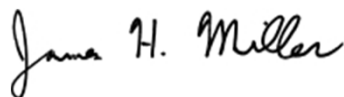


Philly Shipyard ASA
Statement of Financial Position

<i>Amounts in USD thousands</i>	<i>Note</i>	30 June 2016
ASSETS		
Shares in subsidiary	2	67,000
Total non-current assets		67,000
Other current assets		1,609
Loan to subsidiary	5	31,000
Dividend receivable	2	36,465
Cash and cash equivalents		2,763
Total current assets		71,837
Total assets		138,837
EQUITY AND LIABILITIES		
Share capital		22,664
Share premium reserve		18,493
Total paid in capital		41,157
Other equity		45,888
Total equity	4	87,045
Deferred tax liability	3	825
Total non-current liabilities		825
Other current liabilities		204
Tax payable	3	530
Withholding tax on dividend paid to shareholders		1,233
Loan from subsidiary		49,000
Total current liabilities		50,967
Total liabilities		51,792
Total equity and liabilities		138,837

Oslo, Norway
 18 August 2016
 Board of Directors
 Philly Shipyard ASA



James H. Miller
 Board Chairman



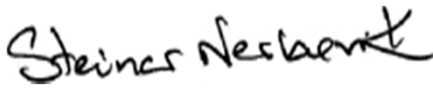
Amy Humphreys
 Board Member



Elin Karfjell
 Board Member



Audun Stensvold
 Deputy Board Chairman



Steinar Nerbovik
 President and CEO

Note 1: Basis for preparation

The interim statement of financial position of Philly Shipyard ASA (PHLY or the Company) is presented in conformity with Norwegian legislation and generally accepted accounting principles in Norway. The Company's functional and reporting currency is the U.S. dollar (USD), except when indicated otherwise.

The purpose of the 30 June 2016 interim statement of financial position is to determine the dividend paying capacity of the Company as it intends to pay additional extraordinary dividends in 2016. The intended users of this interim statement of financial position are the shareholders of the general meeting of Philly Shipyard ASA.

Subsidiaries

Subsidiaries are presented on a historical cost basis in the parent company accounts. The investment is valued at historical cost for the shares unless impairment write-downs have been deemed necessary. The shares are written down to fair value if the impairment is not of a temporary nature and is necessitated by generally accepted accounting principles. Write-downs are reversed when the basis for the write-down no longer exists.

Dividends and other payments are taken to income in the period they are accrued in the subsidiary. If dividends exceed retained earnings after the purchase, the excess represents repayment of invested capital and the payments are deducted from the invested value in the Company's statement of financial position.

Classification and valuation of statement of financial position items

Current assets and current liabilities include items that have less than one year to maturity, and other items that are deemed operational working capital. Other items are classified as non-current assets/non-current liabilities.

Non-current assets are valued at historical cost, but are written down to fair value if impairment is deemed to be of a permanent nature. Non-current liabilities are valued at nominal historical values.

Tax

Payable tax is calculated on the basis of the profit for the period in Norwegian Kroner (NOK). Deferred tax at 30 June 2016 is calculated using a 25% income tax rate utilizing the difference that exists between book values and tax values and the net operating losses that can be carried forward at the statement of financial position date. Tax-increasing and tax-reducing temporary differences that are reversing or can reverse in the same period are offset against each other. Net tax assets are shown in the statement of financial position to the extent it is probable that these assets can be utilized.

Use of estimates

Preparation of the interim statement of financial position in conformity with generally accepted accounting principles in Norway requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and also the disclosure of contingent assets and liabilities on the statement of financial position date.

Contingent losses that are probable and quantifiable are expensed when they are identified.

Note 2: Shares in subsidiary

This item comprises the following as of 30 June 2016:

<i>Amounts in USD thousands</i>	Ownership and voting rights (%)	Business address	Historical cost	Book value
Philly Shipyard, Inc. (PSI)	100%	Philadelphia, PA	67,000	67,000
Total shares in subsidiary			67,000	67,000

PSI has declared a dividend of USD 42.9 million payable in August 2016. The dividend is subject to U.S. federal withholding tax of 15%, calculated at USD 6.435 million. The net receivable from PSI is USD 36.465 million.

PSI's unaudited results after-tax and equity at 30 June 2016 are:

Results after-tax for the six-month period ended 30 June 2016	11,509
Equity at 30 June 2016	82,385

Based on the net asset position of PSI (the investment in subsidiary) as well as the cash on hand at PSI, PHLY has concluded that no impairment has occurred to the investment in subsidiary at 30 June 2016.

Note 3: Taxes

The table below shows the difference between book and tax values by the end for the six-month period ended 30 June 2016 and the amount of deferred tax at this date and the change in deferred tax.

<i>Amounts in USD thousands</i>	6-mo. period ended 30 June 2016
Losses carried forward	-
Other temporary differences	(3,581)
Total differences	(3,581)
Net deferred tax liability, 25%	(895)
Tax (gains)/losses not recognized F/X related	70
Tax liability in the statement of financial position	(825)

Estimated Norwegian income taxes payable:

<i>Amounts in USD thousands</i>	6-mo. period ended 30 June 2016
Income before tax measured in NOK for taxation purposes	41,991
Permanent differences	(42,900)
Change in temporary differences	1,596
Estimated Norwegian taxable income	687
3% not tax exempt on received dividend	129
Current period tax payable	301
Prior year tax payable	229
Tax payable in the statement of financial position	530

Note 4: Total equity

Changes in equity are:

<i>Amounts in USD thousands</i>	Share capital	Share premium	Treasury shares	Total paid in capital	Other equity	Total equity
Equity as of 31 December 2015	22,664	56,797	(9,969)	69,492	27,166	96,658
Dividend paid	-	(28,335)	-	(28,335)	(20,096)	(48,431)
Net income for six-months ended 30 June 2016	-	-	-	-	38,818	38,818
Equity as of 30 June 2016	22,664	28,462	(9,969)	41,157	45,888	87,045

The Company's dividend paying capacity is based on its Norwegian general ledger which is also utilized in the determination of taxable income in Norway. The amounts reflected in USD in the interim statement of financial position within equity have accumulated at historical exchange rates which have varied significantly since the Company's formation in 2007. Accordingly, the USD balances do not necessary reflect the Company's actual dividend paying capacity as of 30 June 2016. Upon approval of the interim statement of financial position as of 30 June 2016, at the general meeting the Company estimates the maximum aggregate dividends which could be paid to be USD 48.8 million based on exchange rates on the interim statement of financial position date.

The share capital of NOK 125,747,660 consists of 12,574,766 shares (including 466,865 treasury shares) with a par value of NOK 10 as of 30 June 2016.

The Company is a part of the consolidated accounts of Aker ASA, Oksenyveien 10, NO-1366 Lysaker, Norway.

Twenty largest shareholders

(as of 30 June 2016)

Shareholders	Number of shares held	Ownership (in %)
Aker Capital II AS	7,237,631	57.6%
Goldman Sachs & Co. Equity Segragat	3,561,622	28.3%
Philly Shipyard ASA	466,865	3.7%
First Clearing JP Morgan Chase	387,611	3.1%
Jefferies & Co., Inc.	116,508	0.9%
Citibank, N.A.	70,491	0.6%
Merrill Lynch, Pierce, Fenner & S. Inc.	66,428	0.5%
Nordnet Livsforsikring	48,007	0.4%
Ramadan Kovaci	45,412	0.4%
UBS Securities LLC	41,181	0.3%
Lars Ro	40,000	0.3%
Jan Oivind Hewitt	37,710	0.3%
Clearstream Banking	37,439	0.3%
Ole Johnny Wilson	31,667	0.3%
Skandinaviska Enskilda Banken S.A.	28,000	0.2%
Per Asgeir Bodin	20,280	0.2%
Jorgen Werner	18,900	0.2%
Espen Einar Dalby	17,000	0.1%
Jarle Haugen	14,986	0.1%
State Street Bank	14,306	0.1%
Total, 20 largest shareholders	12,302,044	97.8%
Other shareholders	272,722	2.2%
Total shareholders	12,574,766	100.0%

Note 5: Related party transactions/guarantees

The Company has made the following guarantees:

Description	Beneficiary	Amount (USD thousands)	Borrower
Caterpillar loan	Caterpillar Financial Services Corp.	120,000	PSI
Caterpillar loan	Caterpillar Financial Services Corp.	150,000	PSI
Welcome Fund loan	PIDC Regional Center, LP XXXI	60,000	PSI
Working capital	TD Bank, N.A.	20,000	PSI

The working capital facility provides for cash advances and supports the issuance of letters of credit.

The Company has supplied a parent guarantee for the obligations of PSI under the one remaining construction contract with Crowley Maritime Corporation (Hull 024), the four construction contracts with Philly Tankers LLC (Hulls 025-028) and the two construction contracts with Matson Navigation Company, Inc. (Hulls 029-030).

The Company charges PSI a guarantee fee for the parent guarantees of the credit facilities and construction contracts referenced above. The Company believes that these guarantee fees are made on terms equivalent to those that prevail in arm's length transactions. Total guarantee fees received under these agreements for the six-month period ended 30 June 2016 were USD 1.58 million.

On 29 April 2008, PSI, as borrower, entered into a loan agreement with PHL, as lender. The loan agreement was amended on 16 June 2009, 3 May 2011, 26 November 2014 and 23 May 2016. The facility is for up to USD 50 million and interest is at a floating rate of 3-month LIBOR plus 2.25% per annum. As of 30 June 2016, USD 31 million is outstanding under the facility.

On 18 July 2013, PHL, as borrower, entered into a loan agreement with PSI, as lender. The loan agreement was amended on 23 May 2016. The facility is for up to USD 50 million and interest is at a fixed rate of 4.00% per annum. As of 30 June 2016, 49 million is outstanding under the facility.



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Internet www.kpmg.no

To the general meeting of Philly Shipyard ASA

INDEPENDENT AUDITOR'S REPORT

Report on the interim balance

We have audited the interim balance of Philly Shipyard ASA ("the Company") as at 30 June 2016 showing a total equity balance of USD 87 million. The interim balance comprises a statement of financial position, a summary of significant accounting policies and other explanatory information (together "the interim balance"). The interim balance is prepared by the Board of Directors and the President and Chief Executive Officer, by using the accounting principles as described in Note 1 to this interim balance. The interim balance has been prepared for the purpose of determining the dividend paying capacity of the Company as at 30 June 2016.

The Board of Directors and CEO's responsibility

The Board of Directors and the President and Chief Executive Officer are responsible for the preparation of the interim balance in accordance with the accounting principles described in Note 1 to the interim balance, and for such internal control as the Board of Directors and the President and Chief Executive Officer determine is necessary to enable the preparation of interim balance that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the interim balance 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 interim balance is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim balance. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the interim balance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the interim balance 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, if any, made by management, as well as evaluating the overall presentation of the interim balance.

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 interim balance presents fairly the financial position of Philly Shipyard ASA as at 30 June 2016 in accordance with the accounting principles in Note 1 to the interim balance.

Offices in:

Oslo	Hamar	Skien	Trondheim
Alta	Haugesund	Sandefjord	Tynset
Arendal	Kragerø	Sandnessjøen	Tønsberg
Bergen	Kristiansand	Stavanger	Ålesund
Bodo	Larvik	Stord	
Elverum	Mo i Rana	Straume	
Finnsnes	Molde	Tromsø	

Basis of preparation

Without modifying our opinion, we draw attention to Note 1 to the interim balance, which explains the basis of preparation, including the approach to and the purpose for preparing them. The interim balance was prepared for the purpose of being able to take into account earnings for the period from 1 January 2016 to 30 June 2016 to determine the dividend paying capacity of the Company in accordance with the Norwegian Public Limited Liability Companies Act. Our report is intended solely for this purpose and should not be used or distributed for any other purpose.

Oslo, 18 August 2016

KPMG AS



Gunnar Sotnakk

State Authorized Public Accountant