development plans are subsequently re-evaluated, the associated costs remain in assets under development and are not reclassified back to exploration assets. Fields under development are reclassified to "Production facilities" from the start of production. Production facilities, including wells, are depreciated in accordance with the Unit of Production Method. Office machinery, fixtures and fittings etc. are depreciated using the straight-line method over their useful life, i.e. 3-5 years. Removal and decommissioning costs are included as production facilities or fields under development.

See Note 4 for information regarding impairment charges.

INTANGIBLE ASSETS - GROUP

(USD 1 000)	Other intangible assets Licences etc.	Software	Total	Exploration wells	Goodwill
Book value 31.12.2015	646 487	1 543	648 030	289 980	767 571
Acquisition cost 31.12.2015	789 316	9 149	798 465	289 980	1 561 880
Acquisition of BP Norge AS	759 962	-	759 962	-	1 119 083
Additions	4 608	-1 383	3 225	116 155	
Disposals/expensed dry wells	-	-	-	43 702	-
Reclassification	816	-	816	-737	
Acquisition cost 30.9.2016	1 554 702	7 766	1 562 468	361 696	2 680 963
Accumulated depreciation and impairments 31.12. 2015	142 829	7 606	150 435	-	794 309
Depreciation	64 516	-188	64 327	-	-
Impairment	8 429	-	8 429	-	28 189
Retirement/transfer depreciations	-156	-	-156	-	-
Accumulated depreciation and impairments 30.9.2016	215 618	7 417	223 035	-	822 498
Book value 30.9.2016	1 339 084	349	1 339 433	361 696	1 858 465
Acquisition cost 30.9.2016	1 554 702	7 766	1 562 468	361 696	2 680 963
Additions*	20 912	-	20 912	41 182	39 871
Disposals/expensed dry wells	-	265	265	7 968	-
Reclassification	-410	-	-410	350	-
Acquisition cost 31.12.2016	1 575 203	7 501	1 582 705	395 260	2 720 835
Accumulated depreciation and impairments 30.9.2016	215 618	7 417	223 035	-	822 498
Depreciation	26 739	70	26 809	-	-
Impairment	-	-	-	-	51 366
Retirement/transfer depreciations	313	-265	48	-	-
Accumulated depreciation and impairments 31.12.2016	242 670	7 223	249 892	-	873 864
Book value 31.12.2016	1 332 534	279	1 332 813	395 260	1 846 971

* As described in note 3 to the Q3 Financial Statements, the Purchase Price Allocation related to the acquisition of BP Norge AS was based on currently available information about fair values at the acquisition date 30 September 2016. The allocation may be changed if new information becomes available within 12 months from the acquisition date. During Q4 the Group has received information indicating an increase in Asset Retirement Obligation, an increase in deferred tax asset and an increase in goodwill. This is the background for the additions in goodwill in Q4 in the table above.

See Note 4 for information regarding impairment charges.

	Group			
	Q4		01.01.-31.12.	
Depreciation in the Income statement (USD 1 000)	2016	2015	2016	2015
Depreciation of tangible fixed assets	132 987	94 530	417 891	405 869
Depreciation of intangible assets	26 809	17 061	91 136	75 090
Total depreciation in the Income statement	159 796	111 590	509 027	480 959
Impairment in the Income statement (USD 1 000)				
Impairment/reversal of tangible fixed assets	-6 739	3 092	-16 609	3 092
Impairment/reversal of intangible fixed assets	-	2 832	8 429	2 832
Impairment of goodwill	51 366	186 016	79 555	424 544
Total impairment in the Income statement	44 627	191 939	71 375	430 468

Note 6 Financial items

	Group			
	Q4		01.01.-31.12.	
(USD 1 000)	2016	2015	2016	2015
Interest income	2 887	1 739	5 795	3 098
Realised gains on derivatives	601	1 800	3 138	2 679
Return on financial investments	-	15	-	39
Change in fair value of derivatives	-	-	35 991	18 250
Currency gains	20 024	-	3 742	44 416
Total other financial income	20 625	1 815	42 871	65 385
Interest expenses	42 693	37 109	160 808	127 620
Capitalized interest cost, development projects	-28 136	-16 325	-96 562	-62 326
Amortized loan costs	5 672	2 262	17 915	17 480
Total interest expenses	20 229	23 047	82 161	82 774
Currency losses	-	3 256	-	-
Realised loss on derivatives	1 466	8 138	7 675	51 584
Change in fair value of derivatives	40 585	18 505	-	62 739
Accretion expenses	29 285	6 746	47 977	26 351
Other financial expenses	2 519		7 864	6
Total other financial expenses	73 855	36 645	63 515	140 679
Net financial items	-70 572	-56 138	-97 011	-154 971

The group changed the presentation of accretion expenses in Q1 2016. It is now included in the line item other financial expenses, while it was presented as interest expenses prior to 2016. Comparable figures have been restated accordingly.

Note 7 Taxes

	Group			
	Q4		01.01.-31.12.	
Taxes for the period appear as follows (USD 1 000)	2016	2015	2016	2015
Calculated current year tax/exploration tax refund	-114 769	-17 431	-131 488	49 776
Change in deferred taxes in the Income statement	384 351	22 509	374 617	153 927
Prior period adjustments	7 601	-98	12 353	-4 658
Total taxes (+)/tax income (-)	277 183	4 980	255 482	199 045

	Group	
Calculated tax receivable (+)/tax payable (-) (USD 1 000)	31.12.2016	31.12.2015
Tax receivable/payable at 1.1.	126 391	-189 098
Current year tax (-)/tax receivable (+)	131 488	-49 776
Tax receivable related to acquisitions	255 873	108 047
Tax payment/tax refund	-211 525	232 956
Prior period adjustments	-1 681	11 580
Revaluation of tax receivable	7 430	12 682
Total tax receivable (+)/tax payable (-)	307 977	126 391
Tax receivable included as current assets (+)	400 638	126 391
Tax payable included as current liabilities (-)	-92 661	-

Deferred taxes (-)/deferred tax asset (+) (USD 1 000)	Group 31.12.2016	31.12.2015
Deferred taxes/deferred tax asset 1.1.	-1 356 114	-1 286 357
Change in deferred taxes in the Income statement	-374 617	-153 927
Reclassification of loss carried forward from Premier Oil Norge AS and BP Norge AS	-238 866	-
Deferred tax related to acquisitions*	942 611	91 151
Prior period adjustment	-18 555	-6 921
Deferred tax charged to OCI and equity	-1	-59
Net deferred tax (-)/deferred tax asset (+)	-1 045 542	-1 356 114
Deferred tax (-)	-1 045 542	-1 356 114

* Deferred tax asset from BP Norge AS has been netted against deferred tax liability in Aker BP as the activity in BP Norge AS was transferred to Aker BP during the quarter.

Reconciliation of tax expense (USD 1 000)	Group Q4 2016	Q4 2015	01.01.-31.12. 2016	01.01.-31.12. 2015
25%/27% group tax on profit before tax	52 545	-40 825	72 613	-30 674
53%/51% special tax on profit before tax	111 395	-77 114	153 940	-57 940
Tax effect on uplift	-27 591	-22 406	-103 313	-93 513
Change in tax rates*	-2 888	265	-2 888	265
Permanent difference on impairment	40 065	146 579	62 053	332 631
Foreign currency translation of NOK monetary items	-8 527	-27 410	2 163	-59 857
Foreign currency translation of USD monetary items	-125 049	-37 092	55 692	-243 175
Tax effect of financial and other 25%/27% items	82 879	41 028	-21 335	185 202
Revaluation of tax balances**	146 751	18 390	28 901	164 348
Utilization of acquired loss carried forward	-	-5 524	-	-5 524
Other items (other permanent differences and prior period adjustment)	7 602	9 090	7 656	7 282
Total taxes (+)/tax income (-)	277 183	4 980	255 482	199 045

* The tax rate for general corporation tax changed from 25 to 24 per cent from 1 January 2017. The rate for special tax changed from the same date from 53 to 54 per cent.

** Tax balances are in NOK and converted to USD using the period end currency rate. When NOK weakens against USD, the tax rate increases as there is less remaining tax depreciation measured in USD (vice versa).

In accordance with statutory requirements, the calculation of current tax is required to be based on NOK functional currency. This may impact the tax rate as the company's functional currency is USD.

The revaluation of tax receivable and payable is presented as foreign exchange loss/gain in the Income statement, while the impact on deferred tax from revaluation of tax balances is presented as tax.

Note 8 Other non-current assets

	Group	
(USD 1 000)	31.12.2016	31.12.2015
Shares in Alvheim AS	10	10
Shares in Det norske oljeselskap AS	1 021	1 021
Shares in Sandvika Fjellstue AS	1 814	1 814
Investment in subsidiaries	2 845	2 845
Tenancy deposit	1 553	1 512
Other non-current assets	8 496	8 272
Total other non-current assets	12 894	12 628

Alvheim AS, Det norske oljeselskap AS (previously Marathon Oil Norge AS) and Sandvika Fjellstue AS have been deemed immaterial for consolidation purposes.

The acquisition of BP Norge AS was completed at 30 September 2016 and the company is consolidated in this report. Det norske oil AS and Det norske Exploration AS were liquidated during Q2 2016.

Note 9 Other short-term receivables

	Group	
(USD 1 000)	31.12.2016	31.12.2015
Pre-payments	40 730	21 634
VAT receivable	7 913	6 121
Underlift of petroleum	70 003	3 696
Accrued income from sale of petroleum products	86 429	1 866
Other receivables, mainly from licenses	217 857	71 873
Total other short-term receivables	422 932	105 190

Note 10 Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts and short-term investments that constitute parts of the group`s transaction liquidity.

	Group	
Breakdown of cash and cash equivalents (USD 1 000)	31.12.2016	31.12.2015
Bank deposits	106 369	86 201
Restricted funds (tax withholdings)	8 917	4 398
Cash and cash equivalents	115 286	90 599
Unused revolving credit facility (see Note 15)	550 000	550 000
Unused reserve-based lending facility (see Note 15)	1 805 000	731 370

Note 11 Share capital

	Group	
(USD 1 000)	31.12.2016	31.12.2015
Share capital	54 349	37 530
Total number of shares (in 1 000)	337 737	202 619
Nominal value per share in NOK	1.00	1.00

The group completed a private placement in Q3 2016, increasing the number of outstanding shares with 135.1 million to 337.7 million shares. The additional shares have a nominal value of NOK 1 and a share premium value of NOK 126 per share.

Note 12 Derivatives

(USD 1 000)	Group 31.12.2016	Group 31.12.2015
Unrealized gain commodity derivatives	-	45 217
Short-term derivatives included in assets	-	45 217
Total derivatives included in assets	-	45 217
Unrealized losses currency contracts	5 073	7 840
Unrealized losses interest rate swaps	30 586	54 172
Long-term derivatives included in liabilities	35 659	62 012
Unrealized losses currency contracts	3 868	13 506
Unrealized losses commodity derivatives	1 181	-
Short-term derivatives included in liabilities	5 049	13 506
Total derivatives included in liabilities	40 708	75 518

The group has different types of hedging instruments. The commodity derivatives are used to hedge the risk of oil price reduction. The group manages its interest rate exposure using interest rate derivatives, including a cross currency interest rate swap. Foreign currency exchange contracts are used to manage the company's exposure to currency risks, mainly NOK, EUR and GBP. These derivatives are mark to market with changes in market value recognized in the Income statement.

Note 13 Other current liabilities

Breakdown of other current liabilities (USD 1 000)	Group 31.12.2016	Group 31.12.2015
Current liabilities related to overcall in licences	81 686	33 444
Share of other current liabilities in licences	360 222	184 010
Overlift of petroleum	20 000	17 088
Fair value of contracts assumed in acquisition of Marathon Oil / BP Norge AS*	36 199	12 009
Other current liabilities**	85 737	64 125
Total other current liabilities	583 844	310 675

* The negative contracts value are related to rig contracts entered into by Marathon Oil Norge AS and BP Norge AS, which was different from current market terms at the time of acquisition. The fair value was based on the difference between market price and contract price. The balance is split between current and non-current liabilities based on the cash flow in the contracts, and amortized over the lifetime of the contracts.

** Other current liabilities includes unpaid wages and vacation pay, accrued interest and other provisions.

Note 14 Long-term bonds

(USD 1 000)	Group 31.12.2016	31.12.2015
DETNOR02 Senior unsecured bond[1)]	214 827	208 744
DETNOR03 Subordinated PIK toggle bond [2)]	295 510	294 696
Total bond	510 337	503 440

[1)] The loan is denominated in NOK and runs from July 2013 to July 2020 and carries an interest rate of 3 month NIBOR + 6.5 per cent. The principal falls due on July 2020 and interest is paid on a quarterly basis. The loan is unsecured. The loan has been swapped into USD using a cross currency interest rate swap whereby the group pays LIBOR +6.81 per cent quarterly.

In October 2016 the group removed the dividend restriction, subject to a leverage incurrence test at 4.5x (net interest-bearing debt / EBITDAX). In addition, the bondholders have received a put option for an amount corresponding to any dividend payment from Aker BP at put price of 107. As compensation, the DETNOR02 bonds will be repaid at 107 per cent of par at maturity in 2020, up from the previous 104 per cent resulting from the covenant amendment process earlier this year.

[2)] In May 2015, the group completed an issue of USD 300 million subordinated seven year PIK Toggle bonds with a fixed rate coupon of 10.25 per cent. The bonds are callable and includes an option to defer interest payments.

Note 15 Other interest-bearing debt

(USD 1 000)	Group 31.12.2016	31.12.2015
Reserve-based lending facility	2 030 209	2 118 935
Total other interest-bearing debt	2 030 209	2 118 935

The RBL facility was established in 2014 and is a senior secured seven-year facility. The facility was originally USD 3.0 billion, with an additional uncommitted accordion option of USD 1.0 billion. In connection with the acquisition of BP Norge AS, the facility size was increased to USD 4.0 billion. In addition a new, uncommitted, accordion option of USD 1.0 billion was added to the facility.

The interest rate is from 1 - 6 months LIBOR plus a margin of 2.75 per cent, with a utilization fee of 0.5 per cent on outstanding loan. In addition, a commitment fee of 1.1 per cent is paid on unused credit.

The borrowing base availability in the second half of 2016 was reset to USD 2.9 billion (up from USD 2.8 billion in the first half of 2016). After the inclusion of the BP Norge assets into the RBL facility and the semi-annual re-determination in December 2016, the borrowing base was increased to USD 3.9 billion as of 31 December 2016.

A revolving credit facility ("RCF") of USD 550 million was completed with a consortium of banks in June 2015. The loan has a tenor of four years with extension options of one plus one year at the lenders discretion. The loan carries a margin of 4 per cent, stepping up by 0.5 per cent annually after 3, 4 and 5 years, plus a utilization fee of 1.5 per cent. In addition, a commitment fee of 2.0 per cent is paid on unused credit. This facility is undrawn as of 31 December 2016.

In October 2016, the group completed a process with its bank consortium in order to amend certain provisions of the RBL and RCF, including removal of the dividend restrictions, subject to a leverage incurrence test of 4.5x (net interest-bearing debt / EBITDAX).

Note 16 Provision for abandonment liabilities

(USD 1 000)	Group 31.12.2016	31.12.2015
Provisions as of 1 January	423 325	489 051
Abandonment liabilities from acquisition of BP Norge AS*	1 680 206	-
Incurred cost removal	-12 237	-12 508
Accretion expense - present value calculation	47 977	26 351
Change in estimates and incurred liabilities on new fields	17 650	-79 569
Total provision for abandonment liabilities	2 156 921	423 325
Break down of the provision to short-term and long-term liabilities		
Short-term	75 981	10 520
Long-term	2 080 940	412 805
Total provision for abandonment liabilities	2 156 921	423 325

* Subject to updated PPA as described in note 5.

The group's removal and decommissioning liabilities relate mainly to the producing fields.

The estimate is based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate of 2.5 per cent and a nominal discount rate before tax of between 4.14 per cent and 6.35 per cent.

Note 17 Contingent liabilities

During the normal course of its business, the group will be involved in disputes, including tax disputes. The group has made accruals for probable liabilities related to litigation and claims based on management's best judgment and in line with IAS 37 and IAS 12.

Note 18 Subsequent events

The group has not identified any events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report.

Note 19 Investments in joint operations

The company's investments in licences on the Norwegian Continental Shelf as of:

Fields operated:	31.12.2016	30.09.2016
Alvheim	65.000 %	65.000 %
Bøyla	65.000 %	65.000 %
Hod	37.500 %	37.500 %
Ivar Aasen Unit	34.786 %	34.786 %
Jette Unit	70.000 %	70.000 %
Valhall	35.953 %	35.953 %
Vilje	46.904 %	46.904 %
Volund	65.000 %	65.000 %
Tambar	55.000 %	55.000 %
Tambar Øst	46.200 %	46.200 %
Ula	80.000 %	80.000 %
Skarv	23.835 %	23.835 %

Fields non-operated:	31.12.2016	30.09.2016
Atla	10.000 %	10.000 %
Enoch	2.000 %	2.000 %
Gina Krog	3.300 %	3.300 %
Johan Sverdrup ***	11.573 %	11.573 %
Jotun	7.000 %	7.000 %
Varg	5.000 %	5.000 %

Production licences in which Aker BP is the operator:

Licence:	31.12.2016	30.09.2016
PL 001B	35.000 %	35.000 %
PL 006B	35.833 %	35.833 %
PL 019	80.000 %	80.000 %
PL 026B**	90.260 %	92.130 %
PL 027D	100.000 %	100.000 %
PL 028B	35.000 %	35.000 %
PL 033	37.500 %	37.500 %
PL 033B	37.500 %	37.500 %
PL 036C	65.000 %	65.000 %
PL 036D	46.904 %	46.904 %
PL 065	55.000 %	55.000 %
PL 088BS	65.000 %	65.000 %
PL 103B	70.000 %	70.000 %
PL 150	65.000 %	65.000 %
PL 150B	65.000 %	65.000 %
PL 169C	50.000 %	50.000 %
PL 203	65.000 %	65.000 %
PL 203B	65.000 %	65.000 %
PL 212	30.000 %	30.000 %
PL 212B	30.000 %	30.000 %
PL 212E	30.000 %	30.000 %
PL 242	35.000 %	35.000 %
PL 261	50.000 %	50.000 %
PL 262	30.000 %	30.000 %
PL 300	55.000 %	55.000 %
PL 340	65.000 %	65.000 %
PL340BS	65.000 %	65.000 %
PL 364	100.000 %	100.000 %
PL 407	50.000 %	50.000 %
PL 442**	90.260 %	90.000 %
PL 460	100.000 %	100.000 %
PL 504	47.593 %	47.593 %
PL 539**	0.000 %	40.000 %
PL 626	50.000 %	50.000 %
PL 659**	35.000 %	20.000 %
PL 677	60.000 %	60.000 %
PL 690*	0.000 %	50.000 %
PL 701*	0.000 %	40.000 %
PL 715	40.000 %	40.000 %
PL 719**	20.000 %	0.000 %
PL 724	40.000 %	40.000 %
PL 724B	40.000 %	40.000 %
PL 736S	65.000 %	65.000 %
PL 748	50.000 %	50.000 %
PL 762	20.000 %	20.000 %
PL 777	40.000 %	40.000 %
PL 777B	40.000 %	40.000 %
PL 784**	40.000 %	0.000 %
PL 790	30.000 %	30.000 %
PL 814	40.000 %	40.000 %
PL 818	40.000 %	40.000 %
PL 821	60.000 %	60.000 %
PL 822S	60.000 %	60.000 %
PL 839**	23.835 %	0.000 %
PL 843	40.000 %	40.000 %
PL 858	40.000 %	40.000 %
Number	53	53

Production licences in which Aker BP is a partner:

Licence:	31.12.2016	30.09.2016
PL 006C	15.000 %	15.000 %
PL 018DS	13.338 %	13.338 %
PL 019C****	30.000 %	30.000 %
PL 026	30.000 %	30.000 %
PL 029B	20.000 %	20.000 %
PL 035	50.000 %	50.000 %
PL 035C	50.000 %	50.000 %
PL 038	5.000 %	5.000 %
PL 038D**	0.000 %	30.000 %
PL 048D	10.000 %	10.000 %
PL 102C	10.000 %	10.000 %
PL 102D	10.000 %	10.000 %
PL 102F	10.000 %	10.000 %
PL 102G	10.000 %	10.000 %
PL 265	20.000 %	20.000 %
PL 272	50.000 %	50.000 %
PL 405**	15.000 %	0.000 %
PL 457	40.000 %	40.000 %
PL 457BS	40.000 %	40.000 %
PL 492	60.000 %	60.000 %
PL 502	22.222 %	22.222 %
PL 507**	45.000 %	25.000 %
PL 533	35.000 %	35.000 %
PL 550*	0.000 %	10.000 %
PL 554	30.000 %	30.000 %
PL 554B	30.000 %	30.000 %
PL 554C	30.000 %	30.000 %
PL 610**	37.500 %	0.000 %
PL 613	20.000 %	20.000 %
PL 627	20.000 %	20.000 %
PL 627B	20.000 %	20.000 %
PL 650**	25.000 %	0.000 %
PL 653	30.000 %	30.000 %
PL 672**	0.000 %	25.000 %
PL 689	20.000 %	20.000 %
PL 689B	20.000 %	20.000 %
PL 694	20.000 %	20.000 %
PL 721**	20.000 %	0.000 %
PL 722	20.000 %	20.000 %
PL 778	20.000 %	20.000 %
PL 782S	20.000 %	20.000 %
PL 782SB	20.000 %	20.000 %
PL 797	25.000 %	25.000 %
PL 804	30.000 %	30.000 %
PL 811**	20.000 %	0.000 %
PL 813	3.300 %	3.300 %
PL 838**	30.000 %	0.000 %
PL 842	30.000 %	30.000 %
PL 844	20.000 %	20.000 %
PL 852	40.000 %	40.000 %
PL 857	20.000 %	20.000 %
Number	48	45

* Relinquished licences or Aker BP has withdrawn from the licence.

** Acquired/changed through licence transactions or licence splits.

*** According to a ruling by Ministry of Oil and Energy.

**** Aker BP is operator from 18.01.2017

Note 20 Results from previous interim reports

	2016				2015			
(USD 1 000)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total income	655 624	247 993	255 665	204 848	254 634	316 393	321 850	328 924
Exploration expenses	44 281	30 843	36 214	36 115	18 867	18 066	24 949	14 523
Production costs	121 139	32 188	39 116	34 374	24 077	26 888	50 686	39 349
Depreciation	159 796	114 649	120 264	114 318	111 590	129 790	117 354	122 224
Impairments	44 627	8 429	-19 644	37 964	191 939	185 756	-	52 773
Other operating expenses	5 029	6 223	5 410	5 330	3 228	11 433	22 550	14 397
Total operating expenses	374 872	192 333	181 360	228 101	349 701	371 932	215 539	243 266
Operating profit/loss	280 752	55 660	74 305	-23 253	-95 067	-55 539	106 311	85 658
Net financial items	-70 572	-5 107	-28 951	7 620	-56 138	-51 205	-43 136	-4 492
Profit/loss before taxes	210 180	50 553	45 353	-15 633	-151 205	-106 744	63 175	81 166
Taxes (+)/tax income (-)	277 183	-12 880	39 046	-47 866	4 980	59 441	55 897	78 727
Net profit/loss	-67 003	63 433	6 308	32 233	-156 184	-166 185	7 277	2 439

Alternative performance measures

Aker BP discloses alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with IFRS. Aker BP believes that the alternative performance measures provide useful supplemental information to management, investors, security analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of Aker BP's business operations and to improve comparability between periods.

Depreciation per boe is depreciation divided by number of barrels of oil equivalents produced in the corresponding period

Dividend per share (DPS) is dividend paid in the quarter divided by number of shares outstanding

Earnings per share (EPS) is net profit divided by weighted average number of shares outstanding and fully diluted

EBIT is short for earnings before interest and other financial items and taxes

EBITDA is short for earnings before interest and other financial items, taxes, depreciation and amortisation and impairments

EBITDAX is short for earnings before interest and other financial items, taxes, depreciation and amortisation, impairments and exploration

Equity ratio is total equity divided by total assets

Gross interest-bearing debt is book value of current and non-current interest-bearing debt

Net interest-bearing debt is book value of current and non-current interest-bearing debt less cash and cash equivalents

Production cost per boe is production cost divided by number of barrels of oil equivalents produced in the corresponding period

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