

# Agasti Holding ASA Interim report 4<sup>th</sup> quarter 2014

13 February 2015



# Fourth quarter highlights

## Good profit trends for Agasti's new activities – old business will soon be history

- Adjusted EBIT of NOK 11 million and adjusted EBITDA of NOK 15 million in fourth quarter. Adjusted EBIT of NOK 44 million and adjusted EBITDA of NOK 59 million in 2014.
- After expensing of NOK 35 million in the fourth quarter relating to the restructuring of the organisation, reached settlements and provisions for potential settlements, EBITDA ended at NOK -17 million and EBIT at NOK -24 million for the quarter. For 2014, EBITDA ended at NOK -1 million and EBIT at NOK -20 million after the expensing of a total of NOK 63 million relating to the restructuring, provisions for potential settlements and reached settlements.
- Jørgen Pleym Ulvness is taking on greater operative responsibility by leading Agasti's largest business area, Investment Management, and placing more focus on ongoing operations.
- Establishing transaction-based restructuring in Obligo, as well as further targeting of activities towards institutional and professional investors.
- Intensive process to wind up old business. All alternatives are being considered, and a decision may be reached in the near future.
- Continuous process to adjust organisational setup to current business model, including possible outsourcing of certain functions.
- Generally high level of activity within both transactions and brokerage services.



Jørgen Pleym Ulvness, CEO

MNOK	4Q14	YTD
EBITDA	-17	-1
EBIT	-24	-20
Restructuring costs	10	26
Provisions for future settlements	19	19
Settlements	7	19
EBITDA adj.	15	59
EBIT adj.	11	44

The Agasti Group is continuing the positive developments in operating activities while former business activities are simultaneously being wound up. Agasti achieved an adjusted EBIT of NOK 44 million and an adjusted EBITDA of NOK 59 million for ongoing operating activities in 2014. In the fourth quarter, adjusted EBIT ended at NOK 11 million and adjusted EBITDA at NOK 15 million. In the same periods, write-downs on software as a result of a more focused business model have been charged to the

accounts, as well as provisions for future licence costs relating to the termination of the software of NOK 4 million and NOK 6 million respectively. In addition, NOK 26 million has been charged to the accounts for the fourth quarter and NOK 38 million has been charged for 2014 as a result of provisions for potential settlements with claimants who brought legal proceedings relating to investments made during the period 2006-2008 against subsidiaries.

"We are continuing to deliver good results on our new activities. We will soon have wound up former business activities, and will then be left with a future-oriented organisation that has an excellent basis for good performance in the coming years," says Jørgen Pleym Ulvness, CEO of Agasti Holding ASA.

The Agasti Group is experiencing a generally high level of activity within both Obligo Investment Management (Obligo) and Agasti Wunderlich Capital Markets (AWCM). Agasti is now implementing strategic changes in its organisation in order to ensure

even better management of the investment portfolios and to place more focus on institutional and professional investors.

“We are establishing a greater share of our activities around Obligo, where we are now integrating corporate finance services in order to ensure the best possible management of existing portfolios. Through our dynamic investment management model we will create good returns and increased liquidity and dividends for investors through solid management and the transaction-based restructuring of investment portfolios where we identify opportunities for our clients. Agasti Wunderlich Capital Markets will continue to offer brokerage services and corporate finance services, primarily within shipping and energy/oil services,” says Ulvness.

Agasti is focusing the business model by placing greater emphasis on institutional and professional investors. The Agasti Group has an increasing number of clients that are classified as professional and/or institutional investors, from both Norway and abroad. The number of clients that are classified as private, non-professional investors remains at a high, but decreasing, level. These clients are no longer a part of the future strategy in the sense that the Agasti Group will no longer offer new investments directly to this client group. A majority of these clients have invested in one or more of the investment portfolios managed by Obligo, and therefore receive the same follow up on their existing investments as professional and/or institutional investors from the dedicated Obligo Investor Relations team.

“Managing private investors who do not have specialist skills within financial instruments is resource intensive and demanding. We are now seeing the consequences of this and giving our attention to clients who have such skills. This group of clients has increased significantly during the past two years. This is a change we have considered making over an extended period of time, and which we are now implementing in order to make the company more robust, create a more effective interface towards our clients and ensure greater shareholder value through increased profitability,” says Ulvness.

With the winding up of the investment advisory services in 2014, focusing of activities towards

institutional and professional investors, and the winding up of business from Acta by the end of the first half of 2015, the Agasti Group for all practical purposes now only consists of the two new business areas that were established during 2013.

The Investment Management business area consists of the investment management company Obligo Investment Management with subsidiaries and integrated corporate finance services, which is responsible for the restructuring-based and dynamic management of client investments totalling NOK 44 billion within real estate, shipping, private equity and infrastructure. The management team consists of individuals with extensive, broad experience from recognised investment management environments, both within Norway and internationally. In isolation, the business area achieved an operating result of NOK 27 million in 2014.

The Capital Markets business area consists of Agasti Wunderlich Capital Markets and Swedish Navexa Securities, and undertakes activities within secondary trading and project financing, as well as a corporate finance department which offers advisory services and the facilitation of various types of capital markets transactions. In isolation, the business area achieved an operating result of NOK 29 million in 2014.

“As expected, building the new Agasti Group throughout the past two years has been demanding, and it has been absolutely necessary to implement extensive changes. We have established something completely new, are now winding up the former Acta activities, and have managed an inherited reputation that we have worked to improve throughout the process. Along the way, it has been necessary to let around 250 employees go, while simultaneously employing around 100 extremely competent individuals in order to adapt our competence to the new activities. Despite using extensive amounts of time and money on winding up and finalising activities, we are continuing to show stable and positive profit trends over time on underlying operations, while simultaneously making the strategic changes that are necessary in order to ensure the best possible value for clients and shareholders,” says Jørgen Pleygm Ulvness.

	<u>Fourth quarter</u>		<u>Year</u>	
	2014	2013	2014	2013
Total revenues (MNOK)	104	124	413	421
Total operating costs (MNOK)	129	136	433	425
EBITDA (MNOK)	-17	1	-1	23
EBIT (MNOK)	-24	-12	-20	-4
Earnings per share (NOK)	-0.05	-0.04	-0.04	-0.01
Equity under management (BNOK)	26	30	26	30
Assets under management (BNOK)	50	57	50	57
Recurring revenues / fixed costs	112%	103%	116%	116%
Recurring revenues / fixed and activity-based costs	66%	86%	83%	97%

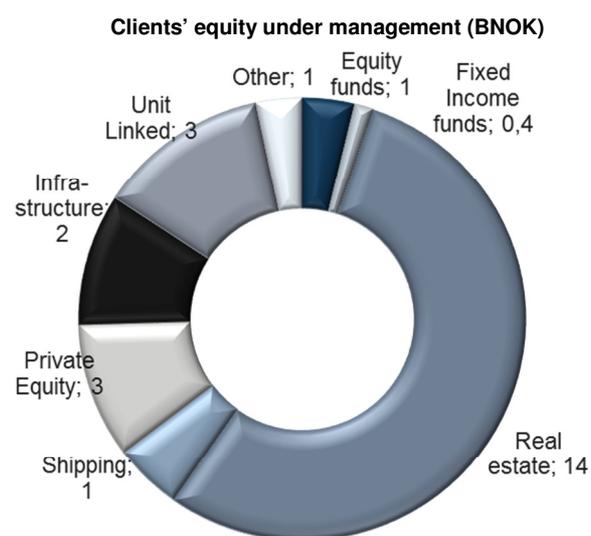
# Interim report

## Client equity and assets under management

As a consequence of winding up the activities within Wealth Management, the group will experience a reduction in assets under management, and an annual loss of revenue of approximately NOK 90-100 million compared to 2013. At the same time, the number of employees is reduced by approximately 120 people, and the annual cost base has been reduced by approximately NOK 120 million, compared to 2013.

Clients' equity under management at the end of December 2014 totalled NOK 26 billion, which is approximately NOK 1 billion less than at end of September 2014.

Real estate is the asset class in which the Agasti Group's clients have invested most equity, at a total of NOK 14 billion. Unit Linked and Private Equity are the second and third largest asset classes with respect to equity, where clients have invested NOK 3 billion in each asset class.



Assets under management at the end of the fourth quarter of 2014 totalled NOK 50 billion, which is approximately NOK 1 billion less than in the previous quarter.

Real estate is the largest asset class with assets totalling NOK 34 billion, which is at the same level as during the previous quarter.

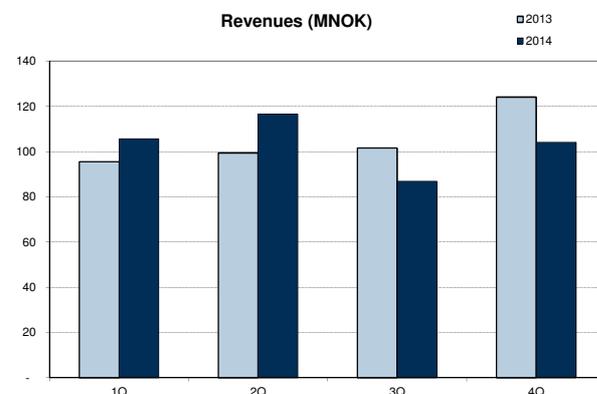
## Financial summary

(Figures in MNOK)

	Fourth quarter		Year	
	2014	2013	2014	2013
Transaction revenues	31	28	88	59
Recurring revenues	73	96	325	362
<b>Total revenues</b>	<b>104</b>	<b>124</b>	<b>413</b>	<b>421</b>
Variable operating costs	9	12	20	23
Activity-based costs	46	18	112	63
Fixed operating costs	66	94	281	312
<b>Total operating costs</b>	<b>121</b>	<b>123</b>	<b>414</b>	<b>398</b>
<b>EBITDA</b>	<b>-17</b>	<b>1</b>	<b>-1</b>	<b>23</b>
Depreciation a.o.	8	13	19	27
<b>EBIT</b>	<b>-24</b>	<b>-12</b>	<b>-20</b>	<b>-4</b>
Net financial items	3	3	2	7
<b>Net income before tax</b>	<b>-22</b>	<b>-9</b>	<b>-18</b>	<b>3</b>
Tax	-6	2	-5	5
<b>Net income</b>	<b>-16</b>	<b>-11</b>	<b>-12</b>	<b>-2</b>

## Revenues (figures for 2013 in brackets)

Total revenues for the group ended at NOK 104 million in the fourth quarter of 2014 (NOK 124 million). Transaction revenues were NOK 31 million (NOK 28 million). Transaction revenues have improved by NOK 29 million during the year to date, or 50%, compared with the corresponding period last year.



Recurring revenues amounted to NOK 73 million in the fourth quarter of 2014, compared with NOK 96 million in the corresponding quarter of 2013. The reduction in recurring revenues is mainly a result of the restructuring process described above.

Recurring revenues covered 66% of fixed and activity-based costs in the fourth quarter of 2014. The corresponding figure for the fourth quarter of 2013 was 86%. The figure is influenced by settlements with clients relating to the Agasti Group's old business activities. Adjusted for the non-recurring settlement

costs, the recurring revenues covered 96% of fixed and activity-based costs in the fourth quarter.

### Operating costs

Total operating costs, including depreciation and other, were NOK 121 in the fourth quarter of 2014, which is a net reduction of NOK 2 million compared with the corresponding quarter of last year.

Variable and activity-based costs in the fourth quarter of 2014 totalled NOK 9 million and NOK 46 million respectively, a total increase of NOK 26 million compared with the corresponding quarter of 2013. The increase in activity based costs comes as a result of the Agasti Group's revised strategy concerning the winding up of old business. The increase stems primarily from NOK 7 million in settlement costs in addition to NOK 19 million in provisions.

Fixed operating costs were NOK 66 million in the fourth quarter of 2014, compared with NOK 94 million in the corresponding quarter of 2013. The reduction in fixed operating costs is mainly explained by a lower cost base following the cost reduction programmes initiated in 2013 and 2014, partly offset by a one-off cost of NOK 6 million attributable to the termination of certain IT systems.

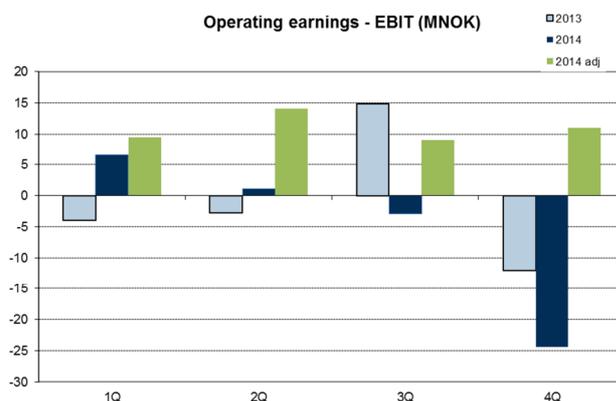
The remaining provisions relating to the restructuring of the group as at 31 December 2014 total NOK 4 million, which relates to provisions for future rent obligations. The restructuring of the group has reduced the annual cost base by approximately NOK 120 million compared to 2013.

Depreciation and impairments amounted to NOK 8 million in the fourth quarter of 2014, compared with NOK 13 million in the corresponding quarter of 2013.

At the end of December 2014, the Agasti Group had 124 employees, including seven employees on leave. In addition, 18 persons are hired on a temporary basis. As a result of the restructuring process, the number of employees has been reduced by approximately 120 people since year end 2013.

### Operating earnings

EBIT in the fourth quarter of 2014 ended at NOK -24 million, compared with NOK -12 million in the corresponding quarter of 2013.



Net income in the fourth quarter of 2014 ended at NOK -16 million (NOK -11 million), which translates to an EPS of NOK -0.05, compared with NOK -0.04 in the corresponding quarter of 2013.

Total comprehensive income in the fourth quarter of 2014 was NOK -17 million, compared with NOK -9 million in the corresponding quarter of 2013.

### Balance sheet

Total assets as at 31 December 2014 were NOK 387 million, compared with NOK 405 million as at 30 September 2014. Consolidated equity as at 31 December 2014 was NOK 210 million, compared to NOK 230 million at the same time last year, and NOK 235 million as at 30 September 2014.

In order to fulfil the company's obligations under an incentive scheme towards employees, the company resolved on 17 December 2014 to increase the company's share capital by NOK 93,912.84 through the issuing of 521,738 new shares, each with a nominal value of NOK 0.18.

Agasti Holding ASA is subject to capital adequacy requirements on a consolidated basis, cf. Section 9-21 of the Securities Trading Act. Calculation of subordinated capital and capital adequacy as at 31 December 2014 proves that Agasti Holding ASA is in line with the authorities' requirements.

The Agasti Group has limited risk on its balance sheet. As at 31 December 2014, the group had bank deposits totalling NOK 104 million.

### Segment information

From the fourth quarter of 2014, the Agasti Group reports financial information in the segments Capital Markets, Investment Management and Other.

### Capital Markets

The Capital Markets business area includes the group's operations within corporate finance, institutional sales, investor services and product development. Capital Markets also includes project

finance and the secondary market trading of unlisted shares.

In the fourth quarter of 2014, transaction revenues from the group's operations in the Capital Markets segment amounted to NOK 19 million, and recurring revenues ended at NOK 22 million.

EBIT ended at NOK 15 million in the fourth quarter of 2014, compared with NOK -3 million in the corresponding quarter of 2013.

Activities in the Capital Markets segment will be developed further with a focus on institutional and professional investors, and the organisation will therefore be well-equipped to take on new responsibilities within product development and corporate finance in the future.

### **Investment Management**

The Investment Management business area includes the group's business relating to investment management, asset management and fund administration activities across real estate, shipping, private equity, infrastructure and other alternative investments.

In the fourth quarter of 2014, transaction revenues from the group's operations in the Investment Management segment amounted to NOK 10 million, and recurring revenues ended at NOK 48 million.

EBIT ended at NOK 17 million in the fourth quarter of 2014, unchanged compared to the corresponding quarter of 2013.

Activities in the Investment Management segment will be developed further to also include corporate finance, and the organisation is therefore well-equipped to take on new responsibilities within product development, the administration of investment portfolios and the transaction based restructuring of portfolios.

### **Other**

The Other segment includes overhead costs and other revenues and costs that are not attributable to the Capital Markets and Investment Management segments. The Other segment mainly covers business activities previously reported as Wealth Management that have partly been transferred to Capital Markets or been closed down and reported as "Other". Historic figures have been restated to include revenues and costs from such activities in Other.

The Other segment had an EBIT of NOK -57 million in the fourth quarter of 2014 following the allocation of shared costs, compared with NOK -26 million in the corresponding quarter of 2013. The adverse

change stems primarily from settlements and provisions for potential settlements, the writing off of software resulting from a more focused business model, and provisions for future licensing costs associated with the termination of that software.

### **Regulatory and legal matters**

During the fourth quarter of 2010 and first quarter of 2011, just under 450 Swedish investors, who in the years 2006 and 2007 invested in bonds issued by Lehman Brothers and distributed by Acta Kapitalförvaltning, a branch of Acta Kapitalförvaltning AS, a subsidiary of Agasti Holding ASA, brought legal action against Acta Kapitalförvaltning AS. The investors dispute the obligation to repay the loans to the bank, and have turned to Acta Kapitalförvaltning AS as the investment advisor to claim coverage for lost equity and any loan not covered by the bank. In March 2010, the Swedish National Board for Consumer Complaints (ARN) reached a principle decision affirming that Acta Kapitalförvaltning AS is not liable towards investors due to inexpedient advice in connection with the bankruptcy of Lehman Brothers. Notwithstanding, the legal costs relating to the proceedings are deemed to be high provided the timeline set by Stockholm's city court. Acta Kapitalförvaltning AS has therefore intensified its strategy of reaching settlements with the parties, including Kaupthing and customers. As a part of this strategy, the company reached a settlement agreement with some of these clients on 21 October 2014. The settlement significantly reduced the maximum risk and exposure of the remaining cases, for which legal proceedings are expected to start during 2016.

On 8 September 2014, the Consumer Ombudsman (Forbrukerombudet) announced that they will financially support a number of clients in their legal proceedings against Acta Kapitalförvaltning AS and Acta Asset Management AS. The companies have subsequently received formal notifications of legal proceedings for eleven former customers, for which the decisions reached by the Norwegian Financial Services Complaints Board have not been accepted by the companies. Further, previous board members of Acta Kapitalförvaltning AS and Agasti Holding ASA have received formal notices of future claims, provided that the customers pursuant to legal proceedings are entitled to compensation and the involved companies are not in a position to pay.

As previously reported, the strategy is to solve these claims through settlements. This process is currently in an intense phase, and the board of Acta Kapitalförvaltning AS is considering all options for a solution. Although settlement is a preferred solution, it cannot be ruled out that Acta Kapitalförvaltning AS will file for bankruptcy protection or bankruptcy if the result of the negotiations is of a nature that

necessitates such action. A decision to that end may be taken in the immediate future.

Obligo Investment Management AS has been joined into a lawsuit in the UK relating to the alleged misuse of confidential information. Following a review of the legal and factual basis of the claim, Obligo Investment Management AS deems the risk relating to the case to be relatively limited. The case is expected to be resolved during 2015.

The AIFMD (Alternative Investment Fund Managers Directive) will have an impact on the Norwegian market for alternative investments. Agasti views the fact that this market will now be regulated as positive, and Obligo Investment Management AS will be a major and leading player in this new, regulated market. Obligo Investment Management has filed its application under the new regulations.

### **Outlook**

The strategic restructuring undertaken by the Agasti Group in 2014 focused on profitable growth within the Capital Markets and Investment Management business areas.

The Agasti Group has implemented significant cost cutting measures, and has streamlined its operations. Since the end of 2013, the group has reduced the number of employees by approximately 120 and now employs 124 persons. The Agasti Group is now operating with a sound, stable and satisfactory profit on its underlying operations.

The Agasti Group's ambition is to take on more mandates and to restructure several managed investments in order to give clients and investors better value, improved liquidity and different alternatives for their investments.

Going forward, the group's profitability is expected to improve as a result of winding up old business activities, transaction activity in capital markets and from a solid investment management business in Obligo. In addition, the adjusted strategic focus and more targeted business model introduced in January 2015 with subsequent cost reductions will contribute to future profitability.

## **Oslo, 12 February 2015, Agasti Holding ASA**

### **The Board of Directors**

John Høstelund  
Chairman of the Board

Paal Victor Minne  
Member of the Board

Ellen M. Hanetho  
Member of the Board

Trond Vernegg  
Member of the Board

Beatriz Malo de Molina  
Member of the Board

Erling Meinich-Bache  
Member of the Board

Kristin Louise Abrahamsen Wilhelmsen  
Member of the Board

Jørgen Pleym Ulvness  
Chief Executive Officer

Agasti Holding ASA, NO 979 867 654, P.O. Box 1753 Vika, NO-0122 Oslo

Disclaimer: This interim report contains certain forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, and must not be understood as guarantees for the future.

# Financial statements Agasti Group – IFRS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MNOK)	Fourth quarter		Year	
	2014	2013	2014	2013
Operating revenues	104.2	124.1	413.3	420.9
Operating expenses	128.6	136.2	432.9	424.8
<b>Operating income (EBIT)</b>	<b>-24.4</b>	<b>-12.0</b>	<b>-19.6</b>	<b>-3.9</b>
Net financial items	2.7	3.5	2.0	7.1
<b>Net income before tax</b>	<b>-21.7</b>	<b>-8.6</b>	<b>-17.5</b>	<b>3.2</b>
Tax	-6.1	2.1	-5.4	5.4
<b>Net income before other items</b>	<b>-15.5</b>	<b>-10.7</b>	<b>-12.1</b>	<b>-2.2</b>
Other items	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-15.5</b>	<b>-10.7</b>	<b>-12.1</b>	<b>-2.2</b>
<b>Other comprehensive income</b>				
<i>Items to be reclassified to Profit and Loss</i>				
Foreign currency translation differences	-1.3	1.7	-1.3	1.5
<b>Total comprehensive income</b>	<b>-16.8</b>	<b>-9.0</b>	<b>-13.4</b>	<b>-0.7</b>
Earnings per share (NOK)	-0.05	-0.04	-0.04	-0.01
Earnings per share diluted (NOK)	-0.05	-0.04	-0.04	-0.01

<b>CONDENSED CONSOLIDATED STATEMENT ON FINANCIAL POSITION (MNOK)</b>	<b>31.12.14</b>	<b>31.12.13</b>
<b><i>Non-current assets</i></b>		
Goodwill	43.6	42.2
Other intangible assets	16.1	30.3
Deferred tax assets	54.5	47.3
<b>Total intangible assets</b>	<b>114.2</b>	<b>119.8</b>
Fixed assets	5.1	7.5
Financial assets	18.6	15.2
<b>Total tangible assets</b>	<b>23.7</b>	<b>22.7</b>
<b>Total non-current assets</b>	<b>137.8</b>	<b>142.5</b>
<b><i>Current assets</i></b>		
Financial assets	43.5	43.6
Trade receivables	57.7	39.8
Other receivables	43.1	51.6
<b>Total receivables</b>	<b>144.3</b>	<b>134.9</b>
Bank deposits a.o.	104.4	141.3
<b>Total current assets</b>	<b>248.7</b>	<b>276.3</b>
<b>TOTAL ASSETS</b>	<b>386.5</b>	<b>418.8</b>
<b><i>Equity</i></b>		
Share capital	53.0	52.8
Share premium reserve	67.6	67.0
Paid in capital, other	18.6	16.2
<b>Total paid in equity</b>	<b>139.2</b>	<b>136.0</b>
Other equity	83.3	93.7
Retained earnings	-12.1	0.0
<b>Total equity</b>	<b>210.4</b>	<b>229.8</b>
<b><i>Long-term debt</i></b>		
Other long term debt	18.7	35.3
<b>Sum long term debt</b>	<b>18.7</b>	<b>35.3</b>
<b><i>Short-term debt</i></b>		
Accounts payable	12.9	13.9
Taxes payable	0.6	0.6
Liabilities to credit institutions	0.2	10.2
Other taxes and duties payable	15.3	17.2
Vacation pay, salaries and commissions payable	25.3	26.0
Other short term debt	103.3	86.0
<b>Total short-term debt</b>	<b>157.5</b>	<b>153.7</b>
<b>TOTAL EQUITY AND DEBT</b>	<b>386.5</b>	<b>418.8</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>All amounts in MNOK</i>	Share capital	Share premium account	Other paid-in equity	Currency translation difference	Uncovered losses/ other equity	Total equity
<b>Balance sheet as at 1 January 2013</b>	<b>46.4</b>	<b>27.8</b>	<b>15.0</b>	<b>5.7</b>	<b>89.6</b>	<b>184.3</b>
<b>Total comprehensive income for the period</b>						
Net income					-2.2	-2.2
<b>Other comprehensive income for the period</b>						
Foreign currency translation differences				0.8		0.8
<b>Total comprehensive income for the period</b>				<b>0.8</b>	<b>-2.2</b>	<b>-1.5</b>
<b>Contributions by and distributions to owners</b>						
Issue of ordinary shares	6.5	39.2				45.6
Share-based payments			1.3			1.3
<b>Balance sheet as at 31 December 2013</b>	<b>52.8</b>	<b>67.0</b>	<b>16.2</b>	<b>6.4</b>	<b>87.3</b>	<b>229.8</b>
<b>Balance sheet as at 1 January 2014</b>	<b>52.8</b>	<b>67.0</b>	<b>16.2</b>	<b>6.4</b>	<b>87.3</b>	<b>229.8</b>
<b>Total comprehensive income for the period</b>						
Net income					-12.1	-12.1
Merging subsidiaries at less than share capital					-9.1	-9.1
<b>Other comprehensive income for the period</b>						
Foreign currency translation differences				-1.3		-1.3
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.3</b>	<b>-21.2</b>	<b>-22.5</b>
<b>Contributions by and distributions to owners</b>						
Issue of ordinary shares	0.0	0.2				0.3
Share-based payments	0.1	0.4	2.4			2.9
<b>Balance sheet as at 31 December 2014</b>	<b>53.0</b>	<b>67.6</b>	<b>18.6</b>	<b>5.2</b>	<b>66.1</b>	<b>210.4</b>

The currency translation difference is attributed to the translation from SEK to NOK of assets and liabilities belonging to Navexa Securities AB and Navigea Securities AS's, Agasti Business Services AS's and Acta Kapitalforvaltning AS's branches in Sweden, to translation from USD to NOK of assets and liabilities belonging to Obligo Real Estate, Inc., and to translation from EUR to NOK of assets and liabilities belonging to HBS AM Germany GmbH.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (MNOK)	Fourth quarter		Year to date	
	2014	2013	2014	2013
<b>Operating activities</b>				
Profit (loss) before tax	-21.7	-8.6	-17.5	3.2
Taxes paid	0.0	-3.7	0.0	-3.7
Depreciation a.o.	3.7	12.7	15.2	27.3
Write-downs of financial assets	3.8	0.2	3.8	0.0
Share based payments	0.7	0.5	2.4	1.3
Net change in accounts receivable	7.8	-11.9	-9.5	-36.3
Net change in accounts payable	-9.7	7.4	-1.0	6.9
Net change in other balance sheet items	13.3	27.0	-10.1	-7.1
<b>Net cash flow from operating activities</b>	<b>-2.1</b>	<b>23.7</b>	<b>-16.7</b>	<b>-8.4</b>
<b>Investing activities</b>				
Investments in tangible fixed assets	-0.6	-6.1	-2.3	-13.7
Net change from other investments	0.0	1.3	-0.3	-5.8
Investment in subsidiary	0.0	40.5	0.0	3.3
<b>Net cash flow from investing activities</b>	<b>-0.6</b>	<b>35.7</b>	<b>-2.6</b>	<b>-16.2</b>
<b>Financing activities</b>				
Net change in long term debt	-2.5	-30.2	-10.0	0.0
Increase in equity	0.5	0.7	0.7	41.4
<b>Net cash flow from financing activities</b>	<b>-2.0</b>	<b>-29.5</b>	<b>-9.3</b>	<b>41.4</b>
<b>Net cash flow for the reporting period</b>	<b>-4.7</b>	<b>29.9</b>	<b>-28.6</b>	<b>16.8</b>
Net cash opening balance	107.3	101.3	131.2	114.3
Effect from exchange rate changes to cash and cash equivalents	1.7	0.0	1.7	0.0
Net cash closing balance	104.2	131.2	104.2	131.2
<b>Net change in Cash</b>	<b>-4.7</b>	<b>29.9</b>	<b>-28.6</b>	<b>16.8</b>

# NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 2014

## Note 1 Accounting policies

### General information

The Agasti Group consists of the parent company Agasti Holding ASA and the wholly-owned subsidiaries Agasti Wunderlich Capital Markets AS, Obligo Investment Management AS, including Obligo Investment Management AS's subsidiaries Obligo Real Estate AS, Obligo Real Estate, Inc., HBS Asset Management Germany GmbH and some minor subsidiaries of Obligo Investment Management AS, Navexa Securities AB, Agasti Business Services AS, including Agasti Business Services AS's Swedish branch Agasti Business Services, Navigea Securities AS including Navigea Securities AS's Swedish branch Navexa, Acta Asset Management AS and Acta Kapitalforvaltning AS, including Acta Kapitalforvaltning AS's Swedish branch Acta Kapitalforvaltning.

### Basis of preparation for the consolidated accounts

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting.

### Accounting principles

The same accounting policies and methods of computation have been followed in these condensed financial statements as those that were applied in the preparation of the group's consolidated financial statement for the year ended 31 December 2013.

### Use of estimates

The same use of estimates has been applied as in the consolidated financial statements for 2013.

## Note 2 Segments

SEGMENT INFORMATION (MNOK)	Capital Markets		Investment Management		Other <sup>1,2)</sup>		Agasti Group	
	4Q14	4Q13	4Q14	4Q13	4Q14	4Q13	4Q14	4Q13
Operating revenues	41.7	9.6	58.2	37.8	4.3	76.8	104.2	124.1
Operating expenses	26.2	12.6	41.2	21.1	61.2	102.5	128.6	136.2
Operating income	15.5	-3.0	17.0	16.7	-56.8	-25.7	-24.4	-12.0
Net financials							2.7	3.5
Profit before tax							-21.7	-8.5

SEGMENT INFORMATION (MNOK)	Capital Markets		Investment Management		Other <sup>1,2)</sup>		Agasti Group	
	2014	2013	2014	2013	2014	2013	2014	2013
Operating revenues	93.8	29.8	151.9	104.9	167.7	286.2	413.3	420.9
Operating expenses	65.0	40.1	124.6	68.5	243.2	316.3	432.9	424.8
Operating income	28.7	-10.3	27.2	36.4	-75.5	-30.1	-19.6	-3.9
Net financials							2.0	7.1
Profit before tax							-17.5	3.2

1) Includes eliminations

2) Includes "Wealth Management", which up until the 3rd quarter of 2014 was a separate segment.

The "Wealth Management" segment consisted of business activities which required a license from the Financial Supervisory Authority of Norway. This license has been revoked and Agasti is now winding up most of these business activities. Some of the business activities in Sweden continue, but have from the fourth quarter of 2014 been managed by and reported as part of the Investment Management business area. We are no longer reporting internally along the lines of this previous segment, and have therefore included historic numbers within "Other".

If "Wealth Management" had still been reported separately, and the Swedish activities had not been transferred to Investment Management, operating revenues, expenses and income would have amounted to NOK 10.7 million, 24.2 million and -13.6 million respectively in the fourth quarter of 2014, and NOK 175.6 million, 175.5 million and 0.1 million for the year as a whole.

The Capital Markets segment has been restated in prior periods to include the parts of the previous Wealth Management activities that have been continued in Sweden as part of Capital Markets since October 2014.

### Note 3 Fair value hierarchy

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the input that is used in the preparation of the measurements. The fair value hierarchy has the following levels:

- Level 1: Input is listed prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input is other than listed prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3: Input for the asset or liability which is not based on observable market data (non-observable input)

<b>Assets recognised at fair value on 31.12.14</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value with changes in value through profit or loss (MNOK)				
Shares		43.5		43.5
Bonds		18.6		18.6
<b>Total</b>	<b>-</b>	<b>62.1</b>	<b>-</b>	<b>62.1</b>

During the reporting period there were no changes in fair value measurements which resulted in transfers between Level 1 and Level 2, and no transfers in or out of Level 3.

### Note 4 Other matters and subsequent events

In March 2014, the group lost its license to conduct wealth management advisory activities in Norway. The group has since restructured its business, closed down a number of offices and resized its organisation. The group has charged a total of NOK 10 million to operating expenses in the fourth quarter and NOK 26 million in the year to account for various expenses related to this restructuring process.

The group changed its settlement strategy in 2014 to more aggressively seek settlements rather than maintaining prolonged legal processes and incurring excessive legal fees in the process. As an expected result of this, Agasti has recently settled multiple claims pertaining to its historic business activities, especially relating to the period 2006 to 2008. Furthermore, additional settlements are likely to be reached in the foreseeable future, and additional provisions have been made to cater for such expected outcomes. The group has charged a total of NOK 26 million to operating expenses in the fourth quarter, and NOK 38 million in the year to account for reached settlements and provisions for future settlements.

Concurrent with the new strategy to reach settlements for old claims, the group is currently in advanced discussions with the intention of reaching additional settlements with remaining claimants. The provisions made for future settlements as described above reflect the group's most current assessments based on prevailing information from these advanced discussions. However, although settlement is a preferred solution, it cannot be ruled out that Acta Kapitalforvaltning AS will file for bankruptcy protection or bankruptcy if the result of the negotiations is of a nature that necessitates such action. A decision to that end may be taken in the immediate future.

Obligo Investment Management AS has been joined into a lawsuit in the UK relating to the alleged misuse of confidential information. Following a review of the legal and factual basis of the claim, Obligo Investment Management AS deems the risk relating to the case to be relatively limited. The case is expected to be resolved during 2015.

There have been no other events after the balance sheet date that would have had a material impact on the financial statements or the assessments carried out in the preparation of the accounts.

## Note 5 Shareholders

#	Shareholders as of 4 February 2015	Shares	In per cent
1	Perestroika AS	56,047,228	19.0 %
2	Tenold Invest AS	30,845,106	10.5 %
3	Coil Investment Group AS	27,436,755	9.3 %
4	Best Invest AS	12,808,707	4.4 %
5	IKM Industri-Invest AS	11,190,000	3.8 %
6	Bjelland Invest AS	10,785,000	3.7 %
7	Mons Holding AS	10,766,620	3.7 %
8	Sanden AS	7,500,000	2.5 %
9	Coldevin Invest AS	6,963,538	2.4 %
10	SEB Private Bank S.A. (EXTENDED)	4,900,000	1.7 %
11	Athena Invest AS	3,042,904	1.0 %
12	International Oilfield Services AS	2,500,000	0.8 %
13	Basic I AS	2,500,000	0.8 %
14	Heden Holding AS	2,200,764	0.7 %
15	JAG Holding AS	2,200,000	0.7 %
16	Steinar Lindberg AS	2,100,000	0.7 %
17	Melesio AS	2,054,527	0.7 %
18	Westco AS	2,000,000	0.7 %
19	Brattetveit AS	1,833,022	0.6 %
20	Lokenmoen Invest AS	1,822,917	0.6 %
	20 largest shareholders	201,497,088	68.5 %
	Remaining shareholders	92,738,729	31.5 %
	<b>Total</b>	<b>294,235,817</b>	<b>100.0 %</b>

## Key figures

	Fourth quarter		Year	
	2014	2013	2014	2013
<b>Key financial figures</b>				
EBITDA per share (NOK)	-0.06	0.00	0.00	0.08
EBITDA per share diluted (NOK)	-0.06	0.00	0.00	0.08
Earnings per share (NOK)	-0.05	-0.04	-0.04	-0.01
Earnings per share diluted (NOK)	-0.05	-0.04	-0.04	-0.01
Cash flow (net income + depreciations) per share (NOK)	-0.03	0.01	0.02	0.09
Equity per share (NOK)	0.72	0.78	0.72	0.78
Recurring revenues/fixed costs	112%	103%	116%	116%
Recurring revenues/fixed and activity-based costs	66%	86%	83%	97%
Operating margin (%) (operating earnings / revenues)	-23%	-10%	-5%	-1%
Net margin (%) (net income before tax / revenue)	-21%	-7%	-4%	1%
Average return on capital employed, annualized (%)	-39%	-18%	-8%	-2%
Return on equity, annualized (%)	-28%	-18%	-6%	-1%
Equity ratio (%)	54%	55%	54%	55%
Number of shares by end of period	294,235,817	293,472,726	294,235,817	293,472,726
Number of shares fully diluted by end of period	294,235,817	294,395,767	294,235,817	294,395,767
Average number of shares in reporting period	293,974,948	293,248,960	293,801,035	277,102,561
Average number of shares fully diluted in reporting period	293,974,948	293,738,599	293,914,484	277,285,521
<b>Key operating figures</b>				
Equity under management (BNOK)	26	30	26	30
Assets under management - Total (BNOK)	50	57	50	57
Assets under management - Norway (BNOK)	32	37	32	37
Assets under management - Sweden (BNOK)	19	20	19	20
Number of employees - Total	124	217	124	217