

PROSPECTUS



FJORD1 ASA

(A public limited liability company incorporated under the laws of Norway)

Listing of 100,000,000 Shares on the Oslo Stock Exchange

The information in this prospectus (the “Prospectus”) relates to and has been prepared in connection with the listing (the “**Listing**”) on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the “**Oslo Stock Exchange**”) by Fjord1 ASA (the “**Company**” or “**Fjord1**”), a public limited company incorporated under the laws of Norway (together with its consolidated subsidiaries, the “**Group**”) of 100,000,000 shares in the Company with a nominal value of NOK 2.50 each (the “**Shares**”).

The distribution of this Prospectus may in certain jurisdictions be restricted by law. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Managers (as defined below) require persons in possession of this Prospectus, to inform themselves about, and to observe, any such restrictions.

Trading in the Shares on the Oslo Stock Exchange is expected to commence on 15 August 2017 under the trading symbol “FJORD”.

Investing in the Shares involves a high degree of risk; see Section 2 “Risk Factors” and section 11.3 “Cautionary Note Regarding Forward-Looking Statements”. For the definition of certain technical terms used throughout this Prospectus, see Annex A - “Definitions and Glossary”.

This Prospectus relates solely to the listing of already issued Shares and no offer is being made to purchase or subscribe for any Shares or other securities of the Company. The Prospectus does not constitute an offer or solicitation to buy, subscribe or sell the securities described herein, and no securities are being offered or sold pursuant to this Prospectus in any jurisdiction.

This Prospectus shall be governed by, and construed in accordance with, Norwegian law. The courts of Norway, with Oslo City Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with this Prospectus.

14 August 2017

Managers:

IMPORTANT INFORMATION

For the definition of certain capitalised terms used throughout this Prospectus, please see Annex A – “Definitions and Glossary” which also applies to the front page.

Readers are expressly advised that the Shares are exposed to financial and legal risk and they should therefore read this Prospectus in its entirety, in particular Section 2 “Risk Factors”. The contents of this

Prospectus are not to be construed as legal, financial or tax advice. Each reader should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

This Prospectus has been prepared by the Company in order to provide a presentation of the Group in connection with the listing of the Shares on the Oslo Stock Exchange (the “**Listing**”). This Prospectus has been prepared to comply with the Securities Trading Act sections 7-2 and 7-3 and related legislation and regulations, including the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council. This Prospectus has been prepared solely in the English language.

The Prospectus has been reviewed and approved by the Financial Supervisory Authority of Norway (the “**FSAN**”) on 14 August 2017 in accordance with sections 7-7 and 7-8 cf. sections 7-2 and 7-3 of the Norwegian Securities trading Act. The FSAN has not verified or approved the accuracy or completeness of the information included in this Prospectus. The approval by the FSAN only relates to the information included in accordance with pre-defined disclosure requirements. The FSAN has not made any form of verification or approval relating to corporate matters described in or referred to in this Prospectus. This Prospectus is valid for a period of 12 months from the date of approval by the FSAN.

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus that are capable of affecting the assessment of the Shares between the time when this Prospectus is approved and the date of admission to trading of the Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, nor the delivery of any Shares, shall under any circumstances create any implication that there has been no change in the Group’s affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

All inquiries relating to this Prospectus must be directed to the Company. No other person is authorised to give information or to make any representation in connection with the Listing. If any such information is given or made, it must not be relied upon as having been authorised by the Company or by any of the employees, affiliates or advisers of any of the foregoing.

No action has been or will be taken in any jurisdiction other than Norway by the Company that would permit the possession or distribution of this Prospectus, any documents relating thereto, or any amendment or supplement thereto, in any country or jurisdiction where this is unlawful or specific action for such purpose is required. The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus may come are required by the Company to inform themselves about and to observe such restrictions. The Company shall not be responsible or liable for any violation of such restrictions by prospective investors. The restrictions and limitations listed and described herein are not exhaustive, and other restrictions and limitations in relation to this Prospectus that are not known or identified at the date of this Prospectus may apply in various jurisdictions.

This Prospectus serves as a listing prospectus only as required by applicable laws and regulations only. This Prospectus does not constitute an offer to buy, subscribe or sell any of the securities described herein, and no securities are being offered or sold pursuant to it.

The securities described herein have not been and will not be registered under the US Securities Act of 1933 as amended (the “US Securities Act”), or with any securities authority of any state of the United States. Accordingly, the securities described herein may not be offered, pledged, sold, resold, granted, delivered, allotted, taken up, or otherwise transferred, as applicable, in the United States, except in transactions that are exempt from, or in transactions not subject to, registration under the US Securities Act and in compliance with any applicable state securities laws.

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

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ANNEXES

ANNEX A – Definitions and glossary

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ANNEX C – Financial information on Fjord1 ASA and Auditor's reports

1 SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and warnings		
Element	Disclosure requirement	Comments
A.1	Introduction and warning	This summary should be read as introduction to the Prospectus. Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states (The “ Member States ”), have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2.	Use of the Prospectus in resales by financial intermediaries	Not applicable. The Prospectus will not be used in subsequent resales by financial intermediaries, and no consent is granted by the Company for such use.
Section B – Issuer and any guarantor		
Element	Disclosure requirement	Comments
B.1	Legal and commercial name	The legal name of the Company is Fjord1 ASA. The commercial name of the Company is Fjord1.
B.2	The domicile, legal form, legislation and country of incorporation	Fjord1 ASA is a public limited liability company registered under the laws of Norway, with registration number 983 472 583 and governed by the Norwegian Public Limited Liability Companies Act of 13 June 1997, No 45 (The “ Public Limited Liability Companies Act ”).
B.3	Nature of current operations and principal activities, products and markets	The core business of the Company is to own and operate ferries and passenger boats in Norway. Fjord1 is the largest ferry company in Norway with 16.8 million passenger car equivalents (“PCE”) transported in 2016, representing an estimated market share of 49%. The ferry and passenger boat activity is based on long-term contracts with public road authorities. The Company currently has a total of 22 contracts with public road authorities, covering 27 ferry connections. The Company has an existing fleet of 61 ferries with a total capacity of 5,112 PCE, in addition to four passenger boats.

		Furthermore, the Company is engaged within the tourism segment in Norway and holds an ownership position in the Norwegian airline Widerøe.																												
B.4a	Recent trends	The Group has not experienced any significant changes or trends within or outside the ordinary course of business that are significant to the Group since 31 March 2017 to the date of this Prospectus.																												
B.5	Group	<p>The Company is an operational company and the parent company of the Group. The company has ownership interests in the following companies:</p> <table> <thead> <tr> <th style="text-align: left;">Subsidiary/affiliated company</th><th style="text-align: right;">Interest held</th></tr> </thead> <tbody> <tr> <td>F1 Administrasjon AS</td><td style="text-align: right;">100%</td></tr> <tr> <td>Partrederiet Kystekspresen ANS</td><td style="text-align: right;">49%</td></tr> <tr> <td>Fanafjord AS</td><td style="text-align: right;">100%</td></tr> <tr> <td>Nye Fanafjord AS</td><td style="text-align: right;">100%</td></tr> <tr> <td>The Fjords DA</td><td style="text-align: right;">50%</td></tr> <tr> <td>The Fjords Fartøy I DA</td><td style="text-align: right;">50%</td></tr> <tr> <td>The Fjords Fartøy II DA</td><td style="text-align: right;">50%</td></tr> <tr> <td>Fjord Tours AS</td><td style="text-align: right;">30.6%</td></tr> <tr> <td>WF Holding AS</td><td style="text-align: right;">34%</td></tr> <tr> <td>Bolsønes Verft AS</td><td style="text-align: right;">100%</td></tr> <tr> <td>ÅB Eigedom AS</td><td style="text-align: right;">66%</td></tr> <tr> <td>Hareid Trafikkterminal AS</td><td style="text-align: right;">63%</td></tr> <tr> <td>Måløy Reisebyrå AS</td><td style="text-align: right;">100%</td></tr> </tbody> </table>	Subsidiary/affiliated company	Interest held	F1 Administrasjon AS	100%	Partrederiet Kystekspresen ANS	49%	Fanafjord AS	100%	Nye Fanafjord AS	100%	The Fjords DA	50%	The Fjords Fartøy I DA	50%	The Fjords Fartøy II DA	50%	Fjord Tours AS	30.6%	WF Holding AS	34%	Bolsønes Verft AS	100%	ÅB Eigedom AS	66%	Hareid Trafikkterminal AS	63%	Måløy Reisebyrå AS	100%
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B.6	Interests in the Issuer's capital or voting rights	<p>To the Company's knowledge, the following are the only shareholders in the Company who directly or indirectly have a notifiable shareholding:</p> <p>Havilafjord AS (51,500,000 shares, representing 51.5 % of the share capital). Perestroika AS (7,758,620 shares, representing 7.8 % of the share capital).</p> <p>The largest shareholders do not have different voting rights than others. The Company is not aware of any agreements that at a later stage may lead to change of control of the shares in the Company, nor of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has interest in the Issuer's capital or voting rights.</p> <p>Havilafjord AS has the ability to significantly influence the outcome of matters submitted for vote by the shareholders of the Company.</p>																												

B.7	Selected historical key financial information	<p>The selected consolidated financial information presented in this Prospectus is derived from, should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements and the Interim Financial Statements, included as Annex C to this Prospectus, and should be read together with Section 7.</p> <p>Profit and loss account</p> <p>The table below sets out a summary of financial information extracted from Fjord1's unaudited consolidated income statement information for the three months ended 31 March 2017 and 2016, and the audited consolidated income statement information (IFRS) for the years ended 31 December 2016 and 2015.</p> <table border="1" style="width: 100%; border-collapse: collapse; font-size: 8pt;"> <thead> <tr> <th rowspan="2" style="text-align: left; vertical-align: bottom; padding-bottom: 5px;">(In NOK thousands)</th><th colspan="2" style="text-align: center; border-bottom: 1px solid 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Interest expense	-14 591	-17 030	-105 484	-122 955																																																																																																																																									
Other financial items, net	-1 836	-1 956	57 737	54 293																																																																																																																																									
Net financial income / (expenses)	-6 532	-14 134	30 485	-18 921																																																																																																																																									
Profit/(loss) before tax	133 374	61 300	598 624	258 662																																																																																																																																									
Income tax (expense) / Income	-32 010	-15 325	-148 502	-39 771																																																																																																																																									
Profit/ (loss) for the year	101 364	45 975	450 122	218 891																																																																																																																																									
Other comprehensive income:																																																																																																																																													
Share of other comprehensive income of associates																																																																																																																																													
Accounted for using the equity method			1 363	1 442																																																																																																																																									
Actuarial gain/(loss) on pension obligations	-102	-3 117	12 632	21 641																																																																																																																																									
Total other comprehensive income for the year – net of tax	-102	-3 117	13 995	23 083																																																																																																																																									
Total comprehensive income for the year	101 262	42 858	464 117	241 974																																																																																																																																									

Balance Sheet				
(In NOK thousands)	As of 31 March		As of 31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)
Assets				
Non current assets				
Deferred tax assets	20 356	34 538	21 328	37 946
Property, plant and equipment	3 765 515	3 629 509	3 794 867	3 648 995
Investments in joint ventures and associates	367 050	307 455	361 709	300 755
Other non-current financial assets	8 250	8 163	8 284	8 417
Total non-current assets	4 161 170	3 979 665	4 186 188	3 996 112
Current assets				
Inventories	16 174	10 433	14 690	13 049
Trade receivables	74 591	80 932	78 660	71 705
Other current receivables	30 145	125 700	35 888	66 453
Cash and cash equivalents	410 759	282 386	553 993	358 516
Total current assets	531 670	499 452	683 231	509 723
Total assets	4 692 840	4 479 117	4 869 419	4 505 835
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	250 000	250 000	250 000	250 000
Share premium	360 924	360 924	360 924	360 924
Retained earning	990 440	737 144	1 108 299	694 332
Total equity attributable to owners of the parent	1 601 364	1 348 068	1 719 223	1 305 256
Non-controlling interests	4 041	3 777	3 881	3 731
Total equity	1 605 405	1 351 845	1 723 104	1 308 987
Non-current liabilities				
Borrowings	155 000	1 738 816	155 000	1 822 511
Derivative financial instruments	24 941	64 393	42 403	64 898
Net employee defined benefit liabilities	19 954	23 841	14 065	33 111
Other non-current liabilities	0	3 241	0	0
Deferred tax liabilities	357 798	251 412	382 276	250 413
Total non-current liabilities	557 693	2 081 703	594 284	2 170 933
Current liabilities				
Borrowings	1 713 491	287 058	1 800 511	255 930
Derivative financial instruments	29 799	46 093	22 775	53 714
Trade and other payables	115 836	116 917	110 075	94 767
Current income tax liabilities	27 031	11 153	2 675	301
Social security and other taxes	49 272	48 608	90 269	94 170
Other current liabilities	594 314	535 741	525 726	527 034
Total current liabilities	2 529 742	1 045 570	2 552 031	1 025 916
Total liabilities	3 087 435	3 127 272	3 146 315	3 196 848
Total equity and liabilities	4 692 840	4 479 117	4 869 419	4 505 835

Cash Flow

The table below sets out a summary of financial information extracted from Fjord1's unaudited consolidated cash flow information for the three months ended 31 March 2017 and 2016, and the audited consolidated cash flow information (IFRS) for the years ended 31 December 2016 and 2015.

	As of 31 March		As of 31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)
(In NOK thousands)				
Operating activities				
Profit before tax	133 374	61 300	598 624	258 662
<i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i>				
Depreciation and impairment	61 364	60 266	161 503	216 853
Interest expense	14 591	17 030	99 792	118 221
Change in fair value of financial instruments	-10 438	-8 126	-53 433	-20 112
Non-cash post-employment benefit expense	5 349	-12 387	-1 884	-14 151
Gain on disposal of property, plant and equipment	-4 713	-7 004	-11 224	0
Share of profit from associates and joint ventures	-5 341	-6 700	-81 595	-56 350
<i>Working capital adjustments:</i>				
Trade receivables	4 069	-9 227	-6 955	16 692
Inventories	-1 484	2 616	-1 641	6 462
Trade payables	5 761	22 150	15 308	38 284
Other accruals	33 382	-96 103	24 153	-14 654
Cash generated from operations	235 912	23 816	742 647	549 907
Interest paid, net	-14 591	-17 030		
Interest paid	-	-	-105 484	-122 955
Interest received	-	-	5 692	4 734
Income tax paid	-280	-66	-301	-132
Net cash from operating activities	221 041	6 719	642 554	431 554
Investing activities				
Purchases of property, plant and equipment	-127 374	-51 359	-379 654	-110 619
Purchase of shares incl. joint ventures	10	0	-2 400	-21 030
Proceeds from dividends from associates	0	0	24 404	0
Proceeds from sale of property, plant and equipment	100 075	17 582	83 503	0
Proceeds from non-current receivables	34	254	0	4 222
Net cash used in financing activities	-27 254	-33 523	-274 147	-127 427
Financing activities				
Proceeds from borrowings	0	0	133 000	0
Repayment of borrowings	-87 020	-52 567	-255 930	-229 855
Dividends	-250 000	0	-50 000	-50 000
Proceeds from other non-current liabilities	0	3 241	0	0
Net cash used in financing activities	-337 020	-49 326	-172 930	-279 855
Net change in cash and cash equivalents	-143 233	-76 130	195 477	24 272
Cash and cash equivalents 01.01	553 993	358 516	358 516	334 244
Cash and cash equivalents at 31.3/31.12	410 759	282 386	553 993	358 516

B.8	Selected key pro forma financial information	Not applicable – There is no pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. The Company has not made any profit forecast or estimates.
B.10	Qualifications in the audit report	Not applicable. There are no qualifications in the audit reports for the last three financial years.
B.11	Working capital	As of date of this Prospectus, the Company is of the opinion that the working capital of the Company is sufficient for a minimum of twelve months following the date of this Prospectus.

Section C — Securities

Element	Disclosure requirement	Comments
C.1	Type and class of securities	The Company has only issued one class of shares, which are registered in the Norwegian Central Securities Depository (VPS) with the Securities Identity Number ISIN NO 0010792625.
C.2	Currency of the securities	Norwegian Kroner (“NOK”).
C.3	Number of shares and par value	At the date of this Prospectus, the Company’s share capital is NOK 250,000,000 made up from 100,000,000 Shares each with a par value of NOK 2.50 per Share, all fully paid.
C.4	Description of the rights attached to the Shares	All shares carry equal and full shareholder rights in all respects (including, but not limited to voting rights and dividend rights) and no shares have different rights. Each share gives one vote at the Company’s general meeting.
C.5	Transferability	The Shares are freely transferable subject to local regulatory transfer restrictions.
C.6	Admission to trading	On 11 August 2017, the board of Oslo Børs approved the Company’s application for listing of its shares on Oslo Børs. The first day of trading of the Company’s shares on Oslo Børs is planned for 15 August 2017.
C.7	Dividend policy	<p>Under the current dividend policy adopted by the Board of Directors, the Company plans to pay yearly dividends close to 50% of net profit. However, the dividend policy will always be seen in relation the equity situation in the company. The Company has a capital structure adapted towards the Company’s current strategy and risk profile. Future investment programs as a result of successful tenders may change this, and hence affect the Company’s dividend policy. The declaration and payment of future dividends will be at the discretion of shareholders, subject to prior proposal from the Board of Directors or acceptance from the Board of Directors.</p> <p>The Company distributed NOK 250 million to its shareholders in 2016 and NOK 50 million to its shareholders in 2015.</p>

Section D — Risks		
Element	Disclosure requirement	Comments
D.1	Key information on the key risks that are specific to the issuer or its industry	<ul style="list-style-type: none"> Risks in relation to the Company's contracts, including operational, technical, commercial and political. As it is impossible to insure against all applicable risks and liabilities, the Company may assume substantial liabilities in its operations. Construction risks in relation to new builds, and delays may affect the potential revenue or potentially the loss of contracts. The application of new zero or low emission power technology may lead to failure to comply with the terms of the relevant contracts, e.g. in respect of breach of the environmental requirements under the contracts or traffic delays, should the new technology not function as intended. The reconstruction of docks to facilitate the construction of charging towers and other infrastructure may be affected in a manner that may lead to non-compliance with the environmental requirements in the new contracts. Maintenance costs for the Company's vessels may be substantial. The Company's development is dependent on key personnel. The option periods for current contracts may not be exercised and new tenders may not be awarded to the Company. The Company's key contracts are for long terms, which implies a risk for committing to potentially unprofitable projects for a long period of time, should the Company be erroneous in its calculations and/or assumptions forming the basis for the offers made in the respective tender process. The technical operation of the vessels will have a significant impact on the vessels' economic life.
D.3	Key information on the key risks that are specific to the securities	<ul style="list-style-type: none"> The market price of the Shares may fluctuate significantly and rapidly Risk of dilution of shareholdings in the Company due to additional share capital increases in the Company The Company's investors outside of Norway are subject to exchange rate risk Beneficial owners of the Company's shares that are registered in a nominee account may not be able to vote for such shares unless their ownership is re-registered in their personal names with the VPS prior to the Company's general meeting(s). Additional offering or significant sales of Shares by one or more major shareholders in the Company may have an adverse effect on the market price of the shares in the Company Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway. As a majority shareholder controlling more than 50% of the outstanding Shares, Havilafjord AS has the ability to significantly influence the outcome of matters to be resolved at the Company's general meetings, including the election of Board of Directors.

Section E – Offer		
Element	Disclosure requirement	Comments
E.1	Proceeds and expenses	Not applicable.
E.2a	Reasons for the issuance of new shares and use of proceeds	Not applicable.
E.3	Terms and conditions	Not applicable.
E.4	Interests material to the issue	Not applicable.
E.5	Selling shareholders and lock-up	Not applicable, as no shareholders will be selling shares in connection with the Listing. Notwithstanding this, the major shareholder Havilafjord AS has undertaken a lock-up in respect of its 51,000,000 Shares in the period ending 19 May 2018, however, up to 500,000 Shares may be sold in connection with the Listing.
E.6	Dilution	Not applicable.
E.7	Estimated expenses charged to investor	Not applicable.

2 RISK FACTORS

Investing in the Company involves inherent risks. Prospective investors should consider, among other things, the risk factors set out below before making an investment decision. The risks described below are not the only ones facing the Company. Additional risks not presently known or which is currently deemed immaterial may also impair the Company's business operations and adversely affect the price of the Company's shares.

If any of the following risks actually materialize, the Company's business, financial position and operating results could be materially and adversely affected. A prospective investor should consider carefully the factors set forth below, and elsewhere in this Prospectus, and should consult his or her own expert advisors as to the suitability of an investment in the shares of the Company. An investment in the shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.

Please note that the order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

2.1 Market related risks

2.1.1 Macroeconomic conditions

Changes in national and international economic conditions, including, for example interest rate levels, inflation, employment levels, may influence the valuation of real and financial assets. In turn, this may impact the demand for goods, services and assets globally and thereby the macro economy. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments – none of which will be within the control of the Company – may negatively impact the Company's investment activities, realization opportunities and overall investor returns.

2.1.2 The ferry and passenger boat services markets

The demand for, and the pricing of the underlying assets are outside of the Company's control and depend, among other things, on the global economy, global trade growth, as well as oil and gas prices. On the supply side there are uncertainties tied to ordering of new vessels and scope of future scrapping. The actual residual value of the vessels in the underlying investments, and/or their earnings after expiration of the fixed contract terms, may be lower than the Company estimates.

2.1.3 Changes in legal framework

Changes in legal, tax and regulatory regimes within the relevant jurisdictions may occur during the life of the Company which may have an adverse effect on the Company.

2.2 Commercial and Operational risks

2.2.1 Changes in fuel, or bunkers, prices may adversely affect profits

The price and supply of bunker fuel are unpredictable and fluctuate based on events outside the Company's control, including geopolitical developments, supply and demand for oil, actions by members of the Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. Depending on the employment of the Company's vessels, the Company may be exposed to the fluctuating bunker prices.

2.2.2 Operational Risks

All contracts are associated with considerable risks and responsibilities. These include technical, operational, commercial and political risks. The Company will obtain insurance deemed adequate for its business, but it is impossible to insure against all applicable risks and liabilities. Consequently, the Company may assume substantial liabilities as part of its operations.

2.2.3 Construction Risk

There are numerous risks associated with construction of the Company's new builds, including risks of delay, risks of termination of the shipbuilding contracts by yard, the risk of need for variation orders and amendments

resulting in additional need for capital, the ability of the yard to perform its duties under the shipbuilding contracts, and the risk of failure by key suppliers to deliver necessary equipment. Delays in delivery of the new builds may affect the Company's potential revenue, or potentially lose contracts from clients.

2.2.4 Risks due to the implementation of new technology

The Company's focus on the further development and implementation of new zero or low emission power technology implies a higher degree of risk that the relevant ferries do not function as intended, compared to older and tested technology. There is further a risk that sub suppliers are not able to provide adequate and relevant deliveries, e.g. sufficient charging facilities. This may lead to failure to comply with the terms of the relevant contracts, e.g. in respect of breach of the environmental requirements under the contracts or traffic delays. The reconstruction of docks to facilitate the construction of charging towers and other infrastructure may be affected in a manner that may lead to non-compliance with the environmental requirements in the new contracts.

2.2.5 Maintenance costs for the Company's vessels may be substantial

Repairs and maintenance costs for vessels are inherently difficult to predict and may be substantially higher than expected.

2.2.6 Dependence on key executives and personnel

The Company's development and prospects are dependent upon the continued services and performance of its senior management and other key personnel. The loss of the services of any of the senior management or key personnel may have an adverse impact on the Company. In addition to the senior management the Company depends on professional and operational personnel that are not currently employed by the Company. An inability to attract and retain such professional and operational personnel, or the unavailability of such skilled crews, could have an adverse impact on the Company.

2.2.7 Business concentration in one industry

As the Company's majority of assets are concentrated in a single industry, the Company may be more vulnerable to particular economic, political, regulatory, environmental or other developments than would a company holding a more diversified portfolio of assets and the aggregate return of the Company will be substantially adversely affected by the unfavourable performance of a single asset.

2.2.8 Energy requirements

For certain new contracts there is a risk related to vessels with new technology performing in accordance with specific energy requirements in the contracts, where non-compliance could affect contract profitability.

2.2.9 Tender risk

Contracts are normally awarded for a period of 5-10 years, certain with additional option periods. There is a risk that option periods for current tenders will not be exercised and/or that new tenders are not awarded the Company. The long term of contracts imply a risk for committing to potentially unprofitable projects for a long period of time, should the Company be erroneous in its calculations and/or assumptions forming the basis for the offers made in the respective tender process.

2.2.10 Availability of investments / competition

Suitable investments may not always be available at a particular time. The Company's investment rate may be delayed or progress at a slower than anticipated rate for a variety of reasons and as a result, there is also no guarantee that the Company will be able to fully invest the required amount in respect of a particular investment opportunity.

The Company may be competing for appropriate investment opportunities with other participants in the markets. It is possible that the level of such competition may increase, which may reduce the number of opportunities available to the Company and/or adversely affect the terms upon which such investments can be made by the Company. In addition, such competition may have an adverse effect on the length of time required to fully invest the Company.

2.2.11 Due diligence risk

The Company has completed a limited legal and financial due diligence prior to admission to trading. No commercial due diligence has been performed. Any due diligence information may be erroneous, incomplete and/or misleading, and there can be no assurance that all material issues have been uncovered.

2.2.12 Reliance on technical management of assets

Although the Company's management will monitor the performance of each investment, the Company will rely upon the technical and day-to-day management of the assets. There can be no assurance that such management will operate successfully.

2.2.13 Illiquidity of assets – realisation risk

The Company will make investments in assets that are illiquid and not traded on any regulated market. The realization of such investments may consequently take time and will be exposed to a variety of general and specific market conditions see Section 2.4 below. There can be no assurance that the Company will manage to achieve a successful realisation of its investments.

2.2.14 Diversification

The Company may only participate in a limited number of investments so that returns might be adversely affected by the poor performance of even a single investment.

2.2.15 Technical risks

The technical operation of a ferry or a passenger boat will have significant impact on the ferry's or the passenger boat's economic life. Thus, technical risks will always be present. There can be no guarantee that the parties tasked with operating a ferry or a passenger boat or overseeing such operation perform their duties according to agreement or satisfaction. Failure to adequately maintain the technical operation of a ferry or a passenger boat may adversely impact the operating expenses of the portfolio investment and accordingly the potential realization values that can be obtained.

2.2.16 Counterparty risks

The Company provides ferry and passenger boat services to many individuals or companies with limited counterparty risk. However, the performance of an underlying portfolio investment depends heavily on its counterparties' ability to perform their obligations, including the suppliers. Default by a supplier of its obligations under its agreements may have material adverse consequences on the portfolio investment. Thus, the counterparty's financial strength will thus be very important.

2.2.17 Pollution

All ferries and passenger boats may carry pollutants. Accordingly there will always be certain environmental risks and potential liabilities involved in the ownership of commercial ferries and passenger boats.

2.2.18 Risk relating to operations in foreign countries

It is not expected that the Company will operate in a variety of geographic regions. However, the Company may, indirectly through its underlying investments, be exposed to political risk, risk of piracy, corruption, terrorism, outbreak of war, amongst others. The business, financial condition and results of operations of the Company, indirectly, and its underlying investments directly, may accordingly be negatively affected if such events do occur.

2.3 Financial Risk

2.3.1 Restrictive covenants in the Company's secured term loan facilities, and any future debt facilities will impose, financial and other restrictions

The Company's committed and any future loan facilities will impose, operating and financial restrictions on the Company. The restrictions may limit the Company's ability to pay dividends, incur additional indebtedness, create liens on its assets, sell its vessels, and additional actions which may otherwise be beneficial for the Company. Nordea has reserved the right to amend the financial covenants if the Company did not refinance its existing debt within 31 July 2017, and consequently such right does now exist.

2.3.2 Borrowing and Leverage

The Company will finance its assets in part by borrowed funds. There is a risk that income from the assets obtained with borrowed funds is not sufficient to cover the cost of borrowings and that the net income of the Company will be negatively affected by such borrowing arrangements.

2.3.3 Currency risk

NOK is the functional currency of the Company and its subsidiaries. The Company is mainly exposed to foreign currency risk related to purchase of ferries and passenger boats. Major fluctuations in the foreign currency market for NOK in relation to USD and/or EUR could have a negative impact on the Company.

2.3.4 Hedging transactions

The Company may engage in certain hedging transactions which are intended to reduce the currency or interest rate exposure; however, there would normally be no obligation to enter into any such transactions. Any such hedging transaction may be imperfect, leaving the Company indirectly exposed to some risk from the position that was intended to be protected. The successful use of hedging strategies depends upon the availability of a liquid market and appropriate hedging instruments and there can be no assurance that the underlying subsidiaries will be able to close out a position when deemed advisable.

2.3.5 Interest rate risk and covenant risks

Any changes in the underlying interest rate would directly affect the returns on the underlying investments. Interest rate levels can also indirectly affect the value of the assets at the point of sale. This will impact the value of the Company's portfolio.

2.4 Risk related to the Shares

2.4.1 There may not be a liquid market for the Shares

Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. If there proves to be no active trading market for the Shares, the price of the Shares may be more volatile and it may be more difficult to complete a buy or sell order for Shares. Even if there is an active public trading market, there may be little or no market demand for the Shares, making it difficult or impossible to resell the shares, which would have an adverse effect on the resale price, if any, of the Shares. Furthermore, there can be no assurance that the Company will maintain its listing on Oslo Børs. A delisting from Oslo Børs would make it more difficult for shareholders to sell their Shares and could have a negative impact on the market value of the Shares.

2.4.2 Volatility of the share price

The market price of the Company's Shares may fluctuate significantly and rapidly as a result of, inter alia, the factors mentioned below:

- Differences between the actual financial and operating results and those expected by investors and analysts;
- Perceived prospects for the business and operations and the industries in which the Company operates;
- Announcements by the Company or competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- Changes in operating results;
- Changes in securities analysts' estimates of financial performance and recommendations;
- Changes in market valuation of similar companies;
- Involvement in litigation;
- Additions or departures of key personnel; and
- Changes in general economic conditions.

Accordingly, the market price of the Shares may not reflect the underlying value of the Company's net assets, and the price at which investors may dispose of their Shares at any point in time may be influenced by a number

of factors, only some of which may pertain to the Company, while others may be outside the Company's control. Negative publicity or announcements, including those relating to any of the Company's substantial shareholders or key personnel may adversely affect the Share price and the stock performance of the Company, whether or not this is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, failed attempts in takeovers or joint ventures etc.

2.4.3 Future sales of Shares by the Company's major shareholders or any of its primary insiders may depress the price of the Shares.

The market price of the Shares could decline due to sales of a large number of Shares in the market or the perception that such sales could occur, or any sale of Shares by any of the Company's major shareholders or primary insiders from time to time. Such sales, or the possibility that such sales may occur, might also make it more difficult for the Company to issue or sell equity securities in the future at any time and at a price that are deemed appropriate.

2.4.4 Dilution

Shareholders may be diluted if they are unable to participate in future offerings. The development of the Company's business may, inter alia, depend upon the Company's ability to obtain equity financing. Unless otherwise resolved by the general meeting or the Boards by proxy, shareholders in Norwegian private limited liability companies such as the Company have preferential rights proportionate to the aggregate amount of the shares they hold with respect to new shares issued by the Company. Shareholders that do not exercise granted preferential rights may be diluted. Furthermore, shareholders may be unable to participate in future offerings, due to deviation from the shareholders preferential rights in order to raise equity on short notice in the investor market, or for reasons relating to foreign securities laws or other factors, and as such have their shareholdings diluted.

2.4.5 Shareholders may not be able to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account or otherwise through a nominee arrangement (such as brokers, dealers or other third parties) may not be able to exercise voting rights and other shareholder rights as readily as shareholders whose Shares are registered in their own names with the VPS prior to the Company's General Meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners. Any persons that hold their Shares through a nominee arrangement should consult with the nominee to ensure that any Shares beneficially held are voted in the manner desired by such beneficial owner.

2.4.6 Limitations on the ability to make claims against the Company

The Company is a private limited liability company organized under the laws of Norway. The Company's directors and officers are residents of Norway, and a substantial portion of the Company's assets are located in Norway. As a result, it may be difficult for investors in other jurisdictions to effect service of process upon the Company, its affiliates or its directors and executive officers in such other jurisdiction or to enforce judgments obtained in other jurisdictions against the Company, its affiliates or its directors and executive officers.

2.4.7 Shareholders outside of Norway are subject to exchange rate risk

The Shares on Oslo Børs will be priced in NOK, and any future payments of dividends on the Shares are expected to be made in NOK. Accordingly, shareholders and investors outside of Norway are subject to adverse movements in NOK against their local currency as the foreign currency equivalent of any dividends paid on the Shares or received in connection with any sale of the Shares could be adversely affected.

2.4.8 Past performance

In considering the historic performance, prospective investors should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance the Company will achieve comparable results, that the returns generated by previous managed companies will equal or exceed those of the Company.

2.4.9 The Company has one major shareholder

As a majority shareholder controlling more than 50% of the outstanding Shares, Havilafjord AS has the ability to significantly influence the outcome of matters to be resolved at the Company's general meetings, including the election of Board of Directors.

2.4.10 Other risks relating to the Shares

Apart from the specific factors listed above and general business and economic conditions to which all commercial businesses are exposed to, the Board of Directors are of the view that the Company is not vulnerable in any material way to any other factors which can be reasonably anticipated.

3 RESPONSIBILITY STATEMENT

This Prospectus has been prepared by Fjord1 in connection with the listing of the Company's Shares on Oslo Børs.

The board of directors of Fjord1 accepts responsibility for the information contained in this Prospectus, and confirms that, after having taken all reasonable care to ensure that such is the case, the information contained in this Admission Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Florø/Oslo, 14 August 2017

Fjord1 ASA

Vegard Sævik
(Chairman)

Per Rolf Sævik

Atle Olav Trollebø

Jannicke Westlie Driveklepp

Siri Beate Hatlen

Frederik Wilhelm Mohn

Geir Offerdal

4 COMPANY AND BUSINESS DESCRIPTION

4.1 Group and industry overview

Fjord1 is a Norwegian group of companies whose main business is to provide high quality ferry services as supplier to public authorities and the community.

While ferry services in Norway were in the past mainly provided by public authorities, these services have generally been privatised and commercialised. Fjord1 has emerged as the largest of the Norwegian companies providing ferry services, with an estimated market share of approximately 49%. Fjord1 has its geographical background in the two counties Sogn og Fjordane and Møre og Romsdal, but has expanded over the years to provide ferry services along larger parts of the Norwegian coast.

Norway's coast has a geography which remains highly dependent on ferries to cross fjords and to reach islands. There are more than 100 active ferry services in Norway. Despite investment in bridges and tunnels, Fjord1 believes that ferries will continue to be a vital part of the Norwegian road infrastructure for the foreseeable future, not least because ferries provide cost efficient and flexible transportation systems compared to the alternatives. Further information about the ferry market is provided in section 5.

In addition to Fjord1's involvement in ferries, Fjord1 also has engagements in passenger boats, catering, tourism and holdings in a domestic airline.

4.2 History

Fjord1 dates its history back to 1858, when the business commenced under the name "Nordre Bergenshus Amts Dampske". Fjord1 has emerged following several mergers and business combination, of which a major combination was the 2001 creation of a joint holding company for the transportation companies of the two Western Norway county municipalities Møre og Romsdal and Sogn og Fjordane. Fjord1 remained held by these two county municipalities until 2011, when the current majority owner (Havilafjord AS) acquired the stake of Møre og Romsdal county municipality.

As part of a privatisation and commercialisation of the Norwegian ferry business, Fjord1 has streamlined its business to focus on efficiency in its core segment. As part of this, it has also divested of non-core services such as road freight transportation and bus operations.

In 2013, Fjord1 acquired a 34% stake in domestic airline Widerøe. In 2015, Fjord1 expanded into tourism with a local cruise concept referred to as "The Fjords".

In the spring of 2017, majority owner Havilafjord AS effected a distribution offering of 48.5% of the shares of Fjord1, and acquired a remaining stake from Sogn og Fjordane county municipality, marking the end of Fjord1's history as a publicly held company. The Company then applied for trading on Merkur Market, which commenced in May 2017.

The table below provides an overview of key events in the history of the Company.

Date	Year	Main Events
9 May	2001	Incorporation
	2007	Fjord1 initiates ferry operations with LNG-ferries on two major routes
	2010-11	Divestment of non-core assets related to bus, freight and other
Nov	2011	Havilafjord AS acquires 41% of the shares in Fjord1
May	2013	Acquisition of 34% ownership position in WF Holding AS (Widerøe's Flyveselskap AS)
Jan	2015	The Fjords DA established as a joint venture with Flåm AS
May	2016	Fjord1 signs contract for two new builds for the first fully electric ferry connection starting 1 January 2018.
Oct	2016	Havilafjord AS acquires 26% of the shares in Fjord1
May	2017	Fjord1 shares admitted to trading on Merkur Market

4.3 Legal and group structure

The legal and commercial name of the Company is Fjord1 ASA. The Company was founded on 9 May 2001 as a Norwegian private limited company incorporated under the laws of Norway and governed by the Norwegian Private Limited Companies Act. Following an extraordinary general meeting on 7 July 2017, the Company was converted to a public limited liability company (ASA), and is now governed by the Norwegian Public Limited Liability Companies Act.

The Company is registered with the Norwegian Register of Business Enterprises under the organisation number 983 472 583.

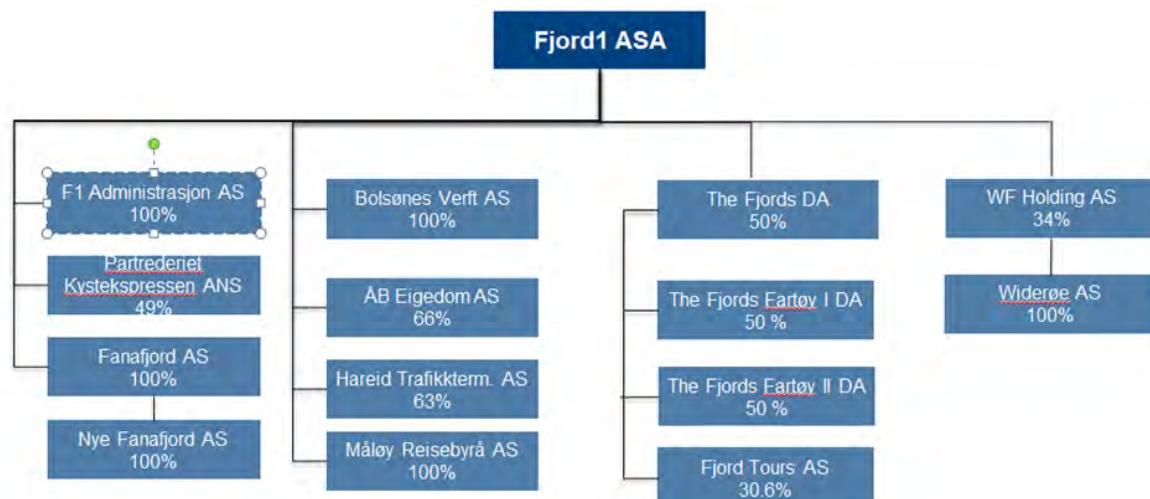
The Company's registered office is Strandavegen 15, 6905 Florø, Norway, telephone: +47 57 75 70 00.

Fjord1's group operations are centred around four segments; ferry, passenger boats and catering (Sea) and tourism; in addition to certain minor support activities. Further, the Company has a financial investment in Widerøe AS (Air).

Business segments

Ferries	<ul style="list-style-type: none">Fjord1 operates 64 ferries in island and fjord crossingFocus in security delivery and environmentally friendly solutions"SVV" and "Fylkeskommuner" as counterparties	
Passenger boats	<ul style="list-style-type: none">4 own and several leased boats in operationLocal routes in Sogn and Fjordane countyOwnership in Kystekspressen ANS (49%)	
Catering	<ul style="list-style-type: none">Ferdamat is based on good ingredients and a range of fruit and nutritionally rich foodsFjord1 served 800 000 "sveler" in 2016	
Tourism	<ul style="list-style-type: none">Joint Venture 50/50 with Flåm AS established in 2015Routes in Nærøyfjorden, Lysefjorden and GeirangerfjordenDelivery of a hybrid/electric vessel in 2016	

The chart below illustrates the group organisation structure.



The table below sets forth an overview of the legal entities being parts of the Fjord1 Group.

Subsidiaries/affiliated company	Registered office	Function	Interest held
Fjord1 ASA	Norway	Main operational company; parent company of the group	
F1 Administrasjon AS	Norway	Administrative company, supplies services to the Company and other group companies.	100%
Partrederiet Kystekspresen ANS	Norway	The company operates fast ferries Trondheim-Kristiansund and in the Trondheim region.	49%
Fanafjord AS	Norway	Holding company, the owner of Nye Fanafjord AS.	100%
Nye Fanafjord AS	Norway	Ship owning company, the owner of the gas ferry MF Fanafjord, which is chartered to the Company.	100%
The Fjords DA	Norway	Tourism business.	50%
The Fjords Fartøy I DA	Norway	Ship owning company, the owner of the vessel Vision of the Fjords, which is chartered to The Fjords DA.	50%
The Fjords Fartøy II DA	Norway	Ship owning company, to be the owner of the vessel Future of the Fjords.	50%
Fjord Tours AS	Norway	Distribution of tourism products.	30.6%
WF Holding AS	Norway	Holding company for airline (Widerøe).	34%
Bolsønes Verft AS	Norway	Industrial property company, and provider of maintenance services mainly to the Company.	100%
ÅB Eigedom AS	Norway	Real estate company.	66%
Hareid Trafikkterminal AS	Norway	Bus and ferry terminal company.	63%
Måløy Reisebyrå AS	Norway	Travel agency.	100%

4.4 Vision, goals and strategy

The vision of Fjord1 is to be best on reliable and environmentally friendly transport. Fjord1 aims to be the safest and most attractive supplier of transport services by ferries and fast passenger boats to all stakeholders, being passengers, public road authorities, and cooperating parties. By providing helpful and professional service, Fjord1 aims to make the transport on the fjord a safe, comfortable and seamless experience.

Fjord1 has defined the following goals and targets:

- To be best on environmentally friendly transport;
- To give its owners a stable and competitive yield on invested capital;
- To keep its promises to its passengers and other clients;
- To treat its employees in a way that attracts clever personnel; and
- To be a preferred partner for its cooperating parties.

4.5 The ferry business

4.5.1 Overview of business

The ferry business in Norway is a service provided by private companies (such as Fjord1) to public road authorities, being a mix of state agencies and county municipalities. Contracts are entered into on a competitive basis, based on public tender procedures. The Company estimates that, measured in capacity (PCE), contracts in respect of approximately 40 % of the Norwegian ferry market will be subject to such public tenders in the next two to three years.

The normal contract duration is between 6 and 10 years, where a number of the agreements include unilateral options for the counterpart to extend the term. There is significant variation between the different contracts for ferry connections, in respect of the capacity (PCE) required, number of connections included, the frequency to be applied, environmental requirements etc. Consequently, the value of a contract will vary.

During the term of the contract, the ferry provider receives contribution to provide a service matching the requirements set forth in the respective invitation to tender in respect of timetable, vessel and operational profile as well as personnel. Under the respective contract, the Company is granted a license to operate the connection in the contract period, resulting in an effective monopoly for the service during such period. Pursuant to the contracts, the ferry provider must provide equipment (ferries), personnel (crew) and operations, and has full cost responsibility (including investments and maintenance), subject to normal rate or cost escalation clauses. The ferry provider will also be responsible for maintaining certain operational criteria, such as capacity, reliability, and other factors such as environmental factors (emissions).

Contracts can be entered into on a gross or net basis. In the context of the ferry business, a “gross contract” is a contract where the ferry provider receives contribution by the public road authorities to provide a specified service, and has no risk on transport volume or ticket revenues; i.e. is paid to provide a certain infrastructure, with the ticket revenues being collected on behalf of the road authorities. In contrast, a “net contract” makes the ferry provider dependent on the transportation volume since the ferry provider must derive part of its revenue from such ticket revenues. Ticket revenues are often not sufficient to cover the costs of providing ferry services in the extent society desires. To enable the ferry service providers to provide the desired level of service, the contracts often contain a level of contribution to the operations.

Pursuant to the newer contracts, prices are adjusted according to the Ferry Index while in the earlier contracts, the prices are regulated by the CPI-index. CPI is an adjustment for general inflation, while the Ferry index is a cost index for domestic sea transport, which takes into consideration development in costs specific for sea travel such as fuel, wages, interest cost and maintenance.

A number of the contracts contain requirements for one or more back-up ferries in the event of engine failures and other operational disruptions. The contracts have differing requirements as to response time, capacity etc. In order to satisfy the requirement, not all of the Company's ferries are in day-to-day operations.

4.5.2 Contract overview

The table below sets forth an overview of the contracts served by Fjord1, including contracts recently awarded. Several of the contracts have additional option periods. The contracts represent gross revenues (“backlog”) of approximately NOK 21 billion over their duration.

When competing for contracts, ferry providers need to take into account both operating, investing, and financing parameters of a contract to determine how to bid to achieve a satisfactory profitability. Technological shifts in the ferry business, with increased requirements for battery and/or hybrid powered ferries, add to the complexity of the tender process. Fjord1 believes that its broad portfolio of contracts serves to mitigate specific risks related to individual contracts. Further, Fjord1 believes that it has gained significant advantages by being at a technological forefront, having commenced operation of its first LNG ferries in 2007 and being due to commence operation of its first fully electric connecton in 2018.

Contract overview

Tender	Start-up	End	Option	Regulation	Type contract	PCE Capacity (per year)
Sulapakken	01.01.2019/ 2020	31.12.2030		Ferry index	Gross	2.4m
Hordalandspakke 1	01.01.2018/ 2020	31.12.2029		Ferry index	Gross	1.7m
Brekstad – Valset	01.01.2019	31.12.2028	2029	Ferry index	Gross	0.3m
Hordalandspakke 2	01.01.2020	31.12.2028	2029	Ferry index	Gross	1.2m
Anda – Lote	01.01.2018	31.12.2027	2028	Ferry index	Gross	0.8m
Fylkesvegsamband Sogn & Fjordane	01.01.2016/ 2017/2018	31.12.2025	2026/27	Ferry index	Net	0.5m
Boknafjorden	01.01.2017	31.12.2024	2025-2029	Ferry index	Gross	2.9m

Svelvik- Verket	01.01.2013	31.12.2020	2021	Ferry index	Sub supplier Net	0.2m
Romsdalspakken	01.01.2010	31.12.2019	2020	CPI	Net	2.5m
Indre Sunnmøre	01.01.2012	31.12.2019	2020	Ferry index	Net	0.6m
Fylkesveg Møre og Romsdal	01.01.2011	31.12.2019		CPI	Net	0.1m
Nordmørspakken	01.01.2012	31.12.2019	2020	Ferry index	Net	1.6m
Nordøyane	01.01.2014	31.12.2018	2019-2021	Ferry	Gross	0.2m
Midtre Sunnmøre	01.01.2011	31.12.2018	2019*	CPI	Net	2.3m
Indre Sogn	01.01.2016	31.12.2018	2019*	Ferry index	Gross	1.7m
Bjørnefjorden/Boknafjorden	01.01.2017	31.12.2018		Ferry index	Gross	4.8m
Flakk – Rørvik	01.01.2011	31.12.2018	2019 - not exercised	CPI	Net	1.0m
Sølsnes-Åfarnes	01.01.2014	31.12.2018	2019-2021	Ferry index	Gross	0.8m
Refsnes – Flesnes	01.01.2010	31.12.2018	2019 – not exercised	CPI	Sub supplier Net	0.2m
Ytre Sogn	01.01.2010	31.12.2017		CPI	Net	0.1m
Nordfjordpakken	01.01.2009	31.12.2016/2017	2017	CPI	Net	0.8m
<hr/>						
Passenger boats						
Lokalbåtruter Flora, Bremanger og Vågsøy	01.05.2012	30.04.2020	2021-2022	Salary / Fuel and CPI	Gross	
Lokalbåtruter Lærdal, Vik og Høyanger	01.05.2012	30.04.2020	2021-2022	Salary / Fuel and CPI	Gross	
Lokalbåtruter Gulen, Solund og Askvoll	01.05.2012	30.04.2020	2021-2022	Salary / Fuel and CPI	Gross	

*option exercised

4.5.3 The ferry fleet

In order to serve its contract portfolio, Fjord1 has a large fleet of ferries built and maintained to the standards required, as illustrated in the table below. Capacities are measured in passenger car equivalents (PCEs).

Ferries are built to carry cars, trucks and passengers in a safe and efficient manner, and are adapted to the types of service that they are to provide. On large and densely trafficked crossings, ferries with large capacity are employed, while on smaller and less densely trafficked crossings, it will be more efficient to employ smaller ferries, however, always taking into account the requirements of the road authorities in respect of time table and size of vessels. The average size of Fjord1's sailing fleet is 84 PCEs, but this ranges from the largest 242 PCE ferry in the fleet serving Boknafjord near Stavanger, to the smallest 11 PCE ferry serving a scarcely populated Western Norwegian island. Generally, a ferry is deemed to have an operational life time of 30 years, but older vessels may be modernized to satisfy the modern requirements, inter alia by reconstruction to hybrid technology.

Being passenger vessels, ferries are subject to rigorous certification procedures, which also relate to the officers and crew on board, as well as the systems of the owner in respect of regulatory adherence, safety, technical standard, maintenance, and other factors. The operation is under the supervision of the Norwegian Maritime Authority (Sjøfartsdirektoratet).

Overview of the ferry fleet

Ferry*	Build year	Capacity
Hornelen	2016	60
Losna	2016	60
Edøyfjord	2012	50
Boknafjord	2011	242
Hjørundfjord	2011	122
Storfjord	2011	122
Fannefjord	2010	128
Korsfjord	2010	128
Lifjord	2010	110
Norangsfjord	2010	120
Romsdalsfjord	2010	128
Davik	2009	45
Vågsøy	2009	42
Moldefjord	2009	128
Årdal	2008	108
Fanafjord	2007	212
Mastrafjord	2007	212
Raunefjord	2007	212
Stavangerfjord	2007	212
Harøy	2006	35
Lote	2006	120
Bergensfjord	2006	212
Dryna	2005	35
Julsund	2004	99
Eira	2002	100
Volda	2002	100
Nordfjord	2001	54
Glutra	2000	120
Ivar Aasen	1997	76
Lærdal	1997	77

Ferry*	Build year	Capacity
Svanøy	1992	89
Tresfjord	1991	124
Gulen	1989	83
Rauma	1988	73
Romsdal	1988	87
Selje	1987	58
Dalsfjord	1986	28
Sulafjord	1986	106
Sognefjord	1984	64
Sogn	1982	110
Solskjel	1981	35
Bjørnsund	1979	61
Geiranger	1979	36
Stordal	1979	51
Stryn	1979	81
Aukra	1978	36
Eid	1978	35
Nordmøre	1978	52
Sunnfjord	1978	46
Aurland	1977	35
Solnør	1977	36
Kvernes	1976	35
Sykylvsfjord	1975	36
Veøy	1974	50
Fanaraaken	1973	29
Tingvoll	1972	35
Bolsøy	1971	38
Goma	1968	29
Nårasund	1968	11
Ørsta	1964	25
Driva	1963	29

* Capacity measured in PCE

The Group has an existing fleet of 61 ferries with a total capacity of 5,112 PCE, in addition to four passenger boats (all vessels owned by Fjord1, except for Fanafjord, which is owned by Fanafjord AS). Three of the ferries, as well as the passenger boat Skagastøl, are chartered to The Fjords DA. At times with free capacity, the Company may charter vessels to third parties.

The existing fleet includes 12 ferries operating on LNG, two on bio diesel and one hybrid operating on LNG and marine gas oil.

In addition to the existing fleet, the Company has 13 hybrid electric ferries under construction and contracts awarded for another six vessels.

Vessels under construction

Under construction	Delivery	Capacity	Shipyard	Contract
Gloppefjord	4Q-2017	120	Tersan	Anda-Lote
Eidsfjord	4Q-2017	120	Tersan	Anda-Lote
Møkstrafjord	4Q-2017	130	Tersan	Hordaland2
TBN 4	2Q-2018	45	Havyard	Hordaland1
TBN 5	4Q-2018	50	Havyard	Brekstad-Valset
TBN 6	4Q-2018	50	Havyard	Brekstad-Valset
Horgefjord	2Q-2018	120	Tersan	Hordaland1
TBN 8	4Q-2018	120	Fjellestrand	Hordaland1
TBN 9	4Q-2019	120	Havyard	Sulapakken
TBN 10	4Q-2019	120	Havyard	Sulapakken
TBN 11	4Q-2018	120	Havyard	Sulapakken
TBN 12	4Q-2018	120	Havyard	Sulapakken
TBN 13	1Q-2019	120	Havyard	Sulapakken

Further new builds

Contract awarded	Delivery	Capacity	Shipyard*	Contract
TBN 14	4Q-2019	40		Hordaland1
TBN 15	4Q-2019	40		Hordaland1
TBN 16	4Q-2019	130		Hordaland2
TBN 17	4Q-2019	80		Hordaland2
TBN 18	4Q-2019	80		Hordaland2
TBN 19	4Q-2019	90		Hordaland2

* orders not yet placed

The ferries are manned by trained officers and crew, all of which are employed by Fjord1. Approximately 977 of the 1,191 employees (at the end of 2016) were employed on the ferries. The employees play a large role in providing a safe, efficient and pleasant service to the passengers and in the overall quality in Fjord1's service offering.

4.5.4 Trends and developments

The market for ferries has undergone significant changes over the last decades, primarily related to the change from a public service offering (being owned by county municipalities) to becoming a competitive business provided by private companies to public road authorities. One of the effects of this change is a concentration of business, which now is dominated by four commercial market participants. Fjord1 is the largest of these.

One of the significant trends in the ferry business is an increasing focus on emissions and alternative energy sources. Specifically, several recent tenders have requirements in respect of environmental matters, such as use of energy and CO₂ emissions. A ferry company will need to adapt to the requirements, and currently ferries powered by batteries, or a hybrid combination with batteries, help meet the requirements. The hybrid powering technology provides the ferries with an alternative source of energy in the event charging difficulties occur, or for some reason the ferry uses an unusual amount of energy on a journey.

The trend is likely to lead to a gradual renewal of the ferry fleet, in particular on the shorter crossings that are best suited for such energy packages. In addition to the renewal of the fleet, a requirement for larger vessels and higher frequency in departures on connections, will lead to an overall growth in the ferry market. Fjord1 is looking towards opening its first fully electric ferry connection in 2018, which will also be the first in Norway, and believes that it is well positioned to benefit from this trend.

4.6 Passenger boats

Passenger boats and combi boats

Fjord1 has three contracts with the Sogn og Fjordane County Municipality regarding the operating of routes for passenger and combi boats in Sogn og Fjordane. The contracts started with effect on 1 May 2012, and have the duration of 8 years with an option to extend for 2 years. The contracts consist of 15 local routes which are operated with three combi catamaran boats (Tansøy, Fjordglytt and Sylvernes) owned by Fjord1, and 10 passenger and combi boats chartered from six different subcontractors as set forth below. Some of the boats only carry passengers, while others also carry cars.

Overview of owned passenger boats

Passenger boat	Build year	Pass.
Tansøy	2007	96
Fjordglytt	2000	81
Sylvernes	2000	70
Skagastøl*	1970	384

* chartered to The Fjords DA

Overview of leased passenger boats

Passenger boat	Build year	Passengers	Cars	Owner
Øyservice	2007	70	4	Florø Skyssbåt AS
Sea Service	1989	52		Florø Skyssbåt AS
Øyglimt	1980	38		Øyglimt AS
Solundir	2013	48		Vidar Hop Skyssbåter AS
Fjordcruise	1979	19		Vidar Hop Skyssbåter AS
Solundøy	1983	48		Vidar Hop Skyssbåter AS
Stjernesund	1979	28		Partsrederiet Sulejet ANS
Setara	2009	11		Wilhelm Norheim
Skånevik	1967	21	147	Fjord2-Fjordcruises AS
Tollesund	1984	39		Einar Losnegård

Partrederiet Kystekspressen ANS

Fjord1 owns 49 % of the company Partrederiet Kystekspressen ANS (“Kystekspressen”), with Fosenannamsos Sjø AS owning the remaining 51 %. Kystekspressen has a contract with AtB, which is acting on behalf of Sør-Trøndelag and Møre og Romsdal County Municipality, regarding the operating of the route Trondheim – Kristiansund. The contract started in 2014, and the duration of the contract is seven years with an option to extend for two years. Kystekspressen owns three express boats, two of which are new express boats built of carbon fibre.

4.7 Catering

Fjord1 carries more than 20 million passengers and has catering in different sizes on several of its connections. Fjord1 offers Ferdamat, a concept based on raw materials, fruits and nutritional food, but also Norwegian homely food such as griddle cake (Nw: svele) and hot dogs. Griddle cake is Fjord1 Catering’s brand product, and is served at all of Fjord1’s ferries which have catering.

Ferdamat is a concept of quality which applies to and shall be recognizable on all of Fjord1's ferries with catering, regardless of the size of the ferry. All food that is sold on Fjord1's ferries shall be fresh and of good quality, and give the customers the greatest experience.

Fjord1 searches for improvements in regard to environment and the use of energy, and will always strive to use installations in kiosks which achieve, and can help Fjord1 achieve, the at all times existing environmental requirements.

4.8 Tourism

The Company is engaged in the Norwegian tourism business, through a joint partnership in The Fjords DA ("The Fjords"). The Fjords was established in 2015 as a joint partnership between Fjord1 and Flåm AS.

The vessel Vision of the Fjords, a hybrid-electric carbon fibre catamaran designed to carry 400 passengers, was delivered in July 2016. A second vessel, fully electric, has been ordered in 2017, to be ready for the 2018 summer season.

The Fjords is dedicated to moving its passengers, and operates a fleet of seven tourism and transport vessels on the Western Norwegian fjords. The Fjords is a new concept of modern tourism in some of the most iconic Norwegian fjords; Nærøyfjorden, Lysefjorden and Geirangerfjorden. The company aims to connect customers not just to their destination but providing an attractive experience that easily can be combined with other premium travel adventures. The Fjords served approx. 450,000 passengers in 2016.

The Fjords has a long-term strategy to become a leading player within fjord based tourism and Fjord1 participates with its experience within technology and logistics.

The vessel Vision of the Fjords on Nærøyfjorden



In addition to its participation in The Fjords, Fjord1 holds a 30.6 % stake in the tourism company Fjord Tours AS.

4.9 The investment in Widerøe

The Company has an ownership position of 34% in Widerøe through its ownership position in WF Holding AS. Widerøe is the largest regional airline in the Nordic, serving commercial and tender routes in Norway. Widerøe owns and operates a fleet of 41 aircrafts with around 450 departures daily.

4.10 Property, plant and equipment

The Group's main assets are its 61 ferries and four passenger boats, described in section 4.5.3 and 4.6 above. The vessels are in use covering the respective ferry connections set forth in section 4.5.2 above. The Company has 13 hybrid electric ferries under construction (see section 7.5.3 below), and contracts awarded will require the construction of another six vessels.

The Company owns a 5,456 sqm. property in Florø, with an administration building of 3,117 sqm. which was built in 1986 and expanded and renovated in 2010. Bolsønesverft AS owns a 10,100 sqm. property in Molde, with a factory building of 780 sqm.

See section 4.12.3 for details on environmental issues in respect of the vessels. The Company is not aware of any other environmental issues that are likely to have a negative effect on the utilization of its assets.

The vessel MF Fanafjord is pledged in favour of DNB Bank ASA. All other ferries identified in section 4.5.3, as well as the passenger boats, are pledged in favour of Nordea, together with the following assets:

- Property in Florø Gnr 26/Bnr 126 og 155
- Property in Molde Gnr 26/Bnr 26 og 598
- 100 shares in Bolsønes Verft AS
- 340 shares in WF Holding AS

Further details on committed and planned investments are described in section 7.5.3 below.

4.11 Material agreements

The key agreements for the Company are the 22 contracts listed in section 4.5.2 above, covering 27 ferry connections. The agreements are entered into with public road authorities represented by Norwegian Public Road Administration and regional authorities (county). A number of the agreements include unilateral options for the counterpart to extend the term.

Over the last few years, there has been a transition from net to gross contract terms. In the gross contracts the public road authorities bear the volume risk meaning that the operator (the ferry company) receives a fixed contribution for services provided, while the contractor receives the ticketing revenues.

A tender consists of one, two or several ferry connections. For instance, the tender Sulapakken consists of two ferry connections, while Anda-Lote is one connection.

Contracts are typically tendered for 6-10 years, and sometimes with an option for the counterpart to extend the term. There are typically predefined requirements that must be fulfilled, such as a certain number and size of vessels (measured in PCE capacity).

Other contracts:

New builds

Fjord1 has entered into contracts with three Shipyards; Havyard Ship Technology AS, Tersan (/Turkey) and Fjellstrand, respectively, regarding 13 new builds for delivery in 2017-2019. Six more new build orders will be placed to serve contracts Fjord1 has recently won. See section 4.5.3 and 7.5.3 for further details.

Fuel

The Company has agreements for deliveries that are critical to the Company, including gas, diesel and biodiesel;

Gas: agreement with Gasnor for the period ending 31 December 2023.

Diesel: agreement with Bunkers Oil AS, for the period ending 31 December 2018, with an option to prolong.

Bio-diesel: agreement with Eco1 Bioenergi AS, for the period ending 31 December 2017.

The pricing in the agreements are based on Platts Rotterdam, plus a general mark-up and addition for transport.

Financing

The Company has a credit facility agreement with Nordea Bank Norge ASA, including a term loan and a guarantee facility, as well as cash management. Upon a change of control in the Company, Nordea may terminate the loan facility agreement, however, this does not apply as long as the Company's shares are listed on Oslo Børs. The facility agreement also contains restrictions from distributing further dividend in 2017, and thereafter from distributing dividend in excess of 50 % of profit after tax, without Nordea's prior consent.

Nye Fanafjord AS has a term loan facility with DNB Bank ASA, and The Fjords Fartøy I DA has a term loan facility agreement with Nordea.

See section 7.6 for further details.

Agreements outside of ordinary course of business

The Company has in the past three years not entered into any significant agreements outside of ordinary course of business.

4.12 Health, safety and environment policy

4.12.1 Safety

Fjord1 considers it fundamental to maintain a focus on safety on every level of its business. In the period 2012 to 2016, marine accidents (collisions with quays and running aground) have been reduced by nearly 96 %. Steps are taken to further promote safe operations. The reduced number of marine accidents is a result of a long term continual work to develop the Group's safety and management systems. Our safety philosophy is based on barrier thinking. The interaction between human beings, procedures and technology shall prevent technical errors and human mistakes to result in unintended consequences.

The Company works closely with the crew on implementing barriers and developing on-board operational procedures. Going forward, Fjord1 will maintain its work to develop the safety culture in the Group.

Fjord1's safety management system complies with the requirements in the International Safety Management Code (the ISM code).

In 2016, 20.9 million passengers were transported by the Group's ferries and fast boats.

4.12.2 Working environment

The Company has good access to competent employees, and will continue its long-term and forward-looking recruitment policy in order to maintain safe and stable operations. Fjord1 is focused on maintaining a good and healthy working environment, i.a. through a systematic HSE program.

Generally, the working environment is considered good, and the work force is on most areas fairly stable. Absence due to sickness was 7.38 % in 2016, down from 8.25 % in 2015.

4.12.3 Environment

The transport industry entails polluting the environment, in particular in respect of the use of fossil fuels resulting in the emission of NO_x and CO₂. By working in conjunction with other players in the industry, suppliers of engines and R&D institutions, the Company aims to find measures to reduce the level of emissions to air. The Company's actual emissions are within all requirements from the authorities.

In 2016, Fjord1, as the first company in the world, introduced 100% renewable bio fuel on two of its ferries in operation. The use of such renewable fuel contributes to large reductions in emission of CO₂ compared to the use of fossil fuel.

Fjord1 aims to remain a leading player in the use of LNG fuelled ferries. The use of LNG reduces the emission of NO_x by approx. 90 % and of CO₂ by 25-30 % compared to conventional ferries running on diesel.

The Company has in recent years made substantial investments in measures to reduce the release of NO_x, e.g. replacing older engines with Tier II certified engines. Such replacement of engines has resulted in a decrease of the release of NO_x, in some instances with 40 %. In the period 2013-2016, 15 vessels have undergone such engine replacement.

Fjord1 has entered into contract with three shipyards regarding 13 new builds for delivery in 2017-2019. These new builds, and others to come, will be hybrid-electric, constructed to run on electricity only with alternative energy solutions as back-up. The Company is a front runner in applying technology that reduces CO₂ emissions by 85-90 % compared to conventional ferries running on diesel, and also reducing the release of NO_x, SO₂ and particles to close to zero.

Fjord1 has resolved to seek certification ISO50001 energy management, with an aim to obtain the certification by the end of 2017.

4.13 New products and services

The Company's main area of business is as a ferry operator, and within this area there are in the outset no new products or services. However, as detailed in section 4.12.3 above and further in section 4.15 below, the Company is an environmentally conscious front runner, providing new technology ferries with low to zero emissions.

This consciousness has been brought into the tourism joint venture company The Fjords DA. The Fjords provides unique travel experiences on some of the most iconic Norwegian fjords; Nærøyfjorden, Lysefjorden and Geirangerfjorden.

The vessel Vision of the Fjords was delivered in July 2016, a hybrid-electric carbon fibre catamaran designed to carry 400 passengers. With the vessel, passengers are able to enjoy the spectacular views without disturbing engine noise.

4.14 Dependency on patents, licenses and other material agreements

4.14.1 Patents

The Group does not hold any patents that are of material importance for the business of the Group.

4.14.2 Licenses

The Company has obtained a certificate from the Norwegian Maritime Authority in respect of its safety management system. Further, each contract with the public road authorities includes a license to operate the relevant connection(s). Other than that, the Group is not materially reliable on any permits or licenses.

4.14.3 Material contracts

Generally, the Company is dependent to various extents on the commercial contracts described in section 4.11 above to generate revenues.

4.14.4 Insurance

The Group insures against material risks for which insurance is economically available. The balance between the amount covered and what is left on risk varies depending on the nature of the risk, and the nature and value of the assets.

4.15 Research and development

The Company has an ambition to be a leader within environmentally friendly and reliable transport. As a consequence thereof, Fjord1 has a continual focus on the further development and implementation of new technology. The Company has for a long period of time been a global leader in operations of ferries operating on natural gas, and has now also shifted focus to zero emission technology. These R&D activities are performed in close co-operation with suppliers as well as R&D institutions, and the Company does not incur material costs in respect of the R&D activities.

Fjord1 has recently worked on development projects related to ferries for the future, with a particular focus on ferries operating on batteries or on hybrid engines. In 2015, the ferry MF "Fannefjord" was reworked to become the world's first natural gas and battery hybrid ferry. This rework has given important experiences which can be brought into the tender processes with low or zero emission requirements. The Company has seen good results in this respect, having won most of the tenders for electrically run ferries.

Going forward, Fjord1 will continue to actively seek to develop and implement new technology, with a special focus on the requirements set by the "green shift" in respect of more efficient use of energy with less emission. Hydrogen based technology is expected to be important, and the Company participates in programmes developing hydrogen based ferries. Optimization and automatization of on-board operations in order to reduce the energy consumption is also expected to be important going forward.

4.16 External factors affecting the business

Other than stated in section 2 "Risk factors", the Group has not experienced, and does not foresee, issues relating to any government, economic, environment, tax related, monetary or political factors that may materially affect the business of the Group.

5 MARKET OVERVIEW

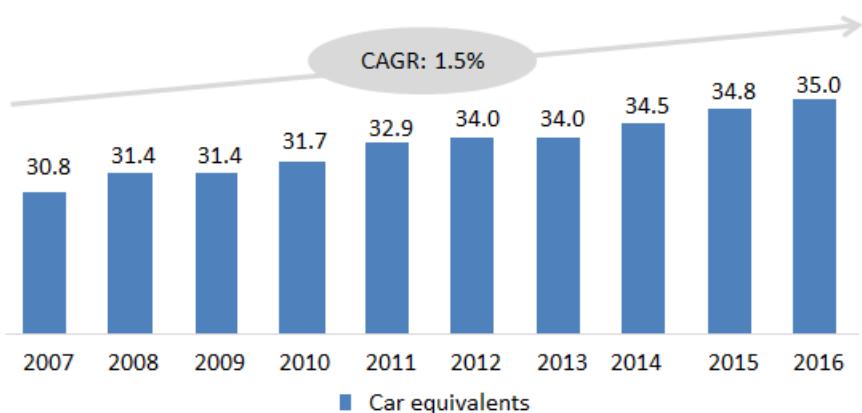
The core business of the Company is to provide high quality and low emission ferry services in the Norwegian market. The section below is intended to give an overview of the key features of this market and of the Company's key assumptions underlying its exposure to this market. Market data in this section has been extracted from reports and data prepared by Oslo Economics and Norwegian Public Roads Administration (Statens vegvesen), unless otherwise stated.

5.1 Overview of the Norwegian domestic ferry market

Ferries services are a critical part of Norwegian public transportation, crossing the fjords and connecting islands to the mainland.

In total, ferries in Norway transported 35 million passenger car equivalents ("PCE") and 43.2 million passengers in 2016 (including drivers). The market consists of around 130 connections served by around 220 ferries. Most ferry connections are operated by the four largest ferry companies in Norway; Fjord1 AS, Torghatten ASA, Norled AS and Boreal Transport Norge AS.

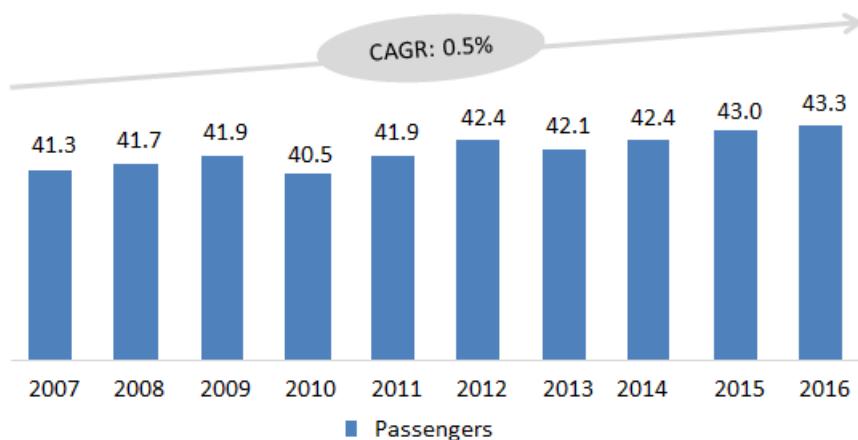
Historical development in PCE per year (millions, 2007-2016)



Source: Norwegian Public Roads Administration (Statens vegvesen, Ferjedatabanken, March 2017)

Demand for transportation by ferries has exhibited a fairly steady growth rate over time, growing from 30.8 million PCE transported in 2007 to 35.0 million PCE transported in 2016. The compound annual growth rate over the period was 1.5%.

Historical development in passengers including drivers per year (millions, 2007-2016)



Source: Norwegian Public Roads Administration (Statens vegvesen, Ferjedatabanken, March 2017)

In terms of passengers transported, the number has grown from 41.3 million in 2007 to 43.3 million in 2016. The compound annual growth rate over the period was 0.5%. Over the same period, the number of passenger per vehicle using ferry services has declined.

5.2 Competitive position

The Norwegian domestic ferry market has gone through comprehensive consolidation over the past 10 years. There are four major players remaining; Fjord1 AS, Torghatten ASA, Norled AS and Boreal Transport Norge AS.

Overview of connections and PCE transported in 2016 by the four major players

Company	Connections	PCE 2016
Fjord1	27	16.8m
NORLED	34	9.5m
TORGHATTEN	38	7.2m
BOREAL	15	0.7m

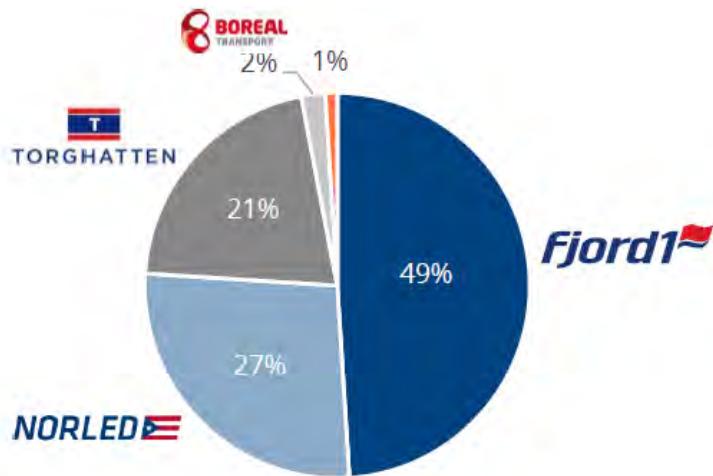
Source: Norwegian Public Roads Administration (*Statens vegvesen, Ferjedatabanken, March 2017*), Oslo Economics (08/2016)

In terms of PCE transported, Fjord1 is the largest ferry company with 16.8 million PCE transported in 2016. Norled AS is the second largest with 9.5 million PCE transported, Torghatten ASA is the third largest with 7.2 million PCE transported, while Boreal Transport Norge AS is the fourth largest with 0.7 million PCE transported.

In terms of connections, Torghatten ASA had the largest number with 38 connections in 2016. Norled AS had 34 connections, Fjord1 had 27 connections while Boreal Transport AS had 15 connections.

In general, Fjord1 and Norled AS together have more connections in the Western and Middle part of Norway while Torghatten ASA and Boreal Transport AS combined have more connections in the Northern part of Norway.

Market shares based on PCE transported in 2016



Source: Norwegian Public Roads Administration (Statens vegvesen, Ferjedatabanken, March 2017), Oslo Economics (08/2016)

In terms of market shares based on PCE transported in 2016, Fjord1 is the largest player with a market share of around 49%. Equally, Norled AS with a market share of 27%, Torghatten ASA with a market share of around 21%, Boreal Transport AS with a market share of around 2%, while other ferry service providers have a combined market share of around 1%.

The ten largest connections in Norway in 2016 (ferry service provider, PCE in 2016 and average PCE per day)

#	Connection	Company	PCE 2016*	Avg per day
1	Moss - Horten	Torghatten	3,475,843	9,497
2	Mortavika - Arsvågen	Fjord1	2,831,842	7,737
3	Sandvikvåg - Halhjem	Fjord1	1,854,016	5,066
4	Molde - Vestnes	Fjord1	1,558,869	4,259
5	Fodnes - Mannheller	Fjord1	1,223,280	3,342
6	Hareid - Sulesund	Norled	1,218,901	3,330
7	Sykylven - Magerholm	Fjord1	1,170,630	3,198
8	Festøya - Solavågen	Fjord1	1,168,776	3,193
9	Oppedal - Lavik	Norled	1,095,517	2,993
10	Flakk - Rørvik	Fjord1	1,019,811	2,786
Total top 10			16,617,485	45,403

*Passenger car equivalents (PCE)

Source: Norwegian Public Roads Administration (Statens vegvesen, Ferjedatabanken, March 2017), Oslo Economics (08/2016)

There are around 130 ferry connections in Norway served by around 220 ferries. The variation in size (in terms of PCE) for the various connections in Norway is fairly large. The ten largest connections amounted to 16.6 million PCE in 2016, representing 47% of the total number of PCE transported.

Fjord1 has a strong presence on the largest connections, operating seven of the top ten in 2016. Torghatten ASA operated one of the 10 largest connections in 2016. Norled AS operated two of the top 10 connections.

The Norwegian domestic ferry market has been independent of the international ferry market. None of the four major ferry providers in the Norwegian domestic market are offering services on international connections, and none of the international providers are present in the domestic ferry market.

5.3 Barriers to entry

The Norwegian ferry service market is characterized by considerable barriers to entry:

- The existing players have the flexibility of using their existing fleet when tendering for new contracts
- The existing players have the required financial strength to order new builds and to maintain a fleet of vessels
- The existing players have industry specific knowledge and necessary certifications necessary to operate in the Norwegian market
- The existing players have the organizations to handle chartering, operations and technical matters
- The existing players have proven track records, which is important when tendering for new contracts

5.4 The tourism market¹

The Norwegian tourism industry experiences a steady growth. In 2016, 33.1 million overnight stays were registered at commercial accommodation providers in Norway. In addition, travellers arrange accommodation privately, or through services such as Airbnb and Couchsurfing. Norway also receives visits from cruise passengers.

The tourism industry employs approximately 160,000 persons (9 % of the aggregate employment in Norway), and stood for a wealth creation of in excess of NOK 73 billion in 2015 (4 % of the aggregate wealth creation in Norway).

Consequently, The Fjords DA operates in a growing market, and has experienced substantial growth in its short history. The number of passengers and turnover in The Fjords DA in 2015 – 2017 (estimate) are as follows:

	2015	2016	2017 E
Passengers	397,963	464,255	501,500
Revenues (tNOK)	106,856	125,820	151,495

5.5 Significant changes since 31 March 2017

There have not been any significant changes in the markets since 31 March 2017. The markets have been stable and there have not been any unforeseen events as of the date of this Prospectus.

¹ The general description of the Norwegian tourism market is sourced from the Norwegian Ministry of Trade, Industry and Fisheries - Meld. St. 19 (2016-2017)

6 BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

6.1 Board of Directors

The Board of Directors shall consist of a minimum of five and a maximum of nine members, including employee representatives elected in accordance with the provisions of the Public Limited Liability Companies Act. Each Director elected by the shareholders will serve for a period of two years unless otherwise decided by the general meeting.

6.1.1 Board of Directors

In accordance with a resolution by the general meeting of the Company on 7 July 2017, the names and positions of the members of the Board of Directors are, as set out in the table below.

The Board of Directors is made up of seven members, five of which are elected by the shareholders and two by and among the employees. The board members serve two year terms. The following table lists the members of the Board of Directors as at the date of this Prospectus and gives details of their titles and the number of Shares, warrants and options held as of that date.

Name	Position	Served since	Term expires	Independence	No. of shares	No. of warrants	No. of options
Vegard Sævik	Chairman	2011	2018	No	51,500,0000*	0	0
Per Rolf Sævik	Director	2011	2019	No	51,500,0000*	0	0
Janicke Westlie Driveklepp	Director	2016	2018	Yes	0	0	0
Frederik W. Mohn	Director	2017	2019	Yes	7,758,620**	0	0
Siri Beate Hatlen	Director	2017	2019	Yes	0	0	0
Atle Olav Trollebø	Director (empl)	2008	2019	Yes	0	0	0
Geir Offerdal	Director (empl)	2017	2019	Yes	0	0	0
Ole Kjell Eidem	Deputy Director (empl)	2017	2019	Yes	0	0	0
Magnus Mundal	Deputy Director (empl)	2012	2019	Yes	0	0	0
Reidar Tangen	Deputy Director (empl)	2017	2019	Yes	0	0	0
Bjørn Sørlie	Deputy Director (empl)	2017	2019	Yes	0	0	0

* does not hold shares directly, but the two directors are two of four ultimate owners of Havilafjord AS, which owns 51,500,000 Shares.

** held through Perestroika AS

The business address of Strandavegen 15, 6905 Florø, Norway, serves as c/o address for the board members of the Company.

The expertise and experience of each member of the Company's Board of Directors is set forth below:

Vegard Sævik – Chairman

Vegard Sævik has been a board member since 2011, Vice Chairman of the Board until 2016, and was elected Chairman of the Board in July 2017. Mr. Sævik is employed with Havila AS as Deputy Managing Director and holds board positions in various external and internal companies. He is currently chairman of the board of Havyard Group ASA, and holds a Bachelor of commerce from Handelshøyskolen BI.

Current directorships and senior management positions

Fjordi ASA (C), Havyard Group ASA (C), Efficax AS (C), Simovevo AS (C), Efficax AS (C), Havila Invest AS (MD/D), Havilafjord AS (D), Siva Sunnmøre AS (D), Kystruten KS (MD), Havila Ariel AS (MD), OHI Eiendom AS (MD), Havblikk Eiendom

Previous directorships and senior management positions last five years.....

*AS (MD/D), Tangen 7 Invest AS (MD), Sæviking AS (D), Havila AS (D), Hardhaus AS (D), Brattholm Invest AS (D)
Selje Næringspark AS (C), Global Enviro AS (C), Havblikk Eiendom AS (C), Fosnavåg Wellboat AS (C), Fanafjord AS (MD/D), Bio Invest AS (MD), Havyard MMC AS (D), Havyard Design & Solutions AS (D), Havyard Ship Technology AS (D)*

Per Rolf Sævik – Director

Per Sævik has been a board member since 2014. Mr. Sævik was Observer of the Board and Deputy Director since 2011. He has over 35 years' experience in operation and management of fishing and supply vessels and is currently Managing Director of Havila AS and Havilafjord AS. Mr Sævik was member of the Norwegian Parliament for a period of 4 years. He is currently Chairman and Director in several external companies, and has various board positions in Havila-group companies.

Current directorships and senior management positions

Fjord 1 ASA (D), Havila AS (MD), Pison AS (MD/C), Bratholm AS (C), Sæviking AS (C), Fosnavåg Parkering AS (C), Brattholm Invest AS (C), Sævard DA (C), Vestland Psv I AS (D), Drammenseiendommene AS (D), Hardhaus AS (DD), Haugapet AS (DD), Fosnavåg Vekst AS (C), Shincon AS (D), Kystruten AS (D), Vestlands Psv II AS (D), Norsea PSV AS (D), Innidimman AS (AD), Norminor AS (DD), Pantheon Eiendom AS (DD), P/F 6. September 2006 (D), P/F Skansi Offshore (D), P/F Eldborg (D), P/F Friborg (DD), P/F Hotel Hafnia (D), Havyard Ship Invest AS (C), HH Offshore AS (D), VestNord Group AS (D).

Previous directorships and senior management positions last five years

*Havyard Group AS (C), Havyard Ship Technology AS (C),
Havila Shipping ASA (C)*

Janicke Westlie Driveklepp – Director

Janicke Westlie Driveklepp has been a board member since 2016. Mrs. Driveklepp currently works as Chief Financial Officer in Vartdal Plastindustri AS. She has previously held positions as Finance Director/executive vice president of Scana Volda AS and before that as Financial Manager of Frøystad Fiskevegn AS, in addition to being a senior associate of Ernst & Young AS. She holds a Master in Business and Science. She currently holds several internal and external board positions including as board member in Mesta AS since 2015.

Current directorships and senior management positions

*Fjord 1 ASA (D), Vartdal Plastindustri AS (Chief Financial Manager), Mesta AS (D), Fjordi ASA (D), VD Transport (C), Bakkane Invest AS (D), Norvestforum (DD)
Havila Shipping ASA (D), Saferoad Group (Vice president organization), Volda og Ørsta Sparebank (DD), Høgskulen i Volda (D)*

Previous directorships and senior management positions last five years

Frederik W. Mohn – Director

Frederik W. Mohn has been a board member since July 2017. Mohn is the sole owner of Perestroika AS, an investment company with long-term investments within offshore/rig, shipping, property-development and financial services. He holds an extensive industrial experience from the world-wide family business, Frank Mohn AS, where he also held the position of Managing Director, as well as through positions with Schlumberger in the USA. Frederik W. Mohn has since 2014 held the position as Chairman of the Board of Directors in the listed Songa Offshore SE and is a member of the Audit Committee. He also serves as a member of the Board in Dof ASA, in the tanker shipping company Viken Crude AS and in several privately owned property-development companies.

Current directorships and senior management positions

Fjord 1 ASA (D), Perestroika AS (C), Songa Offshore SE (C), Dof ASA (D), Viken Crude (D), Fornebu Sentrum AS (D), Fornebu Sentrum Utvikling AS (D), Høvik Stasjonsby AS og KS (D), Gjettumgrenada AS (D)

Previous directorships and senior management positions last five years..... Frank Mohn AS (MD)

Siri Beate Hatlen – Director

Siri Beate Hatlen has been a member of the Board since July 2017. Ms Hatlen has a Master of Science from the Norwegian University of Science and Technology (NTNU) and a Master of Business Administration from INSEAD. In her early career she worked for Statoil on larger offshore projects, later as management for hire and as board member/chair of the board of directors for numerous companies in Norway. She has served as Executive Vice President of Statkraft, and as CEO of Oslo University Hospital. Ms Hatlen currently also serves as the chair of the board of directors of among others Entra ASA and Bane Nor SF and is a board member of i.a. Eksportkreditt Norge AS.

Current directorships and senior management positions

Fjord 1 ASA (D), Bane Nor SF (C), Entra ASA (C), Teknologirådet (C), Norwegian University of Life Sciences (C), DNT Oslo og Omegn (C), Eksportkreditt Norge AS (D)

Previous directorships and senior management positions last five years.....

Sevan Marine ASA (C), Ungdoms-OL Lillehammer 2016 (C), Telenor ASA (D), Norske Skogssindustrier ASA (D), Unibuss AS (D) and Kitron ASA(D), Nye Veier AS (D)

Atle Olav Trollebø – Director

Atle Trollebø has been a board member since 2008, representing the employees. Mr Trollebø is currently working as a Captain with 20 years of experience and has the position as Vice Chairman of the Board in “Norsk Sjøoffisers Forbund – avd. Fjord1”

Current directorships and senior management positions

Fjord 1 ASA (D), Norsk Sjøoffisers Forbund – avd. Fjord1 (Vice Chairman)

Previous directorships and senior management positions last five years.....

Geir Offerdal – Director

Geir Offerdal has been a board member since July 2017, representing the employees. Mr. Offerdal is currently working as a sailor in Fjord1.

Current directorships and senior management positions

Fjord 1 ASA (D)

Previous directorships and senior management positions last five years.....

6.1.2 Independence from senior management and large shareholders

The composition of the Company’s Board of Directors is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance of 30 October 2014 (the “**Corporate Governance Code**”). The Corporate Governance Code provides that a board member is generally considered to be independent when he or she does not have any personal, material business or other contacts that may influence the decisions he or she makes as a board member.

Chairman of the Board, Vegard Sævik, and the board member Per Sævik are jointly with two other family members the ultimate shareholders of the largest shareholder, Havilafjord AS, and the same four persons hold all board positions in Havilafjord AS and its parent company Havila Holding AS.

Board member Fredrik W. Mohn is the sole owner and board of the Company's second largest shareholder, Perestroika AS.

Other board directors are independent of the Group's larger shareholders.

All directors are independent of the Company's executive management.

Fjord1 has entered into one contract with Havyard Ship Technology AS for the delivery of three ferries and one contract for the delivery of five ferries. Havyard Ship Technology AS is controlled by Havila Holding AS, which also controls Havilafjord AS. Apart from this, all directors are independent of the Group's material business contracts.

The Company's executive management is not represented on the Board of Directors.

Per Sævik is the father of Vegard Sævik; otherwise there are no family relationships between any of the persons listed above.

6.2 Executive Management

The Company's executive management team consists of five individuals. Please find details regarding the Company's management, together with the number of shares, warrants and options held by the management of the Company, as of the date of this Prospectus, in the table below:

Name	Position	No. of shares	Options*
Dagfinn Neteland	Chief Executive Officer	0	0
Anne-Mari Sundal Bøe	Chief Financial Officer	0	0
Andrè Høyset	Chief Operational Officer	0	0
Deon Mortensen	Director Technical and HSE	0	0
Tor Vidar Kittang	Director of Project	0	0

* No options as such are issued. However, reference is made to section 6.8 describing the principles for an incentive program for certain key management, including the five individuals listed above.

The business address of Strandavegen 15, 6905 Florø, Norway, serves as c/o address for the executive management team responsible for the day-to-day management of the Group.

The following sets out a brief introduction to each of the members of the Company's management:

Dagfinn Neteland – Chief Executive Officer

Dagfinn Neteland is the Chief Executive Officer in Fjord1 since January 2017. He also held this position in 2014-2015. Mr. Neteland has previous positions in the Transporting and Banking industry including CEO of Tide ASA, CEO of HAS ASA, CEO of Gjensidige Vest and Regional Manager of Nordea.

Current directorships and senior management positions

Fjord1 ASA (MD), Norheimsund Skiheis AS (MD/C), Bergen Bydrift AS (MD), Vestlandsentreprenøren AS (MD), Dato Invest AS (MD and C), Norhand Industri AS (C), Presis Vegdrift AS (C), Bi Elektro AS (C)

Previous directorships and senior management positions last five years

Nordea Bank Norge ASA (regional manager), NHO Sjøfart (D)

Anne-Mari Sundal Bøe – Chief Financial Officer

Anne-Mari Sundal Bøe has been the Chief Financial Officer in Fjord1 ASA since December 2013. Mrs Bøe has previous experience as Group Chief Accountant of INC Invest AS and Senior Manager in PwC. She holds a Master of Business and Economics from Norwegian School of Economics (NHH).

<i>Current directorships and senior management positions</i>	<i>Fjord1 ASA (CFO), Widerøe AS (D), Widerøes Flyveselskap AS (D), The Fjords DA (D), The Fjords Fartøy I DA (D)</i>
<i>Previous directorships and senior management positions last five years</i>	<i>INC Invest AS (Group head of accounts)</i>

Andrè Høyset – Chief Operational Officer

Andrè Høyset is Chief Operational Officer starting in March 2017. Mr. Høyset had the position as const. Chief Executive Officer in 2016 and previous 20 years of experience from various positions at Fjord1 including Head of IT and Director of Human Resource. He holds a Master of Science in Information Technology.

<i>Current directorships and senior management positions</i>	<i>Fjord1 ASA (COO), Widerøe AS (D), Widerøes Flyveselskap AS (D), Fjord Tours AS (D), The Fjords DA (D), The Fjords Fartøy I DA (D), Maritime Training office southwest - Maritimt treningskontor sørvest (D), NHO Sea - NHO Sjøfart (D)</i>
<i>Previous directorships and senior management positions last five years</i>	<i>Fjord1 AS (acting CEO Dec 2015 – Dec 2016), Fjord 1 AS (misc. positions, incl. Head of HR and Head of ICT), FjordTours (D)</i>

Deon Mortensen – Director Technical and HSE

Deon Mortensen is Director Technical and HSE in Fjord1. Mr. Mortensen has experience from Fjord1 since 2010 in positions including Senior Vice President of Fjord1 Fylkesbaatane AS. He has also experience as Technical Director of STX Norway Florø and Project Manager of Odfjell SE

<i>Current directorships and senior management positions</i>	<i>Fjord1 ASA (Director Technical and HSE), Maritime Montering AS (D)</i>
<i>Previous directorships and senior management positions last five years</i>	<i>Fjord1 AS (misc positions, incl. Director of operations and safety, Director Technical and safety), Maritime Montering AS (C), Maritime Möbler AS (D), Gunhildvågen Industripark AS (C), Gunhildvågen Utvikling AS (C).</i>

Tor Vidar Kittang – Director of Project

Tor Vidar Kittang is const. Director of Project since 2017. Mr. Kittang has various experience withinFjord1 since 2005 including Commercial Leader and Financial Manager. Previous experience also includes various positions in the Transporting Industry. He holds a master in business and administration from Denmark.

<i>Current directorships and senior management positions</i>	<i>Fjord1 ASA (Director of Project)</i>
<i>Previous directorships and senior management positions last five years</i>	<i>Fjord1 AS (misc. positions, incl. Project leader, Commercial manager and Controller.)</i>

6.3 Remuneration and benefits

6.3.1 Compensation to the members of the Board of Directors

Compensation for the members of the Board of Directors of the Company are, on an annual basis, determined by the annual general meeting of shareholders of the Company.

The remuneration to the Board of Directors in 2016 was a total of NOK 916,400.

In respect of the current members, they received the following remuneration in 2016:

Name	Remuneration 2016 (NOK)
Vegard Sævik	104,100
Jannicke Westlie Driveklepp	10,375
Per Sævik	49,800
Atle Olav Trollebø	78,100

As the date of this Prospectus, the board members do not receive benefits upon termination of employment.

6.3.2 Remuneration to the members of the executive Management

The total remuneration in NOK to the members of the Management in 2016 was as follows:

Name	Ordinary salary and benefits²	Other remuneration	Bonus	Pension benefits	Sum
Dagfinn Neteland	136,922	1,503,278		6,040	1,646,240
Anne-Mari Sundal Bøe	1,047,200		95,200	45,302	1,187,702
Andrè Høyset	1,907,640		237,261	47,214	2,192,115
Deon Mortensen	1,178,613		107,147	47,214	1,332,974
Tor Vidar Kittang	762,841			36,772	799,613
Sum	5,033,216	1,503,278	439,608	182,542	7,158,644

The Company's CEO, Dagfinn Neteland, is entitled to a severance pay equal to twelve months' ordinary salary on the Company's termination of his employment, and upon Mr. Neteland's termination of the employment upon certain material changes in control or changes to the business strategy and operations of the Company. No other member of the executive management team or of the Board has any service contract with the Company providing for material benefits upon termination of employment.

6.4 Loans and guarantees

The Company has not granted any loans, guarantees or other commitments to any of its board members or to any member of the executive Management team.

² Comprises company car, telephone, insurance, concessionary interest rate, other contractual benefits and compensation on termination of employment.

6.5 Audit committee

In accordance with the rules set out in the Norwegian Public Limited Liabilities Companies Act Section 6-41, the audit committee for the Company consist of the following three Board members; Jannicke Driveklepp (chairperson), Siri Beate Hatlen and Vegard Sævik. The audit committee prepares the follow-up of the financial reporting process, monitors the systems for internal control and risk management, maintains on going contact with the Company's elected auditor concerning the audit of the annual accounts, and assesses and monitors the auditor's independence, in accordance with the Norwegian Public Limited Liabilities Companies Act Section 6-43.

6.6 Corporate governance

The Company maintains high standards of corporate governance and is committed to ensure that all shareholders of the Company are treated equally.

The Company's principles for corporate governance comply with the Corporate Governance Code, except that the Company has not established a remuneration committee.

6.7 Conflicts of interest, etc.

There are no potential conflicts of interests between the duties the members of the Board of Directors and the Management have to the Company and their private interests and/or duties.

Vegard Sævik, chairman of the Board, served as a member of the board of Catch The Eye AS, a Norwegian private limited liability company that was declared bankrupt in 2014.

Apart from that, the members of the Board of Directors and the Management have not been associated with any bankruptcies, receivertships, or liquidations for the last five years. None of the managers or the directors have been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or been disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer, or convicted of any fraudulent offences, for the last five years.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Board of Directors and/or the Management has been selected.

Per Sævik is the father of Vegar Sævik. Other than that, there are no family relationships between any members of the Board of Directors and/or the Management.

6.8 Employees

As of the date of this Prospectus, Fjord1 ASA employs approximately 1,143 employees; 999 within the ferry operations, 18 within the passenger boats segment and 126 in catering.

The Company has resolved to implement a share acquisition program for the Group's permanent employees, starting from 2018. The program will be established based on the applicable regulations on tax free discounted shares to employees, so that the qualifying employees may acquire shares at a discount of 20 % on the market price, limited to a discount of NOK 3,000 per year. In connection with the Listing, the Company has decided to give each permanent employee (with a 50% position or more, having been employed no less than six months) shares in the Company with a market value of approx. NOK 10,000.

The Company is further in the process of implementing an incentive scheme for certain key management personnel (up to 12 persons). The scheme will consist of

- (i) a bonus scheme, entitling the manager to a bonus of up to an amount equal to six months' salary, to be settled 50 % in shares in the Company and 50 % cash, bonus being subject to the achievement of certain individual and general KPI's;
- (ii) the manager being entitled to acquire shares in the Company with a 20 % discount on the market price, at a total value of up to 50 % of the manager's maximum potential bonus for the year.

The further details of the incentive scheme for the year 2017 are to be determined. Subsequent to such final determination, the managers will be entitled to purchase shares pursuant to item (ii) in respect of the scheme for 2017.

7 SELECTED FINANCIAL AND OPERATING DATA

7.1 Introduction

The following discussion of the financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto that have been included elsewhere in this Prospectus. The selected consolidated financial data presented below has been derived from the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 prepared in accordance with NGAAP, and 2015 and 2016 prepared in accordance with International Financial reporting Standards (IFRS) as adopted by the European Union (EU). For more information regarding accounting policies and principles, please refer to the description in the Company's Annual Report for 2016.

The following tables further present selected financial information derived from the Group's Interim Financial Statements as of and for the three months ended 31 March 2017 and 31 March 2016, which have been prepared in accordance with IAS 34.

The Interim Financial Statements do not include all of the information required for full annual financial statements of the Group and should be read in conjunction with the Financial Statements as of and for the period ended 31 December 2016. The Company has used the same accounting policies and standards for the Interim Financial Statements as for the Financial Statements for the year ending 31 December 2016.

The Interim Financial Statements have been subject to a limited review by EY.

The amounts from the Financial Statements are presented in NOK thousands, rounded to the nearest thousands, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statement information may not add up to the total of that row or column.

The selected Financial Information presented herein is derived from, should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements and the Interim Financial Statements, included as Annex C to this Prospectus, and should be read together with Section 7.3 "Operating and Financial Review".

7.2 Historical financial statements

7.2.1 Profit and loss accounts

The table below sets out a summary of financial information extracted from Fjord1's unaudited consolidated income statement information for the three months ended 31 March 2017 and 2016, and the audited consolidated income statement information (IFRS) for the years ended 31 December 2016 and 2015.

The second table below sets out a summary of financial information extracted from Fjord1's audited consolidated income statement information (NGAAP) for the years ended 31 December 2015 and 2014.

(In NOK thousands)	As of 31 March		As of 31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)
Operating revenue	167 087	253 586	1 223 970	1 326 327
Other income	474 117	288 767	1 162 442	903 676
Cost of goods sold	-96 610	-80 242	-378 407	-429 516
Personnel expenses	-226 594	-218 512	-884 835	-889 253
Other operating expenses	-112 977	-110 846	-402 583	-428 141
Total operating expenses	-436 181	-409 601	-1 665 825	-1 746 910
Share of profit/ (loss) from joint ventures	-3 755	2 947	9 055	11 343

	As of 31 March		As of 31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)
(In NOK thousands)				
Operating profit before depreciation and impairment (EBITDA)	201 269	135 700	729 642	494 436
Depreciation	-61 364	-60 266	-240 085	-241 961
Impairment	-	-	78 582	25 108
Total depreciation and impairment	-61 364	-60 266	-161 503	-216 853
Operating profit (EBIT)	139 905	75 433	568 139	277 583
Share of profit/(loss) from other joint ventures	9 096	3 752	72 540	45 007
Interest income	800	1 100	5 692	4 734
Interest expense	-14 591	-17 030	-105 484	-122 955
Other financial items, net	-1 836	-1 956	57 737	54 293
Net financial income / (expenses)	-6 532	-14 134	30 485	-18 921
Profit/(loss) before tax	133 374	61 300	598 624	258 662
Income tax (expense) / Income	-32 010	-15 325	-148 502	-39 771
Profit/ (loss) for the year	101 364	45 975	450 122	218 891
Other comprehensive income:				
Share of other comprehensive income of associates				
Accounted for using the equity method			1 363	1 442
Actuarial gain/(loss) on pension obligations	-102	-3 117	12 632	21 641
Total other comprehensive income for the year – net of tax	-102	-3 117	13 995	23 083
Total comprehensive income for the year	101 262	42 858	464 117	241 974

		2015	2014
		(NGAAP) (audited)	(NGAAP) (audited)
(In NOK thousands)			
Operating revenue		2 193 909	2 309 578
Other income		48 570	39 835
Total operating income		2 242 479	2 349 413
Cost of goods sold		-70 725	-86 884
Personnel expenses		-863 375	-930 499
Other operating expenses		-829 473	-1 112 379
Depreciation		-207 325	-214 989
Impairment		11 048	-21 400
Total operating expenses		1 959 849	-2 129 762
Operating profit (EBIT)		282 630	219 651
Share of profit/ (loss) from other joint ventures		37 735	35 132

(In NOK thousands)	2015 (NGAAP) (audited)	2014 (NGAAP) (audited)
Interest income	4 734	5 236
Interest expense	-121 685	-149 039
Other financial items, net	8 174	385
Net financial income / (expenses)	-71 042	-108 286
Profit/(loss) before tax	211 587	111 365
Income tax (expense) / Income	-29 656	-16 272
Profit/ (loss) for the year	181 931	95 093

7.2.2 Balance sheet

The table below sets out a summary of financial information extracted from Fjord1's unaudited consolidated balance sheet information as of 31 March 2017 and 2016, and the audited consolidated balance sheet information (IFRS) as of 31 December 2016 and 2015.

The second table below sets out a summary of financial information extracted from Fjord1's audited consolidated balance sheet information (NGAAP) as of 31 December 2015 and 2014.

(In NOK thousands)	As of 31 March		As of 31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)
	Assets			
Non current assets				
Deferred tax assets	20 356	34 538	21 328	37 946
Property, plant and equipment	3 765 515	3 629 509	3 794 867	3 648 995
Investments in joint ventures and associates	367 050	307 455	361 709	300 755
Other non-current financial assets	8 250	8 163	8 284	8 417
Total non-current assets	4 161 170	3 979 665	4 186 188	3 996 112
Current assets				
Inventories	16 174	10 433	14 690	13 049
Trade receivables	74 591	80 932	78 660	71 705
Other current receivables	30 145	125 700	35 888	66 453
Cash and cash equivalents	410 759	282 386	553 993	358 516
Total current assets	531 670	499 452	683 231	509 723
Total assets	4 692 840	4 479 117	4 869 419	4 505 835
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	250 000	250 000	250 000	250 000
Share premium	360 924	360 924	360 924	360 924
Retained earning	990 440	737 144	1 108 299	694 332

	As of 31 March		As of 31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)
	1 601 364	1 348 068	1 719 223	1 305 256
(In NOK thousands)				
Total equity attributable to owners of the parent	1 601 364	1 348 068	1 719 223	1 305 256
Non-controlling interests	4 041	3 777	3 881	3 731
Total equity	1 605 405	1 351 845	1 723 104	1 308 987
Non-current liabilities				
Borrowings	155 000	1 738 816	155 000	1 822 511
Derivative financial instruments	24 941	64 393	42 403	64 898
Net employee defined benefit liabilities	19 954	23 841	14 065	33 111
Other non-current liabilities	0	3 241	0	0
Deferred tax liabilities	357 798	251 412	382 276	250 413
Total non-current liabilities	557 693	2 081 703	594 284	2 170 933
Current liabilities				
Borrowings	1 713 491	287 058	1 800 511	255 930
Derivative financial instruments	29 799	46 093	22 775	53 714
Trade and other payables	115 836	116 917	110 075	94 767
Current income tax liabilities	27 031	11 153	2 675	301
Social security and other taxes	49 272	48 608	90 269	94 170
Other current liabilities	594 314	535 741	525 726	527 034
Total current liabilities	2 529 742	1 045 570	2 552 031	1 025 916
Total liabilities	3 087 435	3 127 272	3 146 315	3 196 848
Total equity and liabilities	4 692 840	4 479 117	4 869 419	4 505 835

	Year ended 31 December	
	2015 (NGAAP) (audited)	2014 (NGAAP) (audited)
	3 858 025	3 963 807
(In NOK thousands)		
Assets		
Non current assets		
Deferred tax assets	279	266
Property, plant and equipment	3 568 631	3 729 277
Investments in joint ventures and associates	280 698	221 932
Other non-current financial assets	8 417	12 332
Total non-current assets	3 858 025	3 963 807
Current assets		
Inventories	13 049	19 511
Trade receivables	71 705	88 397
Other current receivables	100 853	12 168
Cash and cash equivalents	358 516	334 244

	Year ended 31 December	
	2015 (NGAAP) (audited)	2014 (NGAAP) (audited)
(In NOK thousands)		
Total current assets	544 123	454 320
Total assets	4 402 148	4 418 127
 Equity and liabilities		
 Equity attributable to owners of the parent		
Share capital	250 000	250 000
Share premium	360 924	360 924
Retained earning	692 624	561 228
Total equity attributable to owners of the parent	1 303 548	1 172 152
Non-controlling interests	3 744	3 629
Total equity	1 307 292	1 175 781
 Non-current liabilities		
Borrowings	2 078 441	2 308 296
Derivative financial instruments	0	0
Net employee defined benefit liabilities	1 056	13 906
Other non-current liabilities	26 839	32 665
Deferred tax liabilities	235 911	204 223
Total non-current liabilities	2 342 247	2 559 090
 Current liabilities		
Trade and other payables	94 767	56 483
Current income tax liabilities	301	132
Social security and other taxes	93 373	73 959
Dividend payable	50 000	50 000
Other current liabilities	514 168	502 684
Total current liabilities	752 609	683 258
Total liabilities	3 094 856	3 242 348
Total equity and liabilities	4 402 148	4 418 127

7.2.3 Cashflow statement

The table below sets out a summary of financial information extracted from Fjord1's unaudited consolidated cash flow information for the three months ended 31 March 2017 and 2016, and the audited consolidated cash flow information (IFRS) for the years ended 31 December 2016 and 2015.

The second table below sets out a summary of financial information extracted from Fjord1's audited consolidated cash flow information (NGAAP) for the years ended 31 December 2015 and 2014.

	As of 31 March		As of 31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)
Operating activities				
Profit before tax	133 374	61 300	598 624	258 662
<i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i>				
Depreciation and impairment	61 364	60 266	161 503	216 853
Interest expense	14 591	17 030	99 792	118 221
Change in fair value of financial instruments	-10 438	-8 126	-53 433	-20 112
Non-cash post-employment benefit expense	5 349	-12 387	-1 884	-14 151
Gain on disposal of property, plant and equipment	-4 713	-7 004	-11 224	0
Share of profit from associates and joint ventures	-5 341	-6 700	-81 595	-56 350
<i>Working capital adjustments:</i>				
Trade receivables	4 069	-9 227	-6 955	16 692
Inventories	-1 484	2 616	-1 641	6 462
Trade payables	5 761	22 150	15 308	38 284
Other accruals	33 382	-96 103	24 153	-14 654
Cash generated from operations	235 912	23 816	742 647	549 907
Interest paid, net	-14 591	-17 030		
Interest paid	-	-	-105 484	-122 955
Interest received	-	-	5 692	4 734
Income tax paid	-280	-66	-301	-132
Net cash from operating activites	221 041	6 719	642 554	431 554
Investing activities				
Purchases of property, plant and equipment	-127 374	-51 359	-379 654	-110 619
Purchase of shares incl. joint ventures	10	0	-2 400	-21 030
Proceeds from dividends from associates	0	0	24 404	0
Proceeds from sale of property, plant and equipment	100 075	17 582	83 503	0
Proceeds from non-current receivables	34	254	0	4 222
Net cash used in financing activities	-27 254	-33 523	-274 147	-127 427
Financing activities				
Proceeds from borrowings	0	0	133 000	0
Repayment of borrowings	-87 020	-52 567	-255 930	-229 855
Dividends	-250 000	0	-50 000	-50 000
Proceeds from other non-current liabilities	0	3 241	0	0
Net cash used in financing activities	-337 020	-49 326	-172 930	-279 855
Net change in cash and cash equivalents	-143 233	--76 130	195 477	24 272

(In NOK thousands)	As of		As of	
	31 March		31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)
Cash and cash equivalents 01.01	553 993	358 516	358 516	334 244
Cash and cash equivalents at 31.3/31.12	410 759	282 386	553 993	358 516
Year ended 31 December				
(In NOK thousands)				
2015 (NGAAP) (audited)				
 Operating activities				
Profit before tax			211 589	111 367
<i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i>				
Depreciation and impairment			196 277	236 389
Gain on disposal of property, plant and equipment			0	-1 938
Share of profit from associates and joint ventures			-37 735	-13 254
Profit/loss on sale of shares			0	-27 410
<i>Working capital adjustments:</i>				
Inventories and trade receivables			23 154	-3 452
Trade payables			38 284	-65 679
Other accruals			-45 851	72 877
Cash generated from operations			385 717	308 900
Income tax paid			169	-267
Net cash from operating activites			385 886	308 633
 Investing activities				
Purchases of property, plant and equipment			-35 630	-35 440
Purchase of shares incl. joint ventures			-21 130	-5 313
Proceeds from sale of bonds and other short-term investments			0	-296
Proceeds from sale of shares			0	33 646
Proceeds from sale of property, plant and equipment			0	22 278
Repayment of loan to associate			-25 000	0
Net cash used in financing activities			-81 760	14 875
 Financing activities				
Repayment of borrowings			-229 855	-233 927
Dividends			-50 000	0
Net cash used in financing activities			-279 855	-233 927
 Net change in cash and cash equivalents			24 271	89 581
 Cash and cash equivalents 01.01			334 244	244 663

	Year ended 31 December	
	2015 (NGAAP) (audited)	2014 (NGAAP) (audited)
(In NOK thousands)		
Cash and cash equivalents at 31.12	358 515	334 244

7.2.4 Statement of changes in equity

The table below sets out a summary of financial information extracted from Fjord1's unaudited changes in equity information for the three months ended 31 March 2017 and 2016, and the audited changes in equity information (IFRS) for the years ended 31 December 2016 and 2015.

The second table below sets out a summary of financial information extracted from Fjord1's audited changes in equity information (NGAAP) for the years ended 31 December 2015 and 2014.

	As of 31 March		As of 31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)
(In NOK thousands)				
Balance at the beginning of the period	1 723 104	1 308 987	1 308 987	1 117 013
Adjustment for error in earlier years	31 039	0	0	0
Profit/(loss) for the period	101 364	45 975	450 122	218 891
Other comprehensive income for the year	-102	-3 117	13 995	23 083
Total comprehensive income for the period	101 262	42 858	464 117	241 974
Dividends paid	-250 000	0	-50 000	-50 000
Transactions with owners	-250 000	0	-50 000	-50 000
Balance at period end	1 605 405	1 351 845	1 723 104	1 308 987

	Year ended 31 December	
	2015 (NGAAP) (audited)	2014 (NGAAP) (audited)
(In NOK thousands)		
Balance at the beginning of the period	1 175 780	1 137 125
Other	-419	-6 440
Profit/(loss) for the period	181 933	95 094
Dividends paid	-50 000	-50 000
Balance at period end	1 307 294	1 175 780

7.3 Operating and financial review

7.3.1 Presentation of financial information

Financial information for 2014 and 2015 prepared under NGAAP and financial information for 2015, 2016 and for the three months ended 31 March 2017 prepared under IFRS are not comparable, because they have been prepared in accordance with different sets of accounting standards. Note 2 to the IFRS financial statements for 2016 contains reconciliations of the Group's consolidated statement of financial position, consolidated income statement and statement of comprehensive income, in each case as previously reported under NGAAP. Note 2 to the IFRS financial statements for 2016 also details the principal adjustments that have been required in order to effect such a transition.

Accordingly, in order to facilitate the comparison between periods in this operating and financial review, the discussion and analysis of the Group's financial results below includes:

- a discussion and analysis of the Group's results for the years ended 31 December 2016 and 2015 based on the IFRS financial statements; and
- a discussion and analysis of the Group's results for the years ended 31 December 2015 and 2014 based on the NGAAP financial statements.

7.3.2 Introduction

The ferry segment generates turnover from gross and net contracts. For the gross contracts the turnover comprises only public contribution received from the contractual counterparty. Under the net contracts, the Company's public contribution is reduced with an amount equivalent to the ticket revenues. The ticket prices are determined by public bodies through the regulations for ferry rates (Nw.: "Riksregulativ for ferjetakster"). The net contracts' risk is connected to changes in traffic volume. The Company's development of revenues is connected to changes in contracts, e.g. through change orders or transitions to new contracts. Under IFRS, the public contribution is booked as other income, whereas ticket revenues are booked as operating revenue. As there in the recent years has been a shift from net to gross contracts, the Company has experienced a corresponding shift (under IFRS) from operating revenues to other income.

Central cost components are the purchase of fuel and the purchase of goods for catering, both classified as cost of goods sold, as well as personnel expenses and other operating expenses. Changes in oil price in the historical period have been positive for the company's cost of goods sold. The decrease in the oil price will be taken into account when the ferry index - which the public contribution is regulated by – is determined. Hence, the Company will experience a reduction in the public contribution to counterbalance the positive cost development. The development in these cost items will in many of the Company's contracts be regulated by the ferry index. External circumstances which affect the Company's cost components will be compensated through the mechanisms for regulating the public contributions which the Company receives.

The Company has experienced improved margins. There can be different reasons for such improved margins, but connections operated by the Company are up for new tenders, the Company has had some competitive advantages enabling it to submit tender offers with improved margins.

A substantial part of the Company revenue is based on long term contracts. The Group has identified each long term contract and specified vessel together as separate Cash Generating Units (CGUs). The Group has conducted impairment tests on its fixed assets where there are impairment indicators present. The forecasted cash flow is based on the lasted EBITDA forecasting taking into account the contract terms and forecasted operating expense. At the end of contract a residual values is estimated based on external broker valuations. This value is included in the cash flow when conducting impairment tests.

Due to renegotiated terms under existing contracts there has been a change in cash flow estimates used to determine recoverable amount under conducted impairment tests. Also, contracts with historical impairment losses are closer to expiry of the contract period. As a result, the Group has reversed part of impairment loss in the amount of NOK 78.6 million in 2016 and NOK 65.1 million in 2015 (IFRS). The reversals made in the 2015 accounts primarily relate to two contracts in the ferry segment; the contract for Indre Sogn (ending 31 December 2015) and the contract for Flakk-Rørvik (ending 31 December 2018). The historical impairment losses for the contract Indre Sogn due to historical low cash flow were reversed when the contract expired. For the contract Flakk-Rørvik a settlement was made regarding compensation for "Autopass" and the introduction of a toll fee. The consequence of the settlement was improved EBITDA from 2015 and until the expiration of

the contract in 2018. The reversal in the 2016 accounts primarily relate to the Flakk-Rørvik contract, with the same basis as the reversal for 2015.

7.3.3 Recent developments and trends

The Group has experienced good operating performance since 31 March 2017.

7.3.4 Three months ended 31 March 2017 compared to the three months ended 31 March 2016

Operating revenues and other income for the three month period ended 31 March 2017 was NOK 641.2 million compared to NOK 542.3 million in the three month period ended 31 March 2016. The increase was primarily due to start-up of new contracts in 2017. NOK 96.2 million of the increase of income is due to the start-up of contracts in the ferry segment with better margins than before. The tourist segment also shows an improvement in the turnover due to that the Company has been renting out more vessels than in the same period in 2016.

Operating expenses excluding depreciation and impairment for the three month period ended 31 March 2017 was NOK 436.1 million compared to NOK 409.6 million in the three month period ended 31 March 2016. The increase is primarily related to an increase in fuel prices for the ferry and passenger boat segment.

Negative net financial items in the three month period ended 31 March 2017 was NOK 6.5 million compared to negative net financial items of NOK 14.2 million in the three month period ended 31 March 2016. The improvement in net financial items was primarily related to a termination of financial instrument contracts and an increased share of profit from joint ventures in the three month period ended 31 March 2017.

Total assets as at 31 March 2017 was NOK 4,692.8 million compared to NOK 4,479.1 million as at 31 March 2016. The principal change in assets was due to delivery of two new buildings. In this period the company also bought one used vessel, and sold four vessels. Cash and cash equivalents increased by NOK 128.4 million, mainly due to increased operating profit in the period.

Total liabilities as at 31 March 2017 was NOK 3,087.4 million compared to NOK 3,127.3 million as at 31 March 2016. The Company has taken up a loan in connection with the delivery of two newbuilds, and paid off debt in accordance with down payment plans and in connection with sales of used vessels. The decrease was also due to changes in fair value of financial instruments. The Company's debt to Nordea is classified as current liabilities, because at the balance sheet date, the Company did not have an unconditional right to defer its settlement for at least twelve months. At the date of this Prospectus, Nordea has extended the final settlement date of the facilities to 30 September 2018.

Net cash flow from operating activities was NOK 221.0 million compared to NOK 6.7 million. The increase was primarily due to increase in profit before tax and changes in other accruals. The group had start-up of a new gross contract in the ferry segment with higher margins leading to increased cash inflow from net profit. Cash inflow is also increased because a larger part of the company revenue is from gross contracts, with quarterly payment of the operating contributions.

Net cash flow from investing activities was negative NOK 27.3 million compared to negative NOK 33.5. The changes were primarily due to increase in proceeds from sale of property, plant and equipment. Cash outflow from investing activities includes delivery of one used vessel, and cash inflow from investing activities includes four sold vessels.

Net cash flow from financing activities was negative NOK 337.0 million compared to negative NOK 49.3m. The decrease was primarily due to increased payment of dividend and repayment of borrowings.

7.3.5 Year ended 31 December 2016 compared to the year ended 31 December 2015

Operating revenues and other income in 2016 was NOK 2,386.4 million compared to NOK 2,230.0 million in 2015. In 2016 the production in the ferry segment changed due to the start-up of two new contracts with better margins. There were also changes in orders resulting in an increased production on two existing contracts. One contract was terminated on 31.12.2015. NOK 157.0 million of the income increase was due to the mentioned changes in the contract portfolio for the ferry segment.

Operating expenses excluding depreciation and impairment in 2016 was NOK 1,665.8 million compared to NOK 1,746.9 million in 2015. The decrease in operating expenses was primarily due to a decrease in the fuel costs. The Company has through its increased focus on safety in 2016 experienced fewer unwanted incidents and disruptions, resulting in lower unexpected costs and thereby a positive cost development.

Total assets as at 31 December 2016 was NOK 4,869.4 million compared to NOK 4,505.8 million as at 31 December 2015. The increase was primarily due to delivery of two new vessels. Two used vessels were sold in

the period. Cash and cash equivalents increased by NOK 195.5 million, mainly due to increased operating profit in the period.

Total liabilities as at 31 December 2016 was NOK 3,146.3 million compared to NOK 3,196.7 million as at 31 December 2015. The Company has taken up a loan in connection with the delivery of two newbuilds, and paid off debt in accordance with down payment plans and in connection with sales of used vessels. The decrease is also due to changes in the fair value of financial instruments. The Company's debt to Nordea is classified as current liabilities, because at the balance sheet date, the Company did not have an unconditional right to defer its settlement for at least twelve months. At the date of this Prospectus, Nordea has extended the final settlement date of the facilities to 30 September 2018.

Net cash flow from operating activities was NOK 642.5 million compared to NOK 431.5 million. The increase was primarily due to increase in profit before tax due and changes in other accruals. The group had start-up of a new gross-contract in the ferry segment with higher margins leading to increased cash inflow from net profit. Cash inflow is also increased because a larger part of the company revenue is from gross contracts, with quarterly payment of the operating contributions.

Net cash flow from investing activities was negative NOK 274.1 million compared to negative NOK 127.4 million. The cash flow from investing activities consists primarily of purchasing and selling vessels and equipment together with cash flow from joint ventures. Increased cash outflow from investing activities includes delivery of two new buildings in 2016 and dividend from joint ventures. Cash inflow from investing activities includes two sold vessels.

Net cash flow from financing activities was negative NOK 172.9 million compared to negative NOK 279.9 million. The changes were primarily due to increase in proceeds from borrowings for the delivery of two newbuilds.

7.3.6 NGAAP Financial statements: Year ended 31 December 2015 compared to the year ended 31 December 2014

Total revenues in 2015 were NOK 2,242.5 million compared to NOK 2,349.4 million in 2014. The decrease was primarily due to expiry of one ferry contract on 31 December 2014, which also contributed to a decrease in revenue from catering services. In 2015, variation orders were made on two existing contracts. In April 2015, the tourism activities were separated into a separate joint venture company, The Fjords DA. This change resulted in reduced revenues in the tourism segment.

Operating expenses in 2015 was NOK 1,959.8 million compared to NOK 2,129.8 million in 2014. The expiry of one ferry contract led to lower operating costs. The decrease was also due to focus on crew logistics and efficiency in the day-to day operations, as well as a decrease in fuel costs.

Total assets as at 31 December 2015 were NOK 4,402 million compared to NOK 4,418 million as at 31 December 2014. The decrease was primarily due to depreciation of non-current assets. One vessel was sold in the period. Cash and cash equivalents increased by NOK 24.3 million, mainly due to increased operating profit in the period.

Total liabilities as at 31 December 2015 were NOK 3,094 million compared to NOK 3,242 million as at 31 December 2014. The decrease was primarily due to down payment of debt in the period.

The Group had net cash flow from operating activities was NOK 385.9 million in 2015 compared NOK 308.6 million in 2014. The increase was primarily due to increased profit before tax from increased margins due to variation orders on existing contracts and focus on crew logistics and efficiency in the day-to day operations, as well as a decrease in fuel costs.

Net cash flow from investing activities was negative NOK 81.8 million in 2015 compared to a positive cash flow from investing activities of NOK 14.9 million in 2014. Decreased cash inflow from investment activities was due to purchase of shares in joint ventures in 2015, and selling out other shares in 2014. There was no cash inflow from selling used vessels in 2015 compared to two vessels sold in 2014.

Net cash flow from financing activities was a negative NOK 279.9 million in 2015 compared to a negative of NOK 233.9 million in 2014. Financing activities consists mainly of repayment of borrowings. The decrease was mainly due to payment of dividend of NOK 50 million in 2015.

7.4 Segment Information

The following tables set forth the Group's revenues (in NOK thousands) divided between the four segments of activities:

	As of 31 March		As of 31 December		As of 31 December	
	2017 (IFRS) (unaudited)	2016 (IFRS) (unaudited)	2016 (IFRS) (audited)	2015 (IFRS) (audited)	2015 (NGAAP) (audited)	2014 (NGAAP) (audited)
Ferry	571,234	475,007	2,062,497	1,905,539	1,907,939	1,916,940
Passenger boats	24,511	24,830	100,518	103,695	103,695	99,689
Catering	37,848	37,266	187,982	189,514	189,744	205,980
Tourism	3,583	987	21,437	20,763	20,763	78,070

7.5 Investments and disposals

7.5.1 Historical investments

In the period 2014 to the date of this Prospectus, the Group's main investments have been in connection with new builds and reconstruction of vessels, within the ordinary course of business.

The table below shows the historical investments for the Group in the period 2014-2017 (numbers in tNOK):

Asset	Q1-2017	2016	2015	2014
Machinery, inventory, vehicles	0	4,494	5,210	13,043
Ships/vessels	96,262	254,504	38,206	19,497
Buildings	0	0	9	2,900

The material investments in the above period has been reconstruction of a vessel to hybrid technology in 2015 (Fannefjord), two new builds (Hornelen and Losna) in 2016 and the purchase of one used vessel in Q1-2017 (Sulafjord).

7.5.2 Historical divestments

The table below shows the historical divestments for the Group in the period 2014-2017 (numbers in tNOK):

Asset	Q1-2017	2016	2015	2014
Machinery, inventory, vehicles	0	94	322	1,878
Ships/vessels	0	83,409	1,000	20,400
Buildings	0	0	600	0

7.5.3 Planned or committed investments

As a result of winning tenders, and the requirements under such awarded contracts in respect of capacity and environmental matters, the Company will invest in new vessels and equipment as well as carry out substantial reconstruction of existing vessels. Fjord1 currently has contracts with three different shipyards; the Norwegian shipyards Havyard Ship Technology AS and Fjellstrand AS and the Turkish shipyard - Tersan Shipyard. Section 4.5.3 shows an overview of both planned and ordered vessels. In addition, Fjord1 will enter into contracts regarding the reconstructions of five existing vessels. It is currently not decided where these ships will be reconstructed.

The estimated cost in respect of new builds and reconstruction related to the new ferry contracts is NOK 3,500 million, over the period Q4-2017 to final delivery in Q4-2019/Q1-2020. Fjord1 has historically financed new builds with 70% bank loans and 30% equity, and expects to apply 70-80 % debt financing in respect of these contracts.

Reconstruction of vessels may consist of adjusting capacity, replacing the engine or other adjustments to satisfy contractual requirements.

The construction period for the vessels is generally 18-24 months. The Company has varying payment structures in its construction contracts, with customary 10-30 % advance payments and 70-90 % payable on delivery. The advance payments are covered through the Company's running operations, and the advance payments are secured by guarantees in favour of the Company. Drawdown under the relevant loan facility is made in connection with the delivery of the vessels. The Company has an available loan facility and has available liquid funds to meet its other payment requirements in respect of new builds and reconstructions in the 12 months after the date of this Prospectus.

In addition to investments in vessels, Fjord1 will do significant investments in infrastructure adapted to the electricity or hybrid based propulsion technologies. Fjord1 is responsible for the relevant infrastructural constructions, including charging arrangements, mooring machines and battery banks, as well as the work necessary to install the equipment. The estimated infrastructure investments in connection with the five new contracts are NOK 550 million. The respective local road authority has an option to purchase the infrastructure in relation to the contracts Hordaland 1, Sulapakken and Hordaland 2. Should the option not be exercised, Fjord1 will be fully compensated over the term of the contract.

Estimate of investments by Fjord1 2017-2019 (numbers in MNOK):

	2017	2018	2019	Sum
Newbuilds and reconstruction	1,085	1,024	1,396	3,505
Infrastructure	66	196	292	554
Sum:	1,151	1,220	1,688	4,060

The Fjords DA has an agreement with the shipyard Brødrene Aa to build a carbon fibre vessel which will be entirely electrical. This vessel will be used by The Fjords DA, and will have a capacity of 400 passengers. The vessel is scheduled for delivery in Q2 2018. By government grants, the investments by Fjord1 and Flåm AS through The Fjords DA in respect of the new vessel are expected to be in the range of the investments in respect of Vision of the Fjords. It is expected that a 70/30 ratio of loan and equity will be applied.

The Group has not planned or committed any material investments other than investments made in the ordinary course of business.

7.6 Capitalization and indebtedness

The Company's objective is to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital by ensuring a good ratio between NIBD/EBITDA and equity to debt.

Under the Company's existing loan facility agreements, there are covenants in respect of the NIBD to EBITDA ratio of no more than 5.25 and an equity ratio of no less than 25 %. As per 31 December 2016, the Company's NIBD to EBITDA ratio was 1.91 and the equity ratio of 35.5%. On 31 March 2017 the ratios were 1.89 and 35%, respectively, and thus in compliance with the covenants.

Nordea has reserved the right to amend the financial covenants if the Company did not refinance its existing debt within 31 July 2017, and consequently such right does now exist.

7.6.1 Capitalization and indebtedness

The tables below should be read in conjunction with the information included elsewhere in this Prospectus, including elsewhere in this section 7, and the Financial Statements and related notes, included in Annex C to this Prospectus.

The following table sets forth information about the Group's consolidated capitalization as of 31 March 2017, and is extracted from the interim accounts per 31 March 2017.

Capitalization (in NOK thousand) **31.03.2017**

Total current debt

Secured	1,713,491
Guaranteed	
Unguaranteed/Unsecured	816,251

Total Non-Current debt (excluding current portion of long-term debt)

Secured	155,000
Guaranteed	
Unguaranteed/Unsecured ³	24,941

Shareholders' equity

Share capital	250,000
Other paid-in equity	360,924
Retained earnings	990,440
Minority interest	4,041
Total capitalisation	4,315,088

Net indebtedness

A. Cash	410,759
B. Cash equivalents	
C. Trading securities	
D. Liquidity (A+B-C)	410,759

E. Current financial receivables **104,736**

F. Current bank debt	1,713,491
G. Current portion of non-current debt	
H. Other current financial debt	816,251
I. Current financial debt (F+G+H)	2,529,742

J. Net current financial indebtedness (I-E-D) **2,014,247**

K. Non- current bank loans	155,000
L. Bonds issued	
M. Other non-current loans	24,941
N. Non-current financial indebtedness (K+L+M)	174,941
O. Net financial indebtedness (J+N)	2,194,188

The vessel MF Fanafjord is pledged in favour of DNB Bank ASA.

All other ferries identified in section 4.5.3, as well as the passenger boats, are pledged in favour of Nordea as security for Fjord1's debt, together with the following assets:

³ Excluding deferred tax liabilities of tNOK 357,798

- Property in Florø Gnr 26/Bnr 126 og 155
- Property in Molde Gnr 26/Bnr 26 og 598
- 100 shares in Bolsønes Verft AS
- 340 shares in WF Holding AS

In the period between 31 March 2017 and the date of this Prospectus, the Company has obtained an extension from Nordea, following which the facilities terminate on 30 September 2018, though classified as current liabilities in the above table. Further, the Company has drawn one license and two on-demand guarantees. Other than that, there have been no material changes to the above presented numbers in said period.

7.6.2 Liquidity and sources of cash flow

As of 31 March 2017, the group had NOK 410.8 million in cash. The Group mainly holds its cash in NOK. At the date of this Prospectus there are no material restrictions on the Group's access or possibility to use its cash or cash equivalents. However, reference is made to section 4.11 regarding certain consent requirements in the current loan facility agreement in respect of dividend payments.

Fjord1 has a cash management agreement with Nordea, pursuant to which the Group have all bank accounts with Nordea, and primarily uses Nordea for all cash handling and bank transactions, e.g. foreign exchange trading, hedging etc.

The Group has three main areas of cash inflow and outflow: operating activities, investing activities and financing activities.

The primary source of cash has historically been cash generated from the operating activities. The gross cash generated from operations were in 2016 NOK 742 million and in Q1-2017 NOK 235 million. Net of (net) interest costs and taxes paid, the cash from operating activities in the periods were NOK 642 million and NOK 221 million, respectively.

Investing activities mainly comprise the sale and purchase of vessels and equipment, the purchase of shares in associated companies and proceeds from associated companies (typically dividend). In 2016, the net cash used in investing activities was NOK 274 million. This included the purchase of vessels and equipment in the amount of NOK 379 million, the most material part of which were in respect of the two new builds Hornelen and Losna. The Company received dividends from associates in the amount of NOK 24 million and proceeds from sale of vessels and equipment in the amount of NOK 83 million. In Q1-2017 the net cash used in investing activities were NOK 27.5 million, which included the purchase of vessels of equipment in the amount of NOK 127 million (including the used vessel Sulafjord) and the sale of four vessels in the amount of NOK 100 million.

Financing activities mainly comprise borrowing of funds, typically in connection with new builds, as well as the repayment of debt and the distribution of dividend. In 2016 the net cash used in financing activities was NOK 172 million, comprising a dividend payment of NOK 50 million and net reduction of debt by NOK 122 million. In Q1-2017, the net cash used in financing activities was NOK 337 million, comprising repayment of debt of NOK 87 million and the distribution of dividend on NOK 250 million.

From 31 March 2017 to the date of this Prospectus, the Group has generated cash flow from operating activities in ordinary course. Investing activities since 31 March 2017 mainly comprise purchase of equipment and prepayment for vessels under construction. Financing activities are mainly repayment of debt and cash inflow from joint venture contributions.

7.6.3 Debt and guarantees

As at 31 March 2017, the Group's bank debt was NOK 1,868 million. As of 31 March 2017, the Group has drawn NOK 810 million under its guarantee facility.

Fjord1 ASA has a bank loan facility with Nordea for financing the vessels, secured as set forth in section 7.6.1 above.

Nye Fanafjord AS has a separate agreement with DNB Bank regarding the vessel MF Fanafjord, secured with a pledge over the vessel. The Fjords Fartøy I DA has a loan agreement with Nordea in regarding the vessel "Vision of the Fjords", secured with a pledge over the vessel.

Fjord1's loan facilities with Nordea terminate on 30 September 2018. Fjord1 is currently pursuing a refinancing of bank loans with an aim to better mirror the funding of new builds under awarded contracts, providing a balanced instalment profile, as well as providing proper financial room to manoeuvre and undertake desired strategic investments. Fjord1 aims to complete the refinancing within September 2017.

The following table sets forth an overview of the Group's debt instruments as of 31 March 2017 (excl. interest).

	Outstanding amount			Maturity profile					
	31.03.2017			2017	2018	2019	2020	2021 < 5 year	
	TERM	NOK							
Nordea bank loan	TERM	NOK	1 696 490 589	127 178 254	1 569 312 335	-	-	-	-
DNB bank loan	TERM	NOK	172 000 000	24 000 000	33 000 000	115 000 000	-	-	-
Total loans Fjord1	TERM	NOK	1 868 490 589	151 178 254	1 602 312 335	115 000 000			
Nordea bank loan*	TERM	NOK	60 900 000	3 150 000	4 200 000	4 200 000	49 350 000	-	-
Total loans	TERM	NOK	1 929 390 589	154 328 254	1 606 512 335	119 200 000	49 350 000	-	-

*Loan in The Fjords Fartoy I DA where Fjord1 ASA has a 50% ownership stake.

The loans are all floating rate loans, based on NIBOR plus an applicable margin.

The Company currently has drawn the following under its guarantee facility:

Guarantee	Currency	Balance
Payment guarantee	NOK	318 262 064
On demand	NOK	323 819 910
Licens guarantee	NOK	3 413 074
Tax guarantee	NOK	48 000 000
Refund guarantee	NOK	113 944 800
Others	NOK	2 529 000
		809 968 848

7.7 Working capital statement

Based on ESMA's recommendations paragraph 107-126 the Group has developed the following working capital statement:

As of date of this Prospectus, the Company is of the opinion that the working capital of the Group is sufficient for a minimum of twelve months following the date of this Prospectus.

7.8 Foreign currency

Transactions in foreign currency are booked in NOK according to the exchange rates at the time of each transaction. Receivables and liabilities held in foreign currency are translated into NOK at the observed exchange rate at the day of the balance sheet. Exchange rate differences from period to period are accounted for in the Income Statement. Non-monetary assets held in foreign currency are accounted for using the exchange rates at the time of purchase. Assets accounted for in real value held in foreign currency are translated into NOK using the exchange rate observed at the time of the real value assessment.

7.9 Financial risk management

The Group is exposed to fluctuations in foreign exchange rates. Foreign currency risk is not regarded as substantial, since the revenues and expences are normally in the same currency. The Company's main exposure to foreign currency risk is in respect of contracts for newbuilds with foreign shipyards. The Company normally enters into forward foreign exchange contracts to hedge against such risk.

The Group is exposed to fluctuations in interest rates, since most of the Company's debt has floating interest rates (NIBOR + margin). The Company has entered into interest rate swap arrangements in respect of approx. NOK 500 million of the outstanding loans.

The Company enters into fuel derivatives to hedge against fluctuations in fuel prices.

The risk that the Group's debtors do not have the financial capacity to fulfil their obligations is regarded as low, since the customer base consists primarily of municipalities or government agencies, or companies or

institutions where municipalities or government agencies have a dominant influence. Historically there have been very few losses on receivables in this customer group.

The liquidity management is based on 12-months rolling liquidity forecasts.

7.10 Significant changes and trends

The Group has not experienced any significant changes to its financial or trading position since 31 March 2017 to the date of this Prospectus.

The Group has not experienced any significant changes or significant trends within or outside the ordinary course of business that are significant to the Group since 31 March 2017 to the date of this Prospectus

The Group does not have information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on its future prospects.

7.11 Statutory auditors

The Company's auditor is Ernst & Young AS. Ernst & Young AS is a member of The Norwegian Institute of Public Accountants (Nw. Den Norske Revisorforening). Ernst & Young AS has been the Company's auditor since August 2014 and has performed an audit of the Financial Statements for 2014, 2015 and 2016 in accordance with regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Ernst & Young AS' registration number in the Norwegian Register of Business Enterprises is 976 389 387. The auditor's registered address is Dronning Eufemias gate 6, 0191 Oslo.

7.12 Related party transactions

Fjord1 has contracts with related parties as part of the Company's ordinary business.

The Fjords DA charters the ferries Bolsøy, Veøy and Fanaraaken and the passenger boat Skagastøl from Fjord1 ASA. Eid is chartered on total cost basis, whereas the other four on bareboat terms.

Fjord1 is party to a number of contracts with Sogn og Fjordane regional authority⁴ regarding ferry services. The agreements are on the terms described generally in Section 4.5. The contracts with Sogn og Fjordane municipality have generated annual revenues of approx.

In December 2016, Fjord1 entered into material contracts with Havyard Ships Technology AS for three new builds (electric ferries). The ferries shall be delivered in 2018, and the total contract value is just below NOK 500 million. In June 2017, Fjord1 entered an additional contract with Havyard Ships Technology AS for five new builds (electric ferries). The ferries shall be delivered in 2018 and 2019, and the total contract value is just above NOK 1,000 million. The contracts have been awarded Havyard Ships Technology AS in competitive tender processes. Havyard Ships Technology AS is wholly owned by Havila Holding AS, which also owns all shares in the Company's largest shareholder, Havilafjord AS.

Below is a summary of the amounts involved in the related party transactions in the period 2014-2016 and in Q1 2017.

⁴ Sogn og Fjordane municipality being a major shareholder through F1 Holding AS until May 2017.

	1 Q		Year ended 31 December		
	2017	2016	2016	2015	2014
Transaction					
Sogn og Fjordane Fylkeskommune	28 472	29 196	98 520	105 056	100 026
The Fjords DA	2 179	-247	28 318	25 689	0
The Fjords Fartøy I DA	0	0	1 249	0	0
Havyard Ship Technology AS	-22 284	-4	0	-4	0
H.R.Adv. Pål W Lorentzen	0	0	-250	0	0
	8 367	28 944	127 838	130 741	100 026
Balance					
Sogn og Fjordane Fylkeskommune	10 505	866	0	2 035	2 523
The Fjords DA	0	3 974	3 974	784	0
The Fjords Fartøy I DA	0	0	0	0	0
Havyard Ship Technology AS	-5	0	0	0	0
H.R.Adv. Pål W Lorentzen	0	0	0	0	0
	10 500	4 840	3 974	2 819	2 523

Fjord1 also has contracts with subsidiaries and affiliated companies as part of the Company's ordinary business.

Fjord1 ASA charters the gas ferry Fanafjord from its wholly owned subsidiary Fanafjord AS on bareboat terms. The agreement is for the period ending 31 December 2020, with an option to extend to 2035.

F1 Adminstrasjon AS, a wholly owned subsidiary of Fjord1, is the employer of the management and administrative team of the Group, and provides administrative services to Fjord1. The agreement has a 12 month mutual termination period. The consideration is based on the actual use of personnel, and shall cover the actual costs in F1 Adminstrasjon AS plus a mark-up of 5 %, deemed to be market terms.

Fjord1 leases certain premises from Bolsønes Verft AS on market terms. The companies are also parties to a framework agreement in respect of vessel repairs and minor reconstructions. The consideration is based on hourly rates similar to the rates of comparative/competing suppliers.

Måløy Reisebyrå AS provides travel agency services to Fjord1, which can be terminated by either party on short notice. The agreement is based on standard travel agency services agreement terms.

7.13 Dividend policy

7.13.1 The Company's current dividend policy

Under the current dividend policy adopted by the Board of Directors, the Company plans to pay yearly dividends close to 50% of net profit. However, the dividend policy will always be seen in relation to the equity situation in the company. The Company has a capital structure adapted towards the Company's current strategy and risk profile. Future investment programs as a result of successful tenders may change this, and hence affect the Company's dividend policy. The declaration and payment of future dividends will be at the discretion of shareholders, subject to prior proposal from the Board of Directors or acceptance from the Board of Directors.

The Company distributed NOK 250 million to its shareholders in 2016 and NOK 50 million to its shareholders in 2015. Taking into account the share split carried out in 2017, the dividend amounts to NOK 2.50 and NOK 0.50 per Share, respectively.

As is the case with forward-looking statements, this statement regarding the Company's dividend policy is subject to a variety of risks and uncertainties. The Company may at its discretion revise its dividend policy from time to time. Other factors that could cause the Company's actual dividends to deviate from its current policy and estimates are listed under Section 2 "Risk Factors."

For a description of certain taxation issues with respect to dividends, see Section 10 below.

7.13.2 Legal constraints on the distribution of dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Liability Companies Act provides several constraints on the distribution of dividends:

- The Company may only distribute dividends to the extent that it after the distribution still has net assets covering the Company's share capital and other restricted equity according to article 3-2 and 3-3 of the Norwegian Public Limited Liability Companies Act. The calculation shall be made on the basis of the balance sheet in the Company's last approved financial statements, however so that it is the registered share capital on the time of decision that applies.
- In the amount that may be distributed according to the first bullet point, a deduction shall be made for the aggregate nominal value of treasury shares acquired by the Company for ownership or as security before the balance day. It shall also be made a deduction for credit and collateral etc. according to article 8-7 to 8-10 of the Norwegian Public Limited Liability Companies Act from before the balance day which pursuant to the provisions of the Norwegian Public Limited Liability Companies Act shall lie within the scope of the funds the Company may distribute as dividend. It shall however not be made a deduction for credit and collateral etc. that is reimbursed or settled before the time of decision, or credit to a shareholder to the extent that the credit is settled by a netting in the dividend. It shall further be made deduction for other dispositions after the balance day which pursuant to the law shall lie within the scope of the funds that the Company may use to distribute dividend.
- Even if all other requirements are satisfied, dividends can only be distributed to the extent that the Company after the distribution has a sound equity and liquidity in terms of the risk and scope of the Company's business, cf. article 3-4 of the Norwegian Public Limited Liability Companies Act.
- Companies may distribute extraordinary dividends in respect of the current financial year on the basis of an interim balance that is prepared and audited pursuant to the applicable rules for annual financial statements and approved by the general meeting. The day of such interim balance cannot be dated further back in time than six months prior to the general meeting's resolution for the extraordinary dividend.
- Distribution of dividends is resolved by a majority vote at the general meeting of the shareholders of the Company, and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors. The general meeting may grant the Board of Directors the authority to distribute dividends, however not on the basis of an interim balance sheet.
- According to the Norwegian Public Limited Liability Companies Act, there is no time limit after which entitlement to dividends lapses. Under the Norwegian Limitation Act (Act of 18 May 1979 No. 18), the general period of limitation is three years from the date on which an obligation is due. Further, there are no dividend restrictions or specific procedures for non - Norwegian resident shareholders in the Norwegian Public Limited Liability Companies Act. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 10.
- In addition, the Company's future debt arrangement may contain restrictions on distribution of dividends. Any amount permitted to be distributed, but not distributed in one year, may be carried forward and distributed in subsequent years.

8 DESCRIPTION OF THE SHARES AND SHARE CAPITAL

The following is a summary of certain material information relating to the Shares and share capital of Fjord1 ASA and certain other shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus, including the Norwegian Public Limited Liability Companies Act. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and Norwegian law.

8.1 Share capital and share capital history

At the date of this Prospectus, the Company's share capital is NOK 250,000,000 represented by 100,000,000 Shares each with a par value of NOK 2.50. All issued Shares have been fully paid and issued in accordance with Norwegian law.

The Company's shareholders do not have any redemption or conversion rights. Shareholders of a Norwegian Public Limited Company has pre-emptive rights to new Shares, which can be waived with 2/3 majority of the votes present and cast.

The table below shows the development in the Company's share capital for the period from incorporation to the date hereof:

Date	Type of change	Change in issued share capital (NOK)	New issued share capital (NOK)	No. of issued Shares	Par value per share (NOK)
May 2001	Incorporation	100,000,000	100,000,000	100,000	1,000
December 2010	Private placement	150,000,000	250,000,000	100,000	2,500
May 2017	Split (1:1,000)	0	250,000,000	100,000,000	2.5

8.2 Outstanding authorizations, financial instruments etc.

The Company has no outstanding authorizations to issue new shares, nor any outstanding options, warrants, convertible loans or other rights to issue any new Shares.

8.3 Treasury shares

The Company does not own any treasury shares. On 7 July 2017, the general meeting authorised the Board to acquire up to 900,000 shares, to be applied solely in connection with the distribution of shares to the Group's employees and the incentive scheme for certain key management described in section 6.8.

8.4 Shareholder structure

The following table sets forth the 20 largest shareholders of Fjord1 ASA as of the date of this Prospectus.

Shareholders	Shares (#)	Ownership
1 Habilafjord AS	51,500,000	51.50
2 Perestroika AS	7,758,620	7.76
3 Verdipapirfondet DNB	4,544,400	4.54
4 Brown Brothers Harri FID FDS Nordic Fund	4,286,263	4.29
5 Verdipapirfondet DNB	2,483,766	2.48
6 State Street Bank an A/C client Omnibus	1,732,644	1.73
7 Songa Trading Inc	1,690,000	1.69
8 Verdipapirfondet Par	1,448,000	1.45
9 SEB Norden Fund	1,020,500	1.02
10 TR European Growth	994,000	0.99
11 GH Holding AS	966,000	0.97
12 RBC Investor Service S/A Lux SCV-Exempt-U	939,763	0.94
13 Fondsfirman Norge	750,000	0.75
14 Merrill Lynch Prof. MLPro Seg for Exclsv	720,189	0.72

Shareholders	Shares (#)	Ownership
15 JP Morgan Chase Bank, JPMCB RE HB SWED FUN	692,000	0.69
16 Verdipapirfondet SR-JPMORGAN EUROPE LTD	661,014	0.66
17 FLU AS	603,000	0.60
18 VPF Nordea Norge Ver c/o JP Morgan Europe	593,000	0.59
19 Pioner Multi-Asset	587,904	0.59
20 SEB Prime Solutions Skandinaviska Enskil	552,564	0.55
Top 10 Shareholders	77,458,193	77.46
Top 20 Shareholders	84,523,627	84.52
Total	100,000,000	100.00 %

Shareholders holding 5 % or more of the Shares in the Company have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act, see further description of disclosure obligations in Section 9.5 "Disclosure obligations" below. Except as set forth in the table above, the Company is not aware of any other shareholders or consolidated groups of shareholders owning more than 5 % of the Shares. No particular steps have been taken to prevent abuse of the control the largest shareholder has in its capacity as owner of a majority of the shares and votes in the Company.

The largest shareholders do not have different voting rights than others. The Company is not aware of any agreements that at a later stage may lead to change of control of the Shares in the Company, nor of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has interest in the Issuer's capital or voting rights, notifiable under the issuer's national law.

Havilafjord AS⁵ has entered into a lock-up arrangement with the Managers in respect of its 51.5 million shares owned for the period ending 19 May 2018. The restriction does not apply for any secondary sale of up to 500,000 shares in connection with the Listing, and is otherwise subject to customary exemptions and conditions.

8.5 Listing and admission to trading

The Company has only issued one class of shares, which are freely transferable, and registered in the Norwegian Central Securities Depository (VPS) with the Securities Identity Number ISIN NO 0010792625. The Company's register of shareholders with the VPS is administrated by Nordea Bank Norge, Essendrops gate 7, 0107 Oslo, Norway.

The Company's Shares have been traded on Merkur Market since 24 May 2017. The Company believes that a transfer of the trading in the Shares to a regulated market such as Oslo Børs could benefit the Company and its Shareholders as well as provide better access to the capital markets in the future.

On 11 August 2017, the board of directors of Oslo Børs ASA approved the Company's application for listing of the Shares on Oslo Børs ASA. The first day of trading for the Shares on Oslo Børs is expected to be on 15 August 2017.

The Shares are not listed on any other stock exchange or regulated market, and no application has been filed for listing on any other stock exchanges or regulated market other than Oslo Børs.

8.6 Shareholder rights

The Company has one class of shares in issue, and in accordance with the Public Limited Liability Companies Act, all shares provide equal rights in the Company, including dividend rights, right to share in any surplus in the event of liquidation. One Share equals one voting right in the general meeting.

⁵ Chairman of the board, Vegard Sævik and director Per Sævik are jointly with two other family members the ultimate shareholders of Havilafjord AS, and said four persons hold all board positions in Havilafjord AS and its parent company Havila Holding AS.

8.7 The Articles of Association

The Company's Articles of Association (a translation thereof) are set out in Annex B to this Prospectus.

The objectives of the Company are specified in § 2 of the Articles of Association:

«The Company's purpose is to engage, either on its own or through full or partial ownership in other enterprises, in activities related to transport, communication and tourism. The company may also engage in other areas whenever such engagement is relevant and serves to strengthen the company's primary purpose, or whenever such engagement allows the company to utilize its resources more effectively.»

The Company has a single class of shares. Shareholders have the right to attend shareholder meetings, to vote their shares either in person or by proxy, receive financial statements and have all of the other rights provided by the Norwegian Public Limited Companies Act.

The general meeting is convened by written notification to all shareholders with known address. The notice shall specify the time and place of the meeting. Notice of the meeting shall be sent at least three weeks prior to the meeting. The notice shall specify the matters to be discussed at the annual general meeting. Proposal to amend the Articles of Association may be reproduced in the notice. The Board shall prepare proposals for the agenda in accordance with the provisions of the law and the statutes.

A shareholder has the right to have questions addressed at the general meeting. The matter shall be reported in writing to the Board within seven days before the deadline of the notice together with a proposed decision or a reason for the question being put on the agenda. If the notice has already taken place, a new notice shall be sent out if the deadline for the summons has not expired. A shareholder has the right to put forward proposals for a decision. The general meeting is opened by the chairman or by a person appointed by the Board. The general meeting shall elect a chairman, who need not be a shareholder.

All other shareholder rights are determined by the Norwegian Public Limited Companies Act. There are no restrictions on transfers of shares.

Other than what follows from the Norwegian Public Limited Companies Act, there are no conditions necessary to change the rights of holders of the shares.

The Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of the issuer. Further, there are no provisions governing the ownership threshold above which shareholder ownership must be disclosed in the Articles of Association.

8.8 Certain aspects of Norwegian corporate law

8.8.1 General meetings

Through the general meeting, the Company's shareholders exercise the supreme authority in the Company, subject to the limitations provided under the Norwegian Public Limited Companies Act.

All shareholders in the Company are entitled to attend and vote at general meetings, either in person or by proxy. See "Voting rights" (below) with regard to certain restrictions on voting right applying for nominee-registered Shares, etc.

General meetings are convened by the Company's Board of Directors. In a public limited liability company a notice of a general meeting shall be sent at the latest two weeks before the date of the meeting, however, in a company whose shares are listed on a regulated market (such as Fjord1 ASA), the notice period is three weeks.

Pursuant to article 7 of the Company's Articles of Association, documents concerning matters to be considered at the general meeting are not required to be sent to the shareholders, provided that the documents are made available for the shareholders at the Company's website. The same applies for documents which according to law shall be included in or attached to the notice of the general meeting. A shareholder is entitled to request that documents concerning matters to be handled at the general meeting are sent to him/her.

Any shareholder is entitled to have an issue discussed at a general meeting if such shareholder provides the Board with notice of the issue within seven days prior to the deadline for the notice to the general meeting, along with a proposal to a draft resolution or a justification for the matter having been put on the agenda.

In addition to the annual general meeting, extraordinary general meetings of shareholders may be held if deemed necessary by the Board. An extraordinary general meeting shall also be convened for the consideration of specific matters at the written request of the Company's auditor or shareholders representing a total of at

least 5 % of the share capital. The extraordinary general meeting must be held within one month from the demand was submitted.

8.8.2 Voting rights – Amendments to the Articles of Association and other resolutions

The Articles of Association do not set forth additional conditions with regard to changing the rights of shareholders than required by the Public Limited Liability Companies Act.

Each of the Company's Shares carries the right to one vote at the Company's general meetings. No voting rights can be exercised with respect to treasury Shares held by the Company itself or a subsidiary.

In general, decisions that shareholders are entitled to make under Norwegian law or the Company's Articles of Association may be made by a simple majority of the votes cast.

In the case of elections, the persons who obtain the greatest number of votes cast are elected.

Certain decisions, including but not limited to increase or reduction of the Company's share capital, set aside the shareholders' preferential right, approval of merger or demerger, approval of loans with a right to require issuance of shares, authorization to acquire its own shares, and amendment of the Company's Articles of Association, require the approval of at least two-thirds of the aggregate number of votes cast at the general meeting, as well as at least two-thirds of the share capital represented at the meeting.

Certain decisions, such as dividing issued shares into classes with different rights, require the approval of all affected shareholders as well as the majority required for amendments of the Articles of Association.

Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to assets of the Company or (ii) restrict the transferability of the Shares through introduction of a consent requirement, a right of first refusal upon transfer or a requirement that shareholders must have certain qualifications, require a majority vote of at least 90 % of the share capital represented at the general meeting vote in favour of the resolution, as well as the majority required for amending the Company's Articles of Association.

There are no quorum requirements that apply to the general meetings.

In general, in order to be entitled to vote, a shareholder must be registered as the owner of the Shares in the Company's share register in the VPS, or in the case of a share transfer, report and show evidence of the shareholder's share acquisition to the Company prior to the general meeting. Beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares.

8.8.3 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association, i.e. a two-thirds majority of the votes cast and the share capital represented at the general meeting. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to approve amending the Articles of Association.

The general meeting may, by the same vote as is required for amending the Articles of Association, authorize the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Under the Public Limited Liability Companies Act, such authorization can be made effective for a maximum of two years. The par value of the Shares to be issued may not exceed 50 % of the registered nominal share capital when the authorization is registered with the Norwegian Register of Business Enterprises.

8.8.4 Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it is in conflict with the Public Limited Liability Companies Act, the Articles of Association, or unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may require the courts to dissolve the Company as a result of such decisions. Minority shareholders holding five % or more of the Company's share capital have a right to demand in writing that the

Company's Board of Directors convene an extraordinary general meeting of the Company's shareholders to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting provided that the demand is submitted to the Board of Directors no later than seven days before expiry of the deadline for issuing notice of the general meeting. If the notice has been issued when such a written demand is presented, but the notice deadline has not expired, a renewed notice must be issued.

8.8.5 Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the par value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorization to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate par value of treasury shares so acquired, and held by the Company must not exceed ten % of the Company's share capital. The consideration to be paid for the shares must be within the scope of the funds that the Company may use to distribute dividend pursuant to section 8-1 of the Norwegian Public Limited Liability Act. The authorization by the general meeting of the Company's shareholders cannot be granted for a period exceeding two years.

8.8.6 Shareholder vote on certain reorganizations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting.

No later than one month prior to the day when the general meeting shall deal with the merger or demerger plan and up until the day when the general meeting is to be held, the plan and certain other required case documents shall be available to the shareholders in the Company's offices or on the internet site of the Company.

8.8.7 Liability of directors

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting passing upon the matter. If a resolution to discharge the Company's directors from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Company's Articles of Association, shareholders representing more than 10 % of the share capital or, if there are more than 100 shareholders, more than 10 % of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's directors from liability or not to pursue claims against the Company's directors is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

8.8.8 Indemnification of directors

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase, and have purchased, insurance to cover the Company's directors against certain liabilities that they may incur in their capacity as such.

8.8.9 Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital by the Company.

8.9 Notice to prospective investors

No person has been authorized to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. Neither the delivery of this document nor any sale made under this document shall, in any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof and that the information contained in this document is correct as of any time subsequent to the date of this document.

Financial information included in the document have been derived from financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. Prospective investors should review the accounting policies applied in the preparation of the financial statements and consult their own accounting experts in order to understand how such differences may be relevant to their review of the Company's financial statements.

8.10 Transfer restrictions – United States

The Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.

9 SECURITIES TRADING IN NORWAY

The following is a summary of certain information in respect of trading and settlement of shares on the Oslo Stock Exchange, securities registration in Norway and certain provisions of applicable Norwegian securities law, including the Norwegian Securities Trading Act, in effect as of the date of this Prospectus. This summary does not purport to be complete and is qualified in its entirety by Norwegian law.

9.1 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The FSAN controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or is subject to the application for listing on such market, must promptly release any inside information directly concerning the company (that is, precise information about financial instruments, the issuer thereof or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

9.2 The VPS and transfer of shares

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, securities which are listed on a Norwegian regulated market must be recorded. The VPS and Oslo Børs are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (that is, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the FSAN on an ongoing basis, as well as any information that the FSAN requests. Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

9.3 Nominee accounts

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by FSAN. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the Company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the

registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

9.4 Foreign investment in Norwegian shares

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

9.5 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Securities Trading Act to notify the Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as but not limited to a change in the company's share capital.

9.6 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Securities Trading Act. The term 'inside information' means any information of precise nature relating to financial instruments, the issuers thereof or other circumstances which has not been made public and is not commonly known in the market and which is likely to have a significant effect on the price of those financial instruments or related financial instruments. The term "information likely to have a significant effect on the price of those financial instruments or related financial instruments" means information of the kind which a reasonable investor would be likely to use as part of the basis of his/her investment decisions. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

9.7 Mandatory offer requirement

The Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to without delay notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that the market price was higher when the mandatory offer obligation was triggered, the Securities Trading Act states that the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be settled in cash, but the offeror may nonetheless give the shareholders the right to accept an alternative to cash.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting of the

Company's shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned threshold in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

The Company has not received any takeover bids or bids to acquire controlling interest during the last 12 months.

9.8 Compulsory acquisition

Pursuant to the Norwegian Public Limited Liability Companies Act and the Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing more than 90% of the total number of issued shares in a Norwegian public limited liability company, as well as more than 90% of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Public Limited Liability Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory /voluntary offer unless specific reasons indicating another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

9.9 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian company who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to

or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the FSAN have electronic access to the data in this register.

10 TAXATION

The following is a brief summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of Shares by holders that are residents of Norway for purposes of Norwegian taxation ("resident or Norwegian shareholders") and holders that are not residents of Norway for such purposes ("non-resident or foreign shareholders").

The summary is based on applicable Norwegian laws, rules and regulations as at the date of this Admission Document. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. The summary is of a general nature and does not purport to be a comprehensive description of all tax considerations that may be relevant and does not address taxation in any other jurisdiction than Norway.

The summary does not concern tax issues for the Company and the summary only focuses on the shareholder categories explicitly mentioned below. Special rules may apply to shareholders who are considered transparent entities for tax purposes, for shareholders holding shares through a Norwegian permanent establishment and for shareholders that have ceased or cease to be resident in Norway for tax purposes.

Each shareholder, and specifically non-resident shareholders, should consult with and rely upon their own tax advisers to determine their particular tax consequences.

10.1 Taxation of dividends

10.1.1 Resident corporate shareholders

Dividends distributed from the Company to Norwegian corporate shareholders (i.e. limited liability companies and certain similar entities) are generally exempt from tax pursuant to the participation exemption method (Norwegian: "Fritaksmetoden"). However, 3% of such dividends are taxable as general income at a current rate of 24%, implying that dividends distributed from the Company to resident corporate shareholders are effectively taxed at a rate of 0.72%.

10.1.2 Resident personal shareholders

Dividends distributed from the Company to Norwegian personal shareholders are taxed as ordinary income at a current rate of 24% to the extent the dividends exceed a statutory tax-exempt allowance (Norwegian: "Skjermingsfradrag"). The tax basis is upward adjusted with a factor of 1.24 before taxation, implying that dividends exceeding the tax free allowance are effectively taxed at a rate of 29.76%.

The tax-exempt allowance is calculated and applied on a share-by-share basis. The allowance for each share equals the cost price of the share multiplied by a risk-free interest rate determined based on the interest rate on Norwegian treasury bills with three months maturity plus 0.5 percentage point, and adjusted downwards with the tax rate. The allowance one year is allocated to the shareholder owning the share on 31 December. Norwegian personal shareholders who transfer Shares during an income year will thus not be entitled to deduct any calculated allowance related to the transaction year. The Directorate of Taxes announces the risk free-interest rate in January the year after the income year.

Any part of the calculated allowance one year exceeding distributed dividend on a Share (excess allowance) can be carried forward and set off against future dividends (or capital gains) on the same Share (but may not be set off against taxable dividends / capital gains on other Shares). Furthermore, for the purpose of calculating the allowance the following years, any excess allowance is added to the cost price of the share and thereby included in the basis for the calculation of allowance the following years.

10.1.3 Non-resident corporate shareholders

Dividends distributed from the Company to non-resident shareholders are in general subject to Norwegian withholding tax at a rate of currently 25%, unless otherwise provided for in an applicable tax treaty or the recipient is tax resident within the European Economic Area (the EEA) (ref. Section 10.1.4 below for more information on the EEA exemption). Norway has entered into tax treaties with approximate 80 countries. In most tax treaties the withholding tax rate is reduced to 15% or lower.

In line with the present administrative system in Norway, the Company shall withhold tax at the regular rate / reduced rate according to an applicable tax treaty / the EEA exemption, based on the tax residency information registered with the VPS. Dividends paid to nominees will always be subject to withholding tax at the general rate of 25% unless the nominee, by agreeing to provide certain information regarding beneficial owners, has obtained approval for a reduced or zero rate from the Norwegian Central Office for Foreign Tax Affairs (Norwegian: "Sentralskattekontoret for utenlandssaker").

Shareholders, who have been subject to a higher withholding tax than applicable, may apply to the Central Office for Foreign Tax Affairs for a refund of the excess withholding tax.

If foreign shareholders are engaged in business activities in Norway, and their Shares are effectively connected with such business activities, dividends distributed on their Shares will generally be subject to the same taxation as that of Norwegian shareholders.

Foreign shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming refund of withholding tax.

10.1.4 Shareholders tax resident within the EEA

Dividends distributed from the Company to personal shareholders tax-resident within the EEA are upon request entitled to a deductible allowance. The shareholder shall pay the lesser amount of (i) withholding tax according to the rate in the applicable tax treaty or (ii) withholding tax at 25% after deduction of the tax-free allowance. Any excess allowance may be carried forward.

Dividends distributed from the Company to corporate shareholders tax resident within the EEA are exempt from Norwegian withholding tax, provided the shareholder is the beneficial owner of the Shares and genuinely established and performs genuine economic business activities within the EEA.

10.2 Taxation upon realization of shares

10.2.1 Resident corporate shareholders

For Norwegian corporate shareholders capital gains upon realization of Shares are generally exempt from tax. Losses are not deductible.

10.2.2 Resident personal shareholders

For Norwegian personal shareholders capital gains upon realization of Shares are taxable as general income in the year of realization, and have a corresponding right to deduct losses that arise upon such realization. The tax liability applies irrespective of time of ownership and the number of Shares realized. The tax rate for general income is currently 24%. The tax basis is adjusted upward with a factor of 1.24 before taxation/deduction, implying an effective taxation at a rate of 29.76%.

The taxable gain or loss is calculated per Share as the difference between the consideration received and the cost price of the Share, including any costs incurred upon acquisition or realization of the Share. Any unused allowance on a Share (see above) may be set off against capital gains on the same Share, but will not lead to or increase a deductible loss. I.e. any unused allowance exceeding the capital gain upon realization of the Share will be annulled. Any unused allowance on one Share may not be set off against gains on other Shares.

If a shareholder disposes of Shares acquired at different times, the Shares that were first acquired will be deemed as first disposed (the FIFO-principle) when calculating a taxable gain or loss.

Special exit tax rules apply for resident personal shareholders that cease to be tax resident in Norway.

10.2.3 Non-resident shareholders

Gains from realization of Shares by non-resident shareholders will not be subject to taxation in Norway unless (i) the Shares are effectively connected with business activities carried out or managed in Norway, or (ii) the Shares are held by an individual who has been a resident of Norway for tax purposes with unsettled/postponed exit tax.

10.3 Net wealth tax

Norwegian corporate shareholders are not subject to net wealth tax.

Norwegian personal shareholders are generally subject to net wealth taxation at a current rate of 0.85% on net wealth exceeding NOK 1,480,000. The Shares will be included in the net wealth with 90% of their listed value as of 1 January in the assessment year.

Non-resident shareholders are generally not subject to Norwegian net wealth tax, unless the Shares are held in connection with business activities carried out or managed from Norway.

10.4 Stamp duty / transfer tax

Norway does not impose any stamp duty or transfer tax on the transfer or issuance of Shares.

Norway does not impose any inheritance tax. However, the heir continues the giver's tax positions, including the input values, based on principles of continuity.

10.5 The Company's responsibility for the withholding of taxes

The Company is responsible for and shall deduct, report and pay any applicable withholding tax to the Norwegian tax authorities.

11 ADDITIONAL INFORMATION

11.1 Litigation and disputes

From time to time, the Company and other companies in the Group are involved in litigation, disputes and other legal proceedings arising in the normal course of its business. The Company has been involved in a dispute with Negotia (a member organization of the Norwegian Confederation of Vocational Unions) on behalf of their members regarding salary adjustments in 2016, where Negotia has claimed that the certain requirements in relation to the adjustment were not met. The matter was referred to an advisory board, which in April 2017 ruled in favour of the Company.

Apart from the aforementioned, neither the Company nor any other company in the Group are, nor have been during the course of the preceding 12 months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

11.2 Information sourced from third parties

In certain sections of this Prospectus information sourced from third parties has been reproduced. In such cases, the source of the information is always identified. Such third party information has been accurately reproduced. As far as the Company is aware, and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

11.3 Cautionary note regarding forward-looking statements

This Prospectus includes "forward-looking" statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives. All forward-looking statements included in the Prospectus are based on information available to the Company, and views and assessments of the Company, as of the date of this Prospectus. Except as required by the applicable stock exchange rules or applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this Prospectus, including forward-looking information and statements, whether to reflect changes in the Company's expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this Prospectus is based.

When used in this document, the words "anticipate", "believe", "estimate", "expect", "seek to" and similar expressions, as they relate to the Company, its subsidiaries or its Management, are intended to identify forward-looking statements. The Company can give no assurance as to the correctness of such forward-looking statements and investors are cautioned that any forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its subsidiaries, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Company and its subsidiaries operate.

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

11.4 Advisors

Fearnley Securities AS and SpareBank 1 Markets AS act as Managers in connection with the Listing. SANDS – Advokatfirmaet Steenstrup Stordrange DA is acting as the Company's legal counsel and Advokatfirmaet Schjødt AS is acting as the Managers' legal counsel.

11.5 Documents on display

Copies of the following documents will be available for inspection at the Company's registered office at Strandavegen 15, 6905 Florø during normal business hours on Monday to Friday each week (except public holidays) for a period 12 months from the date of this Prospectus:

- the Articles of Association of the Company;
- the Company's memorandum of incorporation;

- the audited financial statements of Fjord1 ASA for the financial years 2016, 2015 and 2014 including the auditor's report;
- the Q1 2017 interim financial accounts;
- all reports, letters, and other documents of which is included or referred to in the Prospectus;
- and this Prospectus.

12 NORWEGIAN SUMMARY

Seksjon A – Introduksjon og advarsel		
Element	Opplysningskrav	Kommentarer
A.1	Introduksjon og advarsel	Dette sammendraget bør leses som en introduksjon til prospektet (« Prospektet »). Enhver beslutning om å investere i de aktuelle verdipapirene bør være basert på en vurdering av Prospektet som helhet. Dersom et krav knyttet til opplysningene i Prospektet blir brakt inn for retten, kan saksøkende investor, i henhold til nasjonal lovgivning i medlemsstatene, måtte bære kostnadene ved å oversette Prospektet før saken er igangsatt. Erstatningsansvar festes bare til de personer som har produsert sammendraget, inklusive enhver oversettelse av denne, men bare dersom sammendraget er villedende, unøyaktig eller inkonsekvent når det leses sammen med de andre delene av Prospektet, eller det ikke gir, når det leses sammen med de andre deler av Prospektet, informasjon som er kritisk for å hjelpe investorer når de vurderer å investere verdipapirene.
A.2.	Bruk av Prospektet i resalg av finansielle mellommenn	Ikke relevant. Prospektet vil ikke bli brukt av finansielle mellommenn i påfølgende videresalg.
Seksjon B – Utsteder og garantister		
Element	Opplysningskrav	Kommentarer
B.1	Juridisk og kommersielt navn	Det juridiske navnet på selskapet er Fjord1 ASA, det kommersielle navnet på selskapet er Fjord1.
B.2	Juridisk form, lovgivning og hjemstat	Fjord1 ASA (« Selskapet ») er et allmennaksjeselskap, og er organisert og eksisterer i henhold til lovgivningen i Norge, med registreringsnummer 983 472 583 i samsvar med og i henhold til den norske allmennaksjeloven.
B.3	Beskrivelse av selskapets drift og hovedaktiviteter, produkter og markeder	Selskapets kjernevirksomhet er å eie og driftet ferger og passasjerbåter i Norge. Fjord1 er det største fergeselskapet i Norge med 16,8 millioner personbilekvivalenter (« PBE ») transportert i 2016, og representerer en estimert markedsandel på 49 %. Ferge- og passasjerbåtaktiviteten er basert på langtidskontrakter med offentlige veimyndigheter. Selskapet har for tiden totalt 22 kontrakter med offentlige veimyndigheter som dekker 27 fergeforbindelser. Selskapet har en eksisterende flåte med 61 ferger med en total kapasitet på 5 112 PBE, i tillegg til fire passasjerbåter. Selskapet er også involvert i turistsegmentet i Norge, og har en eierposisjon i det norske flyselskapet Widerøe.
B.4a	Nylige trender	Annet enn nevnt ovenfor, har ikke Konsernet opplevd noen betydelige endringer eller trender innen eller utenfor den vanlige forretningsdriften som er av betydning for Konsernet siden 31. mars 2017 til dato for dette Prospektet.
B.5	Konsern	Selskapet er et operativt selskap, og er morselskapet i Konsernet. Selskapet har eierandeler i følgende selskap:

		Datterselskap/tilknyttet selskap: Eierinteresse:
		F1 Administrasjon AS 100%
		Partrederiet ystekspresen ANS 49%
		Fanafjord AS 100%
		Nye Fanafjord AS 100%
		The Fjords DA 50%
		The Fjords Fartøy I DA 50%
		The Fjords Fartøy II DA 50%
		Fjord Tours AS 30.6%
		WF Holding AS 34%
		Bolsønes Verft AS 100%
		ÅB Eigedom AS 66%
		Hareid Trafikkterminal AS 63%
		Måløy Reisebyrå AS 100%
B.6	Andel av utsteders kapital eller stemmerettigheter	<p>Så langt Selskapet kjenner til er det kun følgende som direkte eller indirekte innehar en vesentlig eierandel i Selskapet:</p> <p>Havilafjord AS (51 500 000 aksjer, som utgjør 51,5 % av aksjekapitalen).</p> <p>Perestroika AS (7 758 620 aksjer, som utgjør 7,8 % av aksjekapitalen).</p> <p>De største aksjonærerne i Selskapet har ikke andre stemmeretter enn andre aksjonærer i Selskapet. Selskapet kjenner ikke til avtaler som på et senere tidspunkt vil kunne føre til endring av kontrollen over Selskapet, ei over personer som enten direkte eller indirekte har en eier- eller stemmerettsandel i utsteder, unntatt medlemmer av styre, ledelse eller tilsynsorganer.</p> <p>Havilafjord AS har mulighet til å påvirke vesentlig utfallet av saker som skal avgjøres ved stemmegivning fra Selskapets aksjonærer.</p>
B.7	Utvalgt historisk finansiell informasjon	Den utvalgte konsoliderte finansielle informasjonen som presenteres i dette prospektet er utledet av, bør leses i forbindelse med og er kvalifisert i sin helhet med henvisning til regnskapet og delårsregnskapene, inntatt som vedlegg C til dette prospektet, og bør leses sammen med kapittel 7.

Resultatregnskap

Tabellen under viser et sammendrag av finansiell informasjon hentet fra Fjord1s ureviderte konsoliderte resultatregnskapsinformasjon for perioden 1. januar til 31. mars i årene 2017 og 2016, og det reviderte konsernregnskapet (IFRS) for regnskapsårene 2016 og 2015.

(Beløp i NOK 1 000)	Per 31 mars		Per 31 desember	
	2017 (IFRS) (urevidert)	2016 (IFRS) (urevidert)	2016 (IFRS) (revidert)	2015 (IFRS) (revidert)
Salgsinntekt	167 087	253 586	1 223 970	1 326 327
Annен driftsinntekt	474 117	288 767	1 162 442	903 676
Varekostnader	-96 610	-80 242	-378 407	-429 516
Lønn og sosiale kostnader	-226 594	-218 512	-884 835	-889 253
Andre driftskostnader	-112 977	-110 846	-402 583	-428 141
Totale driftskostnader	-436 181	-409 601	-1 665 825	-1 746 910
Andel av overskudd/(tap) fra felleskontrollerte virksomheter	-3 755	2 947	9 055	11 343
Driftsresultat før avskrivninger og nedskrivninger (EBITDA)	201 269	135 700	729 642	494 436
Ordinære avskrivninger	-61 364	-60 266	-240 085	-241 961
(Nedskrivning)/Tilbakeføring av tidligere nedskrivning	-	-	78 582	25 108
Totale avskrivninger og nedskrivninger	-61 364	-60 266	-161 503	-216 853
Driftsresultat (EBIT)	139 905	75 433	568 139	277 583
Andel av overskudd/(tap) fra andre tilknyttede virksomheter	9 096	3 752	72 540	45 007
Annен renteinntekt	800	1 100	5 692	4 734
Annen rentekostnad	-14 591	-17 030	-105 484	-122 955
Andre finansposter, netto	-1 836	-1 956	57 737	54 293
Netto finansinntekter / (kostnader)	-6 532	-14 134	30 485	-18 921
Ordinært resultat før skatt	133 374	61 300	598 624	258 662
Skattekostnad på ordinært resultat	-32 010	-15 325	-148 502	-39 771
Arsresultat	101 364	45 975	450 122	218 891
Andre inntekter og kostnader:				
Andel av utvidet resultat for tilknyttet virksomhet bokført ved bruk av egenkapitalmetoden			1 363	1 442
Aktuarmessige tap på pensjonsforpliktelser før skatt	-102	-3 117	12 632	21 641
Sum andre inntekter og kostnader før skatt	-102	-3 117	13 995	23 083
Totalresultat	101 262	42 858	464 117	241 974

		Balanseoppstilling				
		Tabellen nedenfor viser et sammendrag av finansiell informasjon hentet fra Fjord1s ureviderte konsoliderte balansen per 31. mars 2017 og 2016, og den reviderte konsoliderte balansen (IFRS) per 31. desember 2016 og 2015.				
(Beløp i NOK 1 000)		Per 31 mars		Per 31 desember		
		2017 (IFRS) (urevidert)	2016 (IFRS) (urevidert)	2016 (IFRS) (revidert)	2015 (IFRS) (revidert)	
Eiendeler						
Anleggsmidler						
Utsatt skattefordel		20 356	34 538	21 328	37 946	
Tomter, bygninger og annen fast eiendom		3 765 515	3 629 509	3 794 867	3 648 995	
Investeringer i tilknyttede og felleskontrollerte virksomheter			307 455			
Andre langsiktige eiendeler		367 050		361 709	300 755	
Sum anleggsmidler		4 161 170	3 979 665	4 186 188	3 996 112	
Omløpsmidler						
Varer		16 174	10 433	14 690	13 049	
Kundefordringer		74 591	80 932	78 660	71 705	
Andre kortsliktige fordringer		30 145	125 700	35 888	66 453	
Bankinnskudd, kontakter og lignende		410 759	282 386	553 993	358 516	
Sum omløpsmidler		531 670	499 452	683 231	509 723	
Sum eiendeler		4 692 840	4 479 117	4 869 419	4 505 835	
Egenkapital og gjeld						
Egenkapital henført til eiere av morselskap						
Aksjekapital		250 000	250 000	250 000	250 000	
Overkurs		360 924	360 924	360 924	360 924	
Opprettet egenkapital		990 440	737 144	1 108 299	694 332	
Sum egenkapital henført til eiere av morselskap		1 601 364	1 348 068	1 719 223	1 305 256	
Minoritetsinteresser		4 041	3 777	3 881	3 731	
Sum egenkapital		1 605 405	1 351 845	1 723 104	1 308 987	
Langsiktig gjeld						
Gjeld til kreditinstitusjoner		155 000	1 738 816	155 000	1 822 511	
Finansielle derivater		24 941	64 393	42 403	64 898	
Pensjonsforpliktelser		19 954	23 841	14 065	33 111	
Annен langsiktig gjeld		0	3 241	0	0	
Utsatt skatt		357 798	251 412	382 276	250 413	
Sum langsiktig gjeld		557 693	2 081 703	594 284	2 170 933	
Kortsiktig gjeld						
Gjeld til kreditinstitusjoner		1 713 491	287 058	1 800 511	255 930	
Finansielle derivater		29 799	46 093	22 775	53 714	
Leverandørgjeld		115 836	116 917	110 075	94 767	
Betalbar skatt		27 031	11 153	2 675	301	
Skyldige offentlige avgifter		49 272	48 608	90 269	94 170	
Annен kortsiktig gjeld		594 314	535 741	525 726	527 034	
Sum kortsiktig gjeld		2 529 742	1 045 570	2 552 031	1 025 916	
Sum gjeld		3 087 435	3 127 272	3 146 315	3 196 848	
Sum egenkapital og gjeld		4 692 840	4 479 117	4 869 419	4 505 835	

Kontantstrøm					
Tabellen under viser en oppsummering av finansiell informasjon hentet fra Fjord1s ureviderte konsoliderte kontantstrøminformasjon for perioden 1. januar til 31. mars i årene 2017 og 2016, og den reviderte konsoliderte kontantstrøminformasjonen (IFRS) for regnskapsårene 2016 og 2015.					
(Beløp i NOK 1 000)	Per 31 mars		Per 31 desember		
	2017 (IFRS) (urevidert)	2016 (IFRS) (urevidert)	2016 (IFRS) (revidert)	2015 (IFRS) (revidert)	
Kontantstrøm fra operasjonelle aktiviteter					
Resultat før skatt	133 374	61 300	598 624	258 662	
<i>Korrigering av resultatposter uten effekt på likviditeten:</i>					
Avskrivninger og nedskrivninger	61 364	60 266	161 503	216 853	
Rentekostnad	14 591	17 030	99 792	118 221	
Endring i virkelig verdi av finansielle instrumenter	-10 438	-8 126	-53 433	-20 112	
Ikke-utbetalte pensjonskostnader	5 349	-12 387	-1 884	-14 151	
Gevinst/tap ved salg av eiendeler	-4 713	-7 004	-11 224	0	
Resultat fra investering i tilknyttet virksomhet	-5 341	-6 700	-81 595	-56 350	
<i>Arbeidskapitaljusteringer:</i>					
Kundefordringer	4 069	-9 227	-6 955	16 692	
Varer	-1 484	2 616	-1 641	6 462	
Leverandørgjeld	5 761	22 150	15 308	38 284	
Andre periodiseringsposter	33 382	-96 103	24 153	-14 654	
Kontantsum generert fra virksomheten	235 912	23 816	742 647	549 907	
Utbetalt rentekostnad, netto	-14 591	-17 030			
Utbetalt rentekostnad	-	-	-105 484	-122 955	
Innbetalt renteintekt	-	-	5 692	4 734	
Innbetalt renteinntekt, netto	-280	-66	-301	-132	
Netto likviditetsendring fra virksomheten	221 041	6 719	642 554	431 554	
Likvider tilført/brukt på investeringer					
Investeringer i varige driftsmidler	-127 374	-51 359	-379 654	-110 619	
Utbetaling ved kjøp av aksjer og parter	10	0	-2 400	-21 030	
Innbetaling av utbytte fra tilknyttet virksomhet	0	0	24 404	0	
Gevinst ved salg av varige driftsmidler	100 075	17 582	83 503	0	
Innbetaling av kortsiktige fordringer	34	254	0	4 222	
Netto likviditetsendring fra investeringer	-27 254	-33 523	-274 147	-127 427	
Likvider tilført/brukt på finansiering					
Innbetaling fra lån	0	0	133 000	0	
Nedbetaling av gjeld	-87 020	-52 567	-255 930	-229 855	
Utbetalt utbytte	-250 000	0	-50 000	-50 000	
Innbetaling fra annen kortsiktig gjeld	0	3 241	0	0	
Netto likviditetsendring fra finansiering	-337 020	-49 326	-172 930	-279 855	
Netto endring i likvider i året					
	-143 233	-76 130	195 477	24 272	
Kontanter og bankinnskudd 01.01	553 993	358 516	358 516	334 244	
Kontanter og bankinnskudd 31.3/31.12	410 759	282 386	553 993	358 516	
B.8	Utvalgt proforma finansiell informasjon	Ikke relevant. Det foreligger ikke proforma finansiell informasjon.			

B.9	Profittestimat eller budsjett	Ikke relevant. Selskapet har ikke laget noen profittestimat eller budsjett.
B.10	Merknader i revisjonsberetningen	Ikke relevant. Det er ingen merknader i revisorberetningene de siste tre regnskapsår.
B.11	Arbeidskapital	Per dato for dette Prospektet er selskapet av den oppfatning at Konsernets arbeidskapital er tilstrekkelig for Konsernets nåværende behov, nærmere bestemt for 12 måneder etter dato for publisering av dette Prospektet.

Seksjon C – Verdipapirer

Element	Opplysningskrav	Kommentarer
C.1	Type og klasse verdipapirer	Selskapet har aksjer i kun én aksjeklasse, og aksjene er registrert i Verdipapirsentralen («VPS») under ISIN NO 0010792625.
C.2	Verdipapirenes valuta	Norske kroner («NOK»)
C.3	Antall aksjer og pålydende	På dato for dette Prospektet har Selskapet en aksjekapital på NOK 250 000 000, fordelt på 100 000 000 aksjer, hver aksje med pålydende verdi NOK 2,50. Alle aksjene er blitt gyldig utstedt og fullt innbetalt.
C.4	Beskrivelse av de rettigheter som er knyttet til Aksjene	Alle aksjer har like rettigheter.
C.5	Omsettelighet	Selskapets aksjer er fritt omsettelige.
C.6	Opptak til notering	Styret ved Oslo Børs godkjente 11. august 2017 Selskapets søknad om opptak av Aksjene til handel på Oslo Børs. Første handelsdag på Oslo Børs er planlagt til 15. august 2017.
C.7	Utbyttepolitikk	I henhold til dagens utbyttepolitikk vedtatt av styret, planlegger Selskapet å utbetale årlig utbytte som utgjør nær 50 % av nettoresultatet. Utbyttepolitikken vil imidlertid alltid bli sett i relasjon til Selskapets egenkapital. Selskapet har en kapitalstruktur tilpasset Selskapets nåværende strategi og risikoprofil. Fremtidige investeringsprogrammer som følge av vellykkede anbud kan endre dette, og dermed påvirke Selskapets utbyttepolitikk. Vedtagelse og utdeling av utbytte vil avgjøres av generalforsamlingen etter forutgående forslag eller aksept fra styret. Selskapet utdelte 250 millioner kroner til aksjonærerne i 2016 og 50 millioner kroner til aksjonærerne i 2015.

Seksjon D – Risiko

Element	Opplysningskrav	Kommentarer
D.1	Nøkkelinformasjon om de viktigste risikoene som er spesifikke for	<ul style="list-style-type: none"> • Risiko vedrørende Selskapets kontrakter, inkludert driftsmessig, teknisk, kommersiell og politisk. Selskapet kan påføres betydelig ansvar i sin virksomhet ettersom det er umulig å forsikre seg mot alle gjeldende risiko og forpliktelser. • Konstruksjonsrisiko og forsinkelser tilknyttet nybygging kan påvirke potensiell inntekt eller potensielt medføre til tap av kontrakter.

	utstederen eller sin bransje	<ul style="list-style-type: none"> Bruken av ny null- eller lavutslipsteknologi kan medføre brudd på kravene under den enkelte avtale, f.eks. vedrørende miljøkravene under avtalen eller forsinkelser i trafikken, dersom teknologien ikke skulle virke som forutsatt. Ombygging av kaier for å muliggjøre montering av ladetårn og annen logistikk kan bli påvirket slik at en kan komme i brudd med miljøkravene i de nye kontraktene. Vedlikeholdskostnader for Selskapets skip kan være betydelige. Selskapets utvikling er avhengig av nøkkelpersonell. Det er en risiko for at motpart i nåværende kontrakter ikke utøver sin opsjon til forlengelse, og at Selskapet ikke tildeles nye kontrakter ved anbud. Selskapets nøkkelkontrakter er typisk for lengre perioder. Det innebærer en risiko for at Selskapet forplikter seg til potensielt ulønnsomme prosjekter for lengre tidsperioder, dersom Selskapet skulle gjøre feil i sine beregninger og/eller antagelser som danner grunnlaget for tilbudene i den respektive anbudsprosessen. Den tekniske driften av fartøyene vil få betydelig innvirkning på fartøyenes økonomiske levetid.
D.2	Nøkkelinformasjon om de viktigste risikoene som er spesifikke for verdipapirene	<ul style="list-style-type: none"> Markedsprisen på aksjene kan fluktuere betydelig og raskt Risiko for utvanning av aksjeposter i Selskapet på grunn av ytterligere aksjekapitalforhøyelser i Selskapet Selskapets investorer utenfor Norge er utsatt for valutarisiko Ultimate eiere av Selskapets aksjer som har sitt eierskap registrert gjennom forvalter, kan ikke stemme for slike aksjer med mindre deres eierskap er registrert på nytt under deres personlige navn i VPS før selskapets generalforsamling(er). Ytterligere tilbud eller vesentlige salg av aksjer fra en eller flere store aksjonærer i Selskapet kan ha en negativ effekt på markedsprisen på Selskapets aksjer. Det kan være at investorer ikke får dekket tap i sivile saker i andre jurisdiksjoner enn Norge. Som en majoritetsaksjonær som kontrollerer mer enn 50 % av de utestående aksjene i Selskapet, har Havilafjord AS mulighet til å vesentlig påvirke utfallet av saker som skal løses på selskapets generalforsamling, herunder valg av styre.

Seksjon E – Tilbuddet

Element	Opplysningskrav	Kommentarer
E.1	Proveny og kostnader knyttet til Tilbuddet	Ikke relevant.
E.2 a	Bakgrunn for tilbuddet og bruken av provenyet	Ikke relevant.
E.3	Vilkår og betingelser	Ikke relevant.
E.4	Interessekonflikter	Ikke relevant.

E.5	Selgende aksjonærer lock-up	Ikke relevant, da det ikke er noen selgende aksjonærer i forbindelse med noteringen. Største aksjonær, Havilafjord AS, har imidlertid påtatt seg en lock-up knyttet til sine 51 500 000 aksjer i perioden frem til 19. mai 2018, dog slik at salgsrestriksjonen ikke gjelder salg av opptil 500 000 aksjer i forbindelse med opptaket til notering.
E.6	Utvanning	Ikke relevant.
E.7	Estimerte kostnader belastet investorer	Ikke relevant.

ANNEX A – DEFINITIONS AND GLOSSARY

Articles of Association	The articles of association of the Company.
Board of Directors	The board of directors of the Company
Company	Fjord1 ASA
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance of 30 October 2014
EC Regulation 809/2004	EC Commission Regulation EC/809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses (the “Prospectus Directive”) as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.
EUR	Euros
EY	Ernst & Young AS.
Financial Statements	The audited financial statements of the Group for the financial years 2014-2016, comprising consolidated financial statements prepared in accordance with NGAAP for the financial years 2014 and 2015 as well as consolidated financial statements prepared in accordance with IFRS for the financial years 2015 and 2016.
Fjord1 ASA	The Company
Foreign Corporate Shareholders	Shareholders who are limited liability companies not resident in Norway for tax purposes
Foreign Individual Shareholders	Shareholders who are individuals not resident in Norway for tax purposes
Forward-looking statements	Statements, including, without limitation, projections and expectations regarding the Group’s future financial position, business strategy , plans and objectives, and statements such as “anticipate”, “believe”, “estimate”, “expect”, “seek to” and similar expressions, as they relate to the Company, its subsidiaries or its Management
FSAN	The Financial Supervisory Authority of Norway
Group	Fjord1 ASA together with its consolidated subsidiaries
IFRS	International Financial Reporting Standards as adopted by the European Union.

Interim Financial Statements	The unaudited financial statements of the Group as of and for the three month periods ending 31 March 2016 and 2017, respectively, which have been prepared in accordance with IAS 34.
Listing	The listing of the Shares on Oslo Børs.
Management	The management of Fjord1 ASA
Managers	Fearnley Securities AS and SpareBank 1 Markets AS.
Member States	The participating member states of the European Union.
NOK	Norwegian kroner
Norwegian Corporate Shareholders	Shareholders who are limited liability companies resident in Norway for tax purposes
Norwegian Individual Shareholders	Shareholders who are individuals resident in Norway for tax purposes
Norwegian Shareholders	Shareholders resident in Norway for tax purposes
Oslo Børs	Oslo Børs ASA (the Oslo Stock Exchange)
PCE	Passenger car equivalents.
Prospectus	This prospectus, prepared by the Company in connection with the Listing.
Prospectus Directive	Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended from time to time
Public Limited Liability Companies Act	The Norwegian Public Limited Companies Act of 13 June 1997, no 45 (Nw. allmennaksjeloven)
SEC	the United States Securities and Exchange Commission
Securities Trading Act	The Norwegian Securities Trading Act of 28 June 2007, no. 75 (Nw. verdipapirhandeloven)
Share(s)	The Company's existing shares, consisting as at the date of this Prospectus of 100,000,000 common shares each with a par value of NOK 2.50.
USD	US dollars
US Securities Act	United States Securities Act of 1933, as amended
VPS	The Norwegian Registry of Securities (Verdipapirsentralen)
Widerøe	Widerøe's Flyveselskap AS

ANNEX B – ARTICLES OF ASSOCIATION OF FJORD1 ASA

ARTICLES OF ASSOCIATION FOR

FJORD1 ASA

Latest amendments approved by Extraordinary General Meeting on 7 July 2017

§1 Selskapet sitt namn

Selskapet sitt namn er Fjord1 ASA. Selskapet er eit allmennaksjeselskap.

Article 1: Company Name

The company's name is Fjord1 ASA. The company is a Norwegian public limited liability company.

§2 Selskapet si verksemد

Selskapet sitt føremål er sjølv, eller gjennom heilt eller delvis eigarskap i andre verksamheter, å drive transport-, kommunikasjon- og reiselivsverksemد. Selskapet kan også engasjere seg i andre forretningsområde når dette er interessant med tanke på forteneste og er eigna til å styrke hovudføremålet, eller det leier til ei meir rasjonell utnytting av selskapet sine ressursar.

Article 2: The company's business

The company's purpose is to engage, either on its own or through full or partial ownership in other businesses, in activities related to transport, communication and tourism. The company may also engage in other fields of business whenever such engagement is commercially interesting and is suitable for strengthening the company's primary purpose, or when such engagement leads to a more rational utilization of the company's resources.

§3 Forretningskontor

Selskapet sitt forretningskontor skal være i Flora kommune.

Article 3: Business Office

The company's business office is in the Municipality of Flora.

§4 Selskapet sin aksjekapital

Selskapet sin aksjekapital er kr. 250 000 000 fordelt på 100 000 000 aksjar, kvar pålydande kr. 2,50. Selskapet sine aksjar skal være registrert i Verdipapirsentralen (VPS).

Article 4: Share Capital

The company's share capital is NOK 250,000,000, divided into 100,000,000 shares, each with a nominal value of NOK 2.50. The Company's shares shall be registered in the Norwegian Central Securities Depository.

§5 Selskapet si leiing

Styret i selskapet skal bestå av fem til ni medlemmer, inkludert eventuelle representantar for dei tilsette.

Article 5: Board of Directors

The company's Board of Directors shall comprise five to nine members, including prospective employee representatives.

Selskapet sitt firma skal teiknast av styret sin leiar eller dagleg leiar kvar for seg eller to styremedlemmer i fellesskap.

Signed on behalf of the company may be done by the Chairman of the Board and the company's General Manager separately, or by two board members jointly.

Selskapet skal ikkje ha meir enn ein dagleg leiar.

The company shall have no more than one General Manager.

§6 Valkomite

Selskapet skal ha ein valkomité som skal vere samansett av to medlemmer, som skal være aksjeeigarar eller representantar for aksjeeigarar.

Article 6: Election Committee

The company shall have an Election Committee which shall comprise of two members, who shall be shareholders or representatives of shareholders.

Valkomiteen skal gje innstilling til generalforsamlinga om val av godtgjersle til styremedlemmer. Valkomiteen si innstilling skal grunngjenvæst.

The Election Committee shall submit a recommendation to the General Meeting regarding the election of and remuneration to the Board members. The reasons for the recommendation shall be included.

Generalforsamlinga vel medlemmer til valkomiteen, med dette er meint valkomiteen sin leiar.

The General Meeting elects members of the Election Committee, this meaning the Chairman of the Election Committee. The Election Committee shall submit a recommendation to the General Meeting regarding the election of members of the Election Committee. The term of office for the Election Committee's members is two years, unless the General Meeting resolves otherwise.

Valkomiteen skal gje innstilling til generalforsamlinga om val av medlemmer til valkomiteen. Funksjonstida for valkomiteen sine medlemmer er to år, dersom ikkje generalforsamlinga fastset noko anna. Generalforsamlinga fastset godtgjersle til valkomiteen sine medlemmer.

Generalforsamlinga kan fastsetje nærmere retningsliner for valkomiteen sitt arbeid.

§7 Generalforsamling

Selskapet si generalforsamling skal kallast inn ved skriftleg melding til alle aksjonærar med kjend adresse.

Generalforsamlinga kan gjennomførast i Flora, Oslo, Bergen eller Ullensaker kommune.

Når dokument som gjeld saker som skal handsamast i generalforsamlinga er gjort tilgjengelege for aksjonærane på selskapet sine internetsider, gjeld ikkje lova sitt krav om at dokumenta skal sendast til aksjonærane. Dette gjeld også dokument som etter lova skal innlemmast i, eller leggast ved innkalling til generalforsamling. Ein aksjonær kan likevel krevje å få tilsendt dokument som gjeld saker som skal handsamast i generalforsamlinga.

Selskapet kan i innkallinga gje frist for påmelding som ikkje må forfalle tidlegare enn fem (5) dagar før generalforsamlinga.

Styret kan bestemme at aksjonærane skal kunne gje stemma si skriftleg, med dette er meint bruk av elektronisk kommunikasjon, i ein periode før generalforsamlinga. For slik stemmegjeving skal det nyttast ein sikker metode for å identifiser avsendar.

Generalforsamlinga vert leia av styret sin leiar eller den han peikar ut. På den ordinære generalforsamling skal følgjande spørsmål handsamast og avgjerast:

1. *Godkjenning av årsrekneskapen og årsrapporten, med dette er meint utdeling av utbytte.*
2. *Handsaming av styret si erklæring om fastsetting av lønn og anna godtgjersle til leiande tilsette.*
3. *Andre saker som etter lova eller vedtekten høyrer under generalforsamlinga.*

The General Meeting determines the remuneration to the members of the Election Committee.

The General Meeting may determine detailed guidelines for the Election Committee's work.

Article 7: General Meeting

The Notice of the General Meeting shall be by written message to all shareholders with known address.

The General Meeting may be held in the municipalities of Flora, Oslo, Bergen or Ullensaker.

When documents regarding matters to be assessed and resolved by the General Meeting is made available for the shareholders on the company's webpages, the Norwegian Public Limited Liability Companies Act's requirement of the documents being sent to the shareholders does not apply. This also includes documents which by the Norwegian Public Limited Liability Companies Act shall be embodied in, or attached as appendices to, the Notice of the General Meeting.

In the Notice, the company may determine a deadline for the registration to the General Meeting which cannot be earlier than five (5) days before the General Meeting.

The Board of Directors may decide that the shareholders can give their vote in writing, meaning by use of electronic communication, for a period prior to the General Meeting. A secure method which identifies the sender shall be used when voting is done in such matter.

The General Meeting is chaired by the Chairman of the Board of Directors or the person which he appoints. The annual General Meeting shall assess and resolve the following:

1. *Approval of the annual accounts and report, this meaning the distribution of dividend.*
2. *Assessing the statement of the board regarding determination of salary and other remuneration to senior executives.*
3. *Other matters which by the Norwegian Public Limited Liability Companies Act or Articles of Association shall be resolved by the General Meeting.*

The English version is an unofficial translation from Norwegian - in case of discrepancy between the Norwegian and the English version of this document, the Norwegian version shall prevail.

ANNEX C – FINANCIAL INFORMATION OF FJORD1 ASA AND AUDITOR'S REPORTS

- 1. Consolidated financial statements including auditor's opinion 2016 (IFRS)**
- 2. Annual report 2015 including auditor's report (NGAAP)**
- 3. Annual report 2014 including auditor's report (NGAAP)**
- 4. Condensed interim financial statements Q1-2017 including auditor's report (IAS 34)**

Annual report 2016 for Fjord1 AS

Fjord1 AS is the biggest ferry company in Norway. It has 1,069 FTEs and saw total year-on-year traffic growth of 0.8% on its ferry routes in 2016.

The company's core activity is concentrated on sea transport by means of ferry and express-boat operations, as well as catering activities. The company's activities also include travel agencies, as well as financial investments and property management.

The company conducts maritime operations from Buskerud and Rogaland in the south to Sør-Trøndelag in the north. Within sea transport, ferry operations represent the company's core activity. Fjord1 AS's express-boat operations are concentrated on local express-boat routes in Sogn og Fjordane.

Via the company Kystekspresen ANS, Fjord1 AS is also involved in express-boat operations between Kristiansund and Trondheim in partnership with Fosen Namsos Sjø AS.

Fjord1 is engaged in tourism activity in the West Norwegian fjords through its ownership of The Fjords DA.

Via the company WF Holding AS, Fjord1 AS is co-owner of Widerøe's Flyveselskap AS, with a 34% holding in WF Holding AS.

The company's head office is located in Florø.

Financial statements 2016

CONSOLIDATION

Only consolidated accounts are prepared, at Fjord1 level.

GOING CONCERN BASIS

The board of directors considers that the submitted income statement and balance sheet as at 31 December 2016 provide a true and fair picture of the current status of Fjord1 AS at year-end. Nothing has happened since the closing of the accounts in the new year that has had any bearing on this assessment.

A going concern basis is in place, and the company's financial statements have been drawn up under this assumption. These assessments are based on profit forecasts for 2017 and the Group's long-term forecasts for the years ahead.

The company had an equity ratio of 30.1 percent at year-end 2016. The company's position is satisfactory in respect of both liquidity and financial strength.

EVENTS AFTER THE END OF THE FINANCIAL YEAR, AND OUTLOOK

There have not been any events since the end of the financial year that affect the assessment of the submitted financial statements, other than the circumstances referred to in the annual report.

The Group shows a positive development in results and profitability, and the outlook for 2017 is satisfactory.

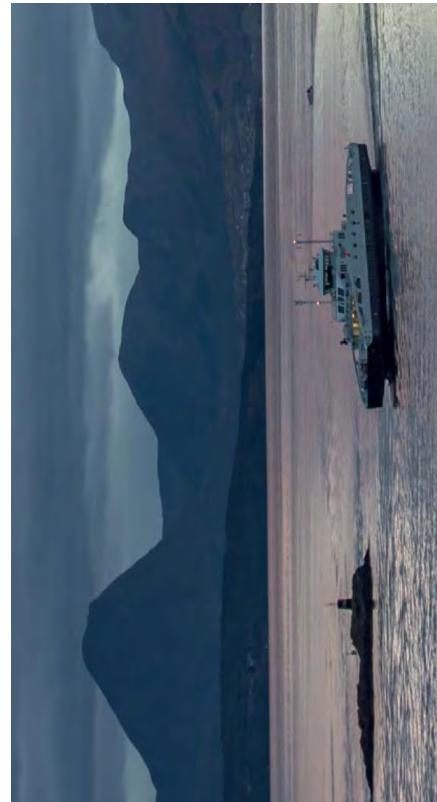
CONSOLIDATED RESULTS

The pre-tax results show a profit of NOK 598.6 million for 2016, compared with NOK 258.7 million in 2015.



Consolidated financial statements including auditor's opinion

2016



Stable operations have led to improved margins, which – combined with a sharp focus on safety resulting in fewer service interruptions and lower unexpected costs – have contributed to the good results in 2016.

Operating income before depreciation and amortisation (EBITDA) for 2016 was NOK 729.6 million, compared with NOK 494.4 million in 2015.

Over the year, the board of directors and management have made valuations in connection with the basis for write-downs of ship values as well as provisions for possible future losses on contracts.

The board of directors believes that the financial statements provide a fair picture of the assets, liabilities, financial position and results for Fjord1 AS.

CASH FLOW

Pre-tax profit is NOK 598.6 million, while net cash provided by operating activities in 2016 is NOK 642.6 million. Ordinary depreciation and reversal of impairment of NOK 161.5 million represents the largest variance.

Cash flow used for investing activities comes to NOK 274.1 million. Of this, NOK 379.7 million was spent on investments in property, plant and equipment. Operating assets worth NOK 83.5 million were sold in 2016.

NOK 255.9 million was paid off in instalment payments on long-term debt. There was a net change in cash of NOK 195.5 million during the year.

RESEARCH AND DEVELOPMENT

The company aims to be the most environmentally friendly and reliable operator in the transport sector. Fjord1 AS therefore has a continuous focus on developing and implementing new technology. The company has long been a world leader in the operation of natural gas-powered ferries but has now also shifted its focus to zero-emissions technology. This development work is being carried out in close cooperation with suppliers and research and development institutions.

Fjord1 AS has recently been working on development projects linked to the ferries of the future, with a particular focus on battery and hybrid ferries. The conversion of MF Fannefjord to be the world's first natural gas and battery hybrid vessel in 2015 provided valuable experience for the new low- and zero-emissions requirements in ferry contracts. This investment has paid off, with the company being successful in most of the tender competitions that required electric operation.

Through its ownership of The Fjords Da, Fjord1 AS has started using hybrid and battery technology in new areas. The experience vessel "Vision of the Fjords" on the Narvikfjord combines battery technology and use of carbon fibre in a completely new and unique concept. Experience from this project, combined with knowledge of battery operation, means that we are now working to develop this concept into a fully electric vessel for tourist experiences on the fjords.

Going forward, the company intends to invest actively in developing and introducing new technology, with a particular focus on the demands the "green shift" makes in terms of energy efficiency and emissions reductions. Investing in technology to use hydrogen will be important, as well as other areas such as optimisation and automation of operations on board to reduce energy consumption.

MARKET RISK

Market risk, defined as the consequence of variation in market factors such as the oil price, interest rates and exchange rates, can have an impact on the company's costs. Fjord1 AS's current strategy is to use financial instruments as an element in hedging cash flows. The company's contracts with clients allow for fluctuations in the oil price and other cost components by means of a contract-adjustment mechanism.

Fjord1 AS is directly exposed to exchange rate fluctuations through shipbuilding contracts signed in EUR and USD, and indirectly by its purchase of oil priced in USD. As a result of stricter guidelines laid

down by the board of directors, Fjord1 AS has hedging transactions in place to reduce the impact of changes in the market factors mentioned above.

CREDIT RISK

The risk of customers and contractual partners being unable to fulfil their financial commitments is considered low. Historically, the company's bad debts have been low. The gross credit risk for the Group at 31.12.2016 is NOK 78.7 million. No agreements have been entered into to reduce this risk.

LIQUIDITY RISK

The board of directors considers the liquidity in the company to be satisfactory, based on the 2017 budget and long-term plans. The company has an agreement with Nordea for banking and financing services. Fjord1 AS has framework agreements with its biggest suppliers that include defined payment terms. Other than public-sector clients, the company has few large individual customers.

BUSINESS AREAS

Ferry operations

The underlying operating profit from ferry operations in 2016 was better than in the previous year. We have established stable and reliable operations. The various contract areas within our ferry operations generated varying contributions.

The company started a new contract in the Balestrand sector and on the Mannheller–Fodnes service from 1 January 2016, with a new contract for county road services in Sogn og Fjordane starting as planned on the same date. In connection with this, the company took delivery of two new ferries during the year, MF Hornslien and MF Losna, from the Ada Shipyard in Turkey.

Fjord1 took part in the competitive tender procedures to operate the Hafjellem–Sandvikvåg and Årsvågen–Mortavika services from 1 January 2019, and was awarded the Årsvågen–Mortavika contract. Fjord1 was also awarded the contracts to operate the Hafjellem–Sandvikvåg and Årsvågen–Mortavika services in 2017 and 2018. The Hafjellem–Sandvikvåg contract will finish on 1 January 2019. In addition, Fjord1 took part in the competitive tendering for route package 1 in Hordaland, and was awarded contracts for the following services: Krokaide–Hufthamar (from 2018), Sandvikvåg–Husavik (2018), Fjord–Sævroy (2020), Lærdal–Verjaneset (2020), Hafjellem–Våge (2020) and Langevåg–Buavåg (2020).

The Flakk–Reinvik contract will finish on 1 January 2019. Fjord1 took part in the competitive tender procedures to operate the Flakk–Rorvik and Brekstad–Valset services from 1 January 2019, and was awarded the Brekstad–Valset contract.

Fjord1 also took part in the tender competition to operate the Daley–Haldorsen service from 1 January 2019, but was not successful. Fjord1 is the current operator of this service.

Fjord1 won the Lote–Anda contract, which starts on 1 January 2018 and will be a two-vessel service. Fjord1 is the current operator of this service.

Competitive tender procedures in 2016 and going forward have a strong focus on emissions and energy efficiency. Fjord1 has participated in many of the advertised tender procedures in Norway, and is well positioned to take part as new tendering processes are announced.

Express-boat operations

Fjord1 AS operates express-boat routes in Sogn og Fjordane. The results from the express-boat business area were satisfactory in 2016.

Catering

Catering is an important area for Fjord1. Using the Ferdamat speciality food concept, Fjord1 has concentrated on developing a high-quality offering, as well as a visual identity that customers

recognise on all Fjord1 services. This targeted effort over several years has produced good results. The results for catering operations are satisfactory.

QUALITY AND OPERATIONAL MANAGEMENT SYSTEMS

Safety

A consistent focus on safety is a fundamental feature of operations at Fjord1 AS.

From 2012 to 2016, Fjord1 has achieved a reduction of almost 96% in contact damage (quay collisions and running aground). Work is continuing on a number of measures to further promote safe operations. The reduction in contact damage is a result of long-term efforts to develop the safety and control system. Work will continue to develop the company's safety culture in 2017.

Fjord1 AS works closely with its crews to implement barriers to prevent accidents and to develop operational procedures on board.

In 2016, the company's ferries and express boats carried 20.9 million passengers. A total of nine personal injuries were recorded (most being minor cuts, or pinch or fall injuries), compared with ten in 2015.

Route production and traffic management at Fjord1 AS were implemented effectively and safely in 2016.

Working environment and equality

In 2016, there were 1,191 FTEs in the Group (incl. underlying companies). The proportion of female employees in Fjord1 AS was 19.01%, compared with 18.2% in 2015.

We have good access to skilled labour, and ensuring we have sufficient skilled workers is not as challenging as in the past. We must nevertheless continue with our long-term and targeted recruitment work to ensure that we can continue to operate in a safe and stable manner.

The low proportion of female employees must be seen in the context that women have traditionally not chosen to train for maritime roles. There is still work to be done to increase the recruitment of women to these roles, and it is a long-term undertaking. Two of the eight members of the board of directors are female.

Fjord1 AS focuses on well-being and the working environment by means of systematic health, safety and environmental work. There was an increase in injuries resulting in absence in 2016 compared with 2015. In 2016, the working environment committee recorded a total of 18 injuries resulting in absence amongst its own employees, compared with 16 equivalent absences in 2015 and 14 in 2014.

Seven of the injuries in 2016 were reported to the Norwegian Maritime Authority. The majority of injuries resulting in absence are caused by falls. Reducing absence due to injuries is a priority.

The working environment within Fjord1 AS is generally good, and the workforce is stable in most areas. Absence due to illness was 7.38% in 2016, compared with 8.25% in 2015. The company has introduced effective routines for following up employees on sick leave and works constantly to implement new measures to further improve attendance.

Discrimination

The Norwegian Anti-Discrimination Act seeks to promote equality, secure equal rights, and prevent discrimination based on ethnic or national origin, ancestry, skin colour, language, religion or life stance. Fjord1 AS works actively and purposefully to promote the aims of this legislation.

Fjord1 AS is an inclusive Working Life company (W) and has drawn up its own W plan. The company's goal is to be a workplace where there is no discrimination on the grounds of disability. The company strives to design and organise the physical set-up so that the various functions are open to as many people as possible. Workplaces and tasks are individually adapted to meet the needs of employees and job applicants with disabilities.

External environment

Transport operations entail pollution of the external environment. The pollutants are linked in particular to the use of fossil fuels emitting NOX and CO₂. By working with the industry, engine suppliers and the research environment, Fjord1 AS seeks to identify measures that can reduce levels of harmful emissions into the air. The company's emissions meet all formal requirements set by the authorities.

In 2016, Fjord1 became the first company in the world to use 100% renewable biofuel as an energy source for two of its ferries on normal scheduled services. Using renewable energy results in greater reductions in CO₂ emissions compared with fossil fuels.

Fjord1 AS intends to remain at the forefront of operating natural gas-powered ferries, which reduce NOX emissions by approximately 90% and CO₂ emissions by 25–30% compared with conventional diesel ferries.

In recent years, the company has invested heavily in measures to reduce NOX, including replacing old engines with new Tier II-certified engines. This has led to a significant reduction in NOX emissions of more than 40% for many of the vessels. In the period 2013–2016, engines were replaced on 15 vessels.

At the end of 2016, Fjord1 had signed contracts for six new ferries. These, and all other newbuilds in the future, will be constructed to be able to operate purely on electricity in the new contracts. This makes the company a leader in using technology that reduces CO₂ emissions by 80–95% compared with conventional diesel-powered ferries. In addition, emissions of NOX, SO₂ and particles will be virtually eliminated.

As part of its environmental strategy, Fjord1 has decided to apply for certification under ISO 50001 – Energy Management. The aim is to for this to be in place by the end of 2017.

The company has entered into an agreement to deliver environmentally hazardous waste, including waste oil, to approved recipients.

ALLOCATION OF PROFITS IN THE PARENT COMPANY

Fjord1 AS's strategic plan provides for an ownerfriendly, balanced and long-term dividend policy.

The board of directors recommends the following allocation of the profit for the year:

Transferred to other reserves NOK 345,758 million.

Total allocation NOK 345,758 million.

Flora, 26 June 2017

Consolidated statement of profit or loss

Pål W. Lorentzen Chairman	Vidar Grønnevik Board member	Vegard Sævik Board member
Bente Nesse Board member	Janicke Driveklepp Board member	Per Sævik Board member
Arnstein Aamås Board member	Dagfinn Neteland CEO	Alle Trollebø Board member

	<i>Amounts in NOK thousands</i>	Note	2016	2015
Revenue	4	1,223,970	1,326,327	
Other income	4,6	1,162,442	903,676	
Cost of sales		-378,407	-429,516	
Personnel expenses	7	-584,335	-889,253	
Other operating expenses	8	-402,583	-428,141	
Total operating expenses		-1,665,825	-1,746,910	
Share of profit/(loss) from associates	5	9,055	11,343	
Operating profit before depreciation and impairment (EBITDA)		729,542	494,436	
Depreciation (Impairment)/Reversal of impairment	11	-240,085	-241,961	
Total depreciation and impairment		-161,503	-216,853	
Operating profit (EBIT)		568,139	277,583	
Share of profit/(loss) from associates	5	72,540	45,007	
Interest income	12	5,692	4,734	
Interest expense	12	-105,984	-122,955	
Other financial items, net	8	57,737	54,293	
Net financial income / (expenses)		30,485	-18,921	
Profit/(loss) before tax		598,624	255,662	
Income tax (expense) / income	9	-148,502	-39,771	
Profit/(loss) for the year		450,122	218,891	
Attributable to:				
Parent company owners	449,972	218,765		
Non-controlling interest	150	126		
Basic earnings per share (in NOK)*	10	4.50	2.19	
Diluted earnings per share (in NOK)*	10	4.50	2.19	

* Based on 100,000,000 shares outstanding. Reference is made to note 10 and 19 regarding share split in connection with conversion into public limited liability company (Fjord ASA).

Consolidated Statement of Comprehensive Income

	Amounts in NOK thousands	Note	2016	2015
Profit/(loss) for the year			450,122	218,891
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Share of other comprehensive income of associates accounted for using the equity method	5	1,363	1,442	
Actuarial gain on pension obligations	14	12,632	21,641	
Total	13,995		23,083	
Total other comprehensive income for the year, net of tax	13,995		23,083	
Total comprehensive income for the year	464,117		241,974	
<i>Attributable to:</i>				
Parent company owners	463,967		241,948	
Non-controlling interest	150		126	
Total	464,117		241,974	

Consolidated Statement of Financial Position

	Amounts in NOK thousands	Note	31.12.2016	31.12.2015	01.01.2015
Assets					
Non current assets					
Deferred tax assets		9	21,328	37,946	55,618
Property, plant and equipment		11	3,794,867	3,645,985	3,753,879
Investments in associates		5	361,709	300,755	221,932
Other non-current financial assets		12	8,417	8,417	22,193
Total non-current assets			4,186,188	3,986,112	4,053,622
Current assets					
Inventories		12	14,690	13,049	19,511
Trade receivables		12	78,660	73,705	88,397
Other receivables		12	35,888	66,453	61,688
Cash and cash equivalents		12	533,993	359,516	334,244
Total current assets			682,231	309,723	448,339
Total assets			4,868,419	4,305,855	4,501,932
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital		13	250,000	250,000	250,000
Share premium			360,924	360,924	360,924
Retained earnings			1,08,299	1,08,299	1,08,299
Total equity attributable to owners of the parent			1,719,233	1,305,256	1,113,408
Non-controlling interests			3,881	3,731	3,605
Total equity			1,723,104	1,308,987	1,117,013
Non-current liabilities					
Borrowings		12	155,000	182,511	207,441
Derivative financial instruments		12	42,403	64,898	96,486
Net employee defined benefit liabilities		14	14,605	33,111	76,424
Deferred tax liabilities		9	382,276	356,413	219,932
Total non-current liabilities			594,284	2,170,933	2,470,433
Current liabilities					
Borrowings		12	1,800,511	255,930	229,855
Derivative financial instruments		12	22,775	53,714	52,099
Trade and other payables		12	110,075	94,767	56,483
Current income tax liabilities		9	2,675	301	132
Social security and other taxes			90,269	94,170	73,959
Other current liabilities		12	525,736	527,024	50,910
Total current liabilities			2,552,691	1,023,916	914,936
Total liabilities			3,146,915	3,356,848	3,364,932
Total equity and liabilities			4,868,419	4,305,855	4,501,932

The Board of Fjord1 AS
Florø, 28 June 2017

Pål W. Lorentzen	Vidar Grønnevik
Chairman	Board member
	Veigard Sævik
	Board member
Bente Nesse	Janice Øvretveit
Board member	Board member
	Per Sævik
	Board member
Arne Stein Amås	Aite Olov Trollebø
Board member (Employee representative)	Employee representative
	Dagfinn Netealand
	CEO

Consolidated Statement of Changes in equity

	Attributable to owners of the parent					
	Share capital	Share premium	Retained earnings	Total	Non-controlling interest	Total equity
<i>Amounts in NOK thousands</i>						
Balance at 01.01.2015	250,000	360,924	502,484	1,113,408	3,605	1,117,013
Profit/(loss) for the period		218,765	218,765	126	218,891	
Other comprehensive income for the year		23,083	23,083		23,083	
Total comprehensive income for the year		241,848	241,848	126	241,974	
Dividends paid		-50,000	-50,000		-50,000	-50,000
Transactions with owners		-50,000	-50,000		-50,000	-50,000
Balance at 31.12.2015	250,000	360,924	694,332	1,305,256	3,731	1,308,987
Balance at 01.01.2016	250,000	360,924	694,332	1,305,256	3,731	1,308,987
Profit/(loss) for the period		449,972	449,972	150	450,122	742,647
Other comprehensive income for the year		13,995	13,995	-	13,995	549,907
Total comprehensive income for the year		463,967	463,967	150	464,117	-105,484
Dividends paid		-50,000	-50,000		-50,000	-122,955
Transactions with owners		-50,000	-50,000		-50,000	-50,000
Balance at 31.12.2016	250,000	360,924	1,108,299	1,719,223	3,381	1,773,104

Consolidated Statement of Cash Flows

		Note	2016	2015
<i>Amounts in NOK thousands</i>				
Operating activities				
Profit before tax			598,624	258,662
Depreciation and impairment			161,503	216,853
Interest expense - net			99,792	118,221
Change in fair value of financial instruments			-53,433	-20,112
Non-cash post-employment benefit expense			-1,885	-14,151
Gain on disposal of property, plant and equipment			-11,224	
Share of profit from associates			-81,595	-56,350
<i>Changes in working capital:</i>				
Trade receivables			-6,955	16,692
Inventories			-1,641	6,462
Trade payables			15,308	38,284
Other accruals			24,153	-14,654
Cash generated from operations			742,647	549,907
Interest paid			5,692	4,734
Interest received			-301	-132
Income tax paid				
Net cash from operating activities			642,554	431,554
<i>Investing activities</i>				
Purchases of property, plant and equipment			-379,654	-110,619
Purchase of shares incl. associates			-2,400	-21,030
Proceeds from dividends from associates			24,404	
Proceeds from sale of property, plant and equipment			83,503	4,222
Proceeds from non-current receivables				
Net cash used in investing activities			-274,347	-127,427
<i>Financing activities</i>				
Proceeds from borrowings			133,000	-
Repayment of borrowings			-255,930	-229,855
Dividends			-50,000	-50,000
Net cash used in financing activities			-172,930	-279,855
Net change in cash and cash equivalents			195,477	24,272
Cash and cash equivalents 01.01.			358,516	334,244
Cash and cash equivalents at 31.12.			553,983	358,316

Notes to the consolidated financial statements

Note 1 Accounting Principles

General information	
Fjord1 AS and its subsidiaries (together the 'Group') operates passenger ferries and other passenger boats in Norway. The Group is controlled by Havilaflot (57%) with Havila Holding AS as the ultimate parent company. The Group's core business is concentrated at sea transportation through its operation of ferries and express passenger boats, in addition to on-board catering operation. Fjord1 ASA is incorporated and domiciled in Norway. The address of its registered office is Strandavegen 15, 6900 Florø, Norway.	
Basis of preparation	
The consolidated financial statements of Fjord1 ASA for the year ended December 31, 2016, will be the first annual financial statements that comply with IFRS. In these financial statements, the term "Norwegian GAAP" or "NGAAP" refer to Norwegian GAAP in use before the adoption of IFRS.	
Subject to certain transition elections and exceptions disclosed in note 2, the Group has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2015 throughout all periods presented, as if these policies had always been in effect. Note 2 discloses the impact of the transition to IFRS on the Group's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Group's consolidated financial statements for the year ended December 31, 2015 prepared under Norwegian GAAP.	
Going concern	
The Group has adopted the going concern basis in preparing its consolidated financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing ferry contracts and other service contracts, debt service and obligations under existing newbuilding contracts. Forecasts take into consideration expected future net income from assets under construction. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.	
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defer the refinancing to take place within July 2018, but since this waiver were not obtained at 31 December 2016, the borrowings are classified as current.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, and derivative instruments, which are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2016 and not early adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 - Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9, and was endorsed by European Union in November 2016. The effective date for IFRS 9 is for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The standard replaces the parts of IAS 39 relating to the classification and measurement of financial instruments. IFRS 9 also introduces new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 contains three classification categories for financial assets: (i) measured at amortised cost, (ii) fair value through other comprehensive income and (iii) fair value through profit or loss. Thus, the standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. The Group is yet to assess the full impact of IFRS 9, but they are not expected to have a material impact on the financial statements.

	<p>IFRS 15 - Revenue from contract with customers</p> <p>The standard replaces IAS 18 and IAS 11, and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contract with a customer.</p> <p>The standard is based on the principle that revenue is recognised when control of a good or a service is transferred to a new customer. In that way, the notion of control replaces the existing notion of risks and rewards. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service.</p> <p>The standard was endorsed by EU in October 2016 and is effective from 1 January 2018. Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage the Group is not able to estimate the impact of the new rules on the Group's financial statements. However, the Group does not expect any significant changes related to the new standard. The Group will make more detailed assessments of the impact over the next six months.</p> <p>IFRS 16 Leases</p> <p>IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.</p> <p>The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments with an annual lease expense of NOK 61.3 million, see note 16. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.</p> <p>The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.</p> <p>Principles of consolidation and equity accounting</p> <p>Subsidiaries</p> <p>(i) Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.</p> <p>Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.</p> <p>Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.</p> <p><i>(ii) Associates</i></p> <p>Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.</p> <p><i>(iii) Equity method</i></p> <p>Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.</p> <p>When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.</p> <p>Foreign currency translation</p> <p><i>Functional and presentation currency</i></p> <p>Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Norwegian krone, which is Fjord 1 AS' functional and presentation currency.</p> <p>Transactions and balances</p> <p>Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.</p> <p>Foreign exchange gains and losses</p> <p>Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end, exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss, or loss on a net basis within other income or other expenses.</p> <p>Non-monetary items</p> <p>Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.</p> <p>Revenue recognition</p> <p>Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates and amounts collected on behalf of third parties.</p> <p>The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below.</p>
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The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The specific accounting policies for the group's main types of revenue are as follows:

(i) Sale of goods: The Group offers certain catering services related to its Ferry operations, where revenue is recognised when the item is sold to a customer.

ii) Sale of tickets: Revenue from sale of tickets are

recognised as revenue when it is sold to a customer. For prepaid travel cards, revenue is deferred and recognised when utilised.

Government contracts

Grants from governments are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the Group will comply with all conditions. Note 6 provides further information on how the Group accounts for government grants.

The Group recognises grants related to long-term contracts with the government according to IAS 20.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws)

that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Leases

Leases of property, plant and equipment where the group, as lessor, has substantially all the risks and rewards of ownership are classified as finance leases.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group as a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 12 for further information about the Group's accounting for trade receivables and credit risk.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business.

Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following categories:
 - financial assets at fair value through profit or loss
 - loans and receivables,
 - held-to-maturity investments, and
 - available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period. See note 12 for details about each type of financial asset.

(ii) Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has as the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversal of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the date of reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iv) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity loans are subsequently carried at amortised cost using the effective interest method.

(v) Available-for-sale financial assets and financial assets at fair value through profit or loss

Available-for-sale financial assets that are carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:
 - for 'financial assets at fair value through profit or loss' in profit or loss within other income or other expenses
 - for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
 - for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

	<p>Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established.</p> <p>Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses).</p> <p>Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.</p> <p>Details on how the fair value of financial instruments is determined are disclosed in note 12.</p> <p>(v) Impairment</p> <p>The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ('a 'loss event', and that loss event or events has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.</p> <p>Assets carried at amortised cost</p> <p>For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate.</p> <p>The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan on held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.</p> <p>If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.</p> <p>Impairment testing of trade receivables</p>	<p>is described in note 12.</p> <p>Assets classified as available-for-sale</p> <p>If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period. If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.</p> <p>(vi) Income recognition</p> <p>Interest income</p> <p>Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.</p> <p>Dividends</p> <p>Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.</p> <p>Derivatives and hedging activities</p> <p>Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group has no designated hedges as the derivatives used by the Group does not qualify for hedge accounting.</p> <p>The expected cash flows related to a derivative due in less than 12 months are classified as current, while the remaining part of the fair value of the derivative is classified as non-current.</p>	<p>transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.</p> <p>In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.</p> <p>Further, the change in ownership on October 14, 2016 triggered a change in control clause in the loan agreements whereby the lenders demanded a refinancing to be carried out within July 2017. Due to this, borrowings are presented as current liabilities as of 31 December 2016 because the Group does not have an unconditional right to defer its settlement for at least twelve months after the balance sheet date. The Group has subsequently obtained a waiver that defers the refinancing to take place within July 2018, but since this waiver were not obtained at 31 December 2016, the borrowings are classified as current.</p> <p>Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.</p> <p>Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.</p> <p>Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.</p> <p>Borrowing costs</p> <p>General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.</p>
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Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.	Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Provisions	
Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for similar obligations if the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.	Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.
	For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.
	Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.
	Dividends
	Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.
	Earnings per share
	(i) Basic earnings per share Basic earnings per share is calculated by dividing:
	- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
	- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 10)
	(ii) Diluted earnings per share
	Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
	-the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
	- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.
	The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.
	The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Note 2 First-time adoption of IFRS

These financial statements, for the year ended 31 December 2016, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2016, the Group prepared its financial statements in accordance with Norwegian generally accepted accounting principles (NGAAP).

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2016, together with comparative period date for the year ended 31 December 2015, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2015, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its NGAAP financial statements, including the statement of financial position as at 1 January 2015 and the financial statements for the year ended 31 December 2015.

Exemptions applied
IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- IFRS 3 Business combinations has not been applied to either acquisitions of subsidiaries that occurred before 1 January 2015. Use of this exemption means that the NGAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

IFRS 1 also requires that the NGAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2015.

- Certain items of property, plant and equipment have been measured at fair value at the date of transition to IFRS. Refer to adjustment A below.

- The Group has designated unquoted equity instruments held at 1 January 2015 as AFS financial assets.

Estimates

The estimates at 1 January 2015 and at 31 December 2015 are consistent with those made for the same dates in accordance with NGAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of NGAAP did not require estimation:

- Pensions and other postemployment benefits
- AFS financial assets - unquoted equity securities

The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2015, the date of transition to IFRS and as at 31 December 2015.

Group reconciliation of equity as at 1 January 2015 (date of transition to IFRS)					
NOK in thousands	Note	NGAAP	Adjustments	IFRS	
1 January 2015					
Assets					
Non current assets					
Deferred tax assets	H	266	55,352	55,618	
Property, plant and equipment	A	3,729,277	24,602	3,733,879	
Investments in associates	B	221,932	-	221,932	
Other non-current financial assets	C	12,332	9,861	22,193	
Total non-current assets		3,963,807	89,815	4,053,622	
Current assets					
Inventories		19,511	19,511		
Trade receivables	F	88,397	88,397		
Other current receivables		12,168	(6,000)	6,168	
Cash and cash equivalents		334,244	334,244		
Total current assets		454,320	(6,000)	448,320	
Total assets		4,418,127	83,815	4,501,942	
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital		250,000	250,000		
Share premium		360,924	360,924		
Retained earnings		561,228	(58,744)	502,484	
Total equity attributable to owners of the parent		1,172,152	(58,744)	1,133,408	
Non-controlling interests	K	3,629	(24)	3,605	
Total equity		1,175,781	(58,768)	1,117,013	
Non-current liabilities					
Borrowings	D	2,308,296	(229,855)	2,078,441	
Derivative financial instruments	C	96,486	96,486		
Net employee defined benefit liabilities	E	13,906	62,518	76,424	
Other non-current liabilities	F	32,665	(32,665)	-	
Deferred tax liabilities	H	204,223	14,859	219,082	
Total non-current liabilities		2,559,090	(88,657)	2,470,433	
Current liabilities					
Borrowings	D	229,855	229,855		
Derivative financial instruments	C	52,099	52,099		
Trade and other payables		56,483	56,483		
Current income tax liabilities		132	132		
Social security and other taxes		73,959	73,959		
Dividend payable	G	50,000	(50,000)	-	
Other current liabilities	K	502,684	(714)	501,970	
Total current liabilities		683,258	231,240	914,498	
Total liabilities		3,242,348	142,583	3,384,931	
Total equity and liabilities		4,418,127	83,815	4,501,942	

Group reconciliation of equity as at 31 December 2015

Group reconciliation of equity as at 31 December 2015					
NOK in thousands	Note	NGAAP	Adjustments	IFRS	
31 December 2015					
Assets					
Non current assets					
Deferred tax assets	H	279	37,667	37,946	
Property, plant and equipment	A	3,568,631	80,364	3,648,995	
Investments in associates	B	280,698	20,057	300,755	
Other non-current financial assets	C	8,417		8,417	
Total non-current assets		3,858,025	138,088	3,996,112	
Current assets					
Inventories		13,049		13,049	
Trade receivables		71,705		71,705	
Other current receivables	A, F	100,853	(34,400)	66,453	
Cash and cash equivalents		358,516		358,516	
Total current assets		544,123	(34,400)	509,723	
Total assets		4,402,148	103,688	4,505,835	
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital		250,000		250,000	
Share premium		360,924		360,924	
Retained earnings		692,624		1,708	694,332
Total equity attributable to owners of the parent		1,303,548	1,708	1,305,256	
Non-controlling interests	K		(13)		3,731
Total equity		1,307,252	1,695	1,308,987	
Non-current liabilities					
Borrowings	D	2,078,441	(255,930)	1,822,511	
Derivative financial instruments	C	1,056	32,055	64,898	
Net employee defined benefit liabilities	E	26,839	(26,839)	33,111	
Other non-current liabilities	F			-	
Deferred tax liabilities	H	255,911	14,502	250,413	
Total non-current liabilities		2,342,247	(171,314)	2,170,933	
Current liabilities					
Borrowings	D	255,930		255,930	
Derivative financial instruments	C	53,714		53,714	
Trade and other payables		94,767		94,767	
Current income tax liabilities		301		301	
Social security and other taxes	K	93,373		94,170	
Dividend payable	G	50,000	(50,000)	-	
Other current liabilities	K	514,168	12,866	527,034	
Total current liabilities		752,609	273,307	1,025,916	
Total liabilities		3,094,856	101,993	3,196,849	
Total equity and liabilities		4,402,148	103,688	4,505,835	

Group reconciliation of total comprehensive income for the year ended 31 December 2015

NOK in thousands	31 December 2015	
Revenue	Note H	2,193,909 (867,582)
Other income	A, F	48,570 855,106
Cost of sales	I	(70,725) (358,791)
Personnel expenses	E, I	(863,375) (25,878)
Other operating expenses	A	(829,473) 401,332
Total operating expenses	(1,763,573)	16,663 (1,746,910)
Share of profit/(loss) from associates	J	- 11,343
Operating profit before depreciation and impairment (EBITDA)	478,906	15,530 494,436
Depreciation	A	(207,325) (34,636)
Impairment	A	11,048 14,060
Total depreciation and impairment	(196,277)	(20,576) (216,833)
Operating profit (EBIT)	282,629	(5,046) 277,583
Share of profit/(loss) from associates	B, J	37,735 7,272
Interest income	E	4,734 4,734
Interest expense	E	(121,685) (1,270)
Other financial items, net	C	8,174 46,119
Net financial income / (expenses)	(71,042)	52,121 (18,921)
Profit/(loss) before tax	211,587	47,075 258,662
Income tax (expense) / income	H	(29,656) (10,115)
Profit/(loss) for the year	181,931	36,960 218,891
Other comprehensive income:		
Share of other comprehensive income of associates accounted for using the equity method	B	1,442 1,442
Actuarial gain on pension obligations	E	- 21,641 21,641
Total other comprehensive income for the year - net of tax	-	23,083 23,083
Total comprehensive income for the year	181,931	60,043 241,974

Notes to the reconciliation of equity as at 1 January 2015 and 31 December 2015 and total comprehensive income for the year ended 31 December 2015

NOK in thousands	31 December 2015	31.12.2015	01.01.2015
Note	IFRS NGAAP	Adjustments	
Revenue	H	1,326,327	
Other income	A, F	903,676	
Cost of sales	I	(429,516)	
Personnel expenses	E, I	(889,253)	
Other operating expenses	A	(438,141)	
Total operating expenses	(1,763,573)	16,663 (1,746,910)	
Share of profit/(loss) from associates	J	- 11,343	
Operating profit before depreciation and impairment (EBITDA)	478,906	15,530 494,436	
Depreciation	A	(34,636)	(241,961)
Impairment	A	14,060	25,108
Total depreciation and impairment	(196,277)	(20,576) (216,833)	
Operating profit (EBIT)	282,629	(5,046) 277,583	
Share of profit/(loss) from associates	B, J	7,272	45,007
Interest income	E	4,734	4,734
Interest expense	E	(122,995)	(122,995)
Other financial items, net	C	54,293	54,293
Net financial income / (expenses)	(71,042)	52,121 (18,921)	
Profit/(loss) before tax	211,587	47,075 258,662	
Income tax (expense) / income	H	(39,771)	(39,771)
Profit/(loss) for the year	181,931	36,960 218,891	
Other comprehensive income:			
Share of other comprehensive income of associates accounted for using the equity method	B	1,442	1,442
Actuarial gain on pension obligations	E	- 21,641	21,641
Total other comprehensive income for the year - net of tax	-	23,083 23,083	
Total comprehensive income for the year	181,931	60,043 241,974	

Adjustment A
The group has elected to measure certain items of property, plant and equipment at fair value at the date of transition to IFRS. This amount has been recognised against retained earnings.

IAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. The cost of periodic maintenance of vessels (required to be performed every fifth year) is capitalised and depreciated separately over the period to the next periodic maintenance.

As required in IAS 36, the Group has performed an impairment test due to identified indications of impairment. For the purpose of impairment, each government contract including vessels designated for the different ferry contracts is determined to be a cash-generating unit (CGU). When calculating net present value of expected cash flows during the contract period, taking into account expected residual vessel values at the end of the contract, the Group recognised an impairment charge as at 1 January 2015.

At the date of transition to IFRS, the following adjustments were recognised in property, plant and equipment:

Adjustment B

The fair value adjustment of vessels is Capitalised periodic maintenance net of accumulated depreciation Impairment of vessels Net adjustment property, plant and equipment

Investments in associates has been adjusted to reflect assets and liabilities of the associates not recognised under NGAAP. Further, goodwill is subject to amortisation under NGAAP. The goodwill amortisation has been reversed under IFRS.

Adjustment C

The fair value of financial instruments is recognised under IFRS, and was not recognised under NGAAP. The contracts, which were designated as hedging instruments under NGAAP, do not qualify for hedge accounting under IFRS and consequently the contracts are classified as held for trading and recognised at fair value through profit or loss.

Adjustment D

IAS 1 provides guidance on the distinction between current and non-current liabilities. In accordance with IFRS, instalment on borrowings expected to be repaid within the next twelve months after the balance sheet date has been classified as current liabilities.

Adjustment E

Post employment benefits are accounted for using IAS 19. Under IAS 19 the corridor approach allowed under NGAAP is eliminated and all actuarial gains and losses are recognised in other comprehensive income as they occur. All past service costs are recognised and interest costs and expected return on plan assets are replaced by the discount rate to the net defined benefit liability (asset). The interest expense has been reclassified as a finance item.

Note 3 Significant accounting judgements, estimates and assumptions

Adjustment F
Under NGAAP, the Group had recognised deferred revenue related to certain contracts. The deferral is not considered to be deferred revenue under IFRS and as a result, the deferred revenue is eliminated and recognised against retained earnings. In addition, the Group had recognised accrued revenue related that do not meet the recognition criteria as under IFRS. Accordingly, this accrual has been reversed and other current receivables reduced accordingly.

Further, income from government contracts are deemed to be government grants and recognised in accordance with IAS 20. Under NGAAP, income from government grants were classified and recognised as revenue. As a result, NOK 855,106 thousands in 2015 has been reclassified from revenue to other income in the statement of profit or loss.

Adjustment G
Under NGAAP, proposed dividend payments are reflected in the financial statements, while under IFRS dividends must be formally approved before being recognised in the financial statements. As a result, recognised dividend liabilities are recognised in the period when the dividend is formally approved.

Adjustment H
The IFRS adjustments result in differences between accounting values and tax values, and as a result the Group has recognised deferred tax assets and deferred tax liabilities related to the IFRS adjustments.

Adjustment I
Part of the cost items included in cost of goods sold under NGAAP is reclassified to personnel expenses under IFRS.

Adjustment J
Share of profit/(loss) from associates, except the interest in Widerøe, is included in Earnings before interest and tax since the interest in associates except Widerøe is considered to be operational by nature.

Adjustment K
Due to differences between NGAAP and IFRS with respect to offsetting and classification there has been recognised certain reclassifications in the IFRS financial statements.

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

3) Operating lease - the Group as a lessee

The Group lease certain express boats for use in the passenger boat segment. Based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the boats and the present value of the minimum lease payments not amounting to substantially all of the fair value of the boat, the Group has determined to account for these agreements as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

1) Estimated value in use of non-financial assets

For the purpose of impairment testing, each government contract including vessels designated for the different ferry contracts is determined to be a cash-generating unit (CGU). When calculating value in use, the Group uses cash flow projections for the remaining contract period and estimate residual vessel values at the end of each contract. Reference is made to note 11 for further details.

2) Defined benefit plans

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date.

If this is the case, the carrying amount is increased to the recoverable amount of that asset.

Uncertainty exists in the estimated recoverable amount as the calculation is based on applied variables that implies the use of management's judgements, such as cash flow forecast in the contract period, residual values at the end of the contract period and discount rates.

The Group has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1) Recognition of government grants
As described in note 15, the Group has recognised an income of NOK 87 million in 2016 (2015: NOK 92.2 million) related to received compensation to cover loss of income due to changes in the original contract assumptions such as discount and fare structures. The compensation is subject to final negotiations and as a result, the Group may receive additional compensation or may receive a claim on paid out preliminary compensation. Paid out compensation is recognised as income in the period the compensation is received, as this represents the Group's estimate of expected consideration for the services.

The Group has assessed that long-term contracts with the Government fulfill the requirements to be accounted for according to IAS 20. The Group does not consider IFRIC 12 to be applicable. Option periods in government contracts are accounted for according to IAS 20, when the option is exercised, and there is reasonable assurance that the grant will be received and that the Group will comply with all conditions.

2) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

The Group has determined that there existed impairment indicators such as operating losses for the asset, when current period amounts are aggregated with budgeted amounts for the future. Based on this, the Group has performed impairment assessments at each reporting date (1 January 2015, 31 January 2015 and 31 January 2016). An impairment loss recognised in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Reconciliation to Consolidated profit/(loss) for the year						
NOK in thousands	2015	2016	2015	2016	2015	2016
Segment profit	492,016	283,604	723,40	45,004	78,82	25,108
Share of profit from other associates	-	-	(3,737)	(5,121)	-	-
Impairment/Reversal of impairment	-	-	5,692	4,734	(105,384)	(122,955)
GAAP differences	-	-	59,016	28,286	(148,502)	(39,771)
Interest income	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Other financial items, net	-	-	-	-	-	-
Income tax (expense)	-	-	-	-	-	-
Group profit	450,122	218,891				
Specification of revenue						
Freight of passengers and cars	1,035,988	1,136,813	187,982	189,514	-	-
Catering	-	-	-	-	-	-
Total	1,223,970	1,326,327				

Year ended 31 December 2016						
NOK in thousands	Ferry	Passenger-boats	Catering	Tourism segments	Total	Corporate
Revenue						
External customers	2,062,497	100,518	187,982	21,437	2,372,434	18,477
Inter-segment	-	-	-	-	-	2,390,912
Total revenue	2,062,497	100,518	187,982	21,437	2,372,434	18,477
Share of profit from associates	-	-	-	-	-	2,390,912
Operating expenses excluding depreciation and impairment	(1,444,046)	(93,715)	(149,297)	(16,112)	(1,703,970)	36,103
EBITDA	618,451	9,425	38,685	10,960	677,521	54,580
Derecognition	(2,28,785)	(5,681)	(3,442)	(1,01)	(238,096)	(2,077)
Segment profit	385,666	3,744	35,243	10,559	439,512	52,503
Year ended 31 December 2015						
NOK in thousands	Ferry	Passenger-boats	Catering	Tourism segments	Total	Corporate
Revenue						
External customers	1,905,539	103,695	189,514	20,763	2,219,511	18,492
Inter-segment	-	-	-	-	-	2,238,003
Total revenue	1,905,539	103,695	189,514	20,763	2,219,511	18,492
Share of profit from associates	-	-	-	-	-	2,238,003
Operating expenses excluding depreciation and impairment	(1,482,613)	(92,923)	(157,944)	(24,655)	(1,758,135)	34,352
EBITDA	422,926	13,263	31,570	4,961	472,720	52,844
Derecognition	(229,657)	(6,868)	(3,244)	(56)	(239,825)	(2,115)
Segment profit	193,269	6,395	28,326	4,905	232,895	50,709

Note 5 Interests in other entities

5.1 Material subsidiaries

The Group's principal subsidiaries at 31 December 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held.

Name of entity	Place of business	Ownership interest held by the Group	Interest held by non-controlling interests	Principal activities
Hareid Trafikterminal AS	Hareid	63 %	37 %	Owner of property
Fl Administrasjon AS	Floa	100 %	0 %	Group administration
Bølgenes Verft AS	Mølle	100 %	0 %	Shipyard
AB Elegdom AS	Ardal	66 %	34 %	Owner of property
Måløy Rosebyrå AS	Måløy	100 %	0 %	Travel agency
Fansfjord AS	Floa	100 %	0 %	Holding company
Nye Fansfjord AS	Floa	100 %	0 %	100% controlled by the Group.

5.2 Interests in associates

Set out below are the associates of the Group as at 31 December 2016 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% of ownership interest	Nature of relationship	Measurement method	31.12.2016	31.12.2015	01.01.2015
The Fjords Fartøy I DA	50 %	Associate	Equity method	15,465	13,000	-
Sognefjorden Fartøy AS	50 %	Associate	Equity method	623	3,030	-
The Fjords DA	50 %	Associate	Equity method	8,426	13,953	-
Partsselskapet Kystspreassen ANS	49 %	Associate	Equity method	22,271	19,649	17,158
WF Holding AS*	34 %	Associate	Equity method	314,927	251,224	204,774
Investments in associates				361,709	300,755	221,932

*WF Holding AS holds 80% of the shares in Widerøe's Flyveselskap AS. The company is controlled by Tørrgattan ASA, who prepare consolidated accounts where WF Holding AS is included. The consolidated accounts for Tørrgattan ASA is available at its head office in Havnegata 40, 3900 Brønnøysund. Consequently, Fjord's share of underlying profit or loss in Widerøe is 27% (34% of 80%).

Profit/(loss) from associates in NOK thousands:

2016	2015	
The Fjords Fartøy I DA	65	-
Sognefjorden Fartøy AS	(9)	-
The Fjords DA	6,377	8,853
Partsselskapet Kystspreassen ANS	2,622	2,491
Profit/(loss) from associates - included in EBITDA	9,055	11,343

WF Holding

Profit/(loss) from associates - not included in EBITDA

Share of OCI from WF Holding

Share of profit/(loss) from WF holding is not included in EBITDA as the investment in WF Holding is not considered to be part of the operating activities of the Group.

Commitments and contingent liabilities in respect of associates

As an unlimited liability partner in The Fjords DA and The Fjords Fartøy DA, the Group is jointly liable with respect to all liabilities concerning these entities.

Summarised financial information for associates

The tables below provide summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised balance sheet		WF Holding Group	The Fjords DA
	NOK thousands	31.12.2016	31.12.2015
Cash and cash equivalents	124,391	13,245	16,788
Other current assets	509,040	354,432	405,681
Total current assets	633,431	368,278	421,908
Non-current assets	2,137,963	2,127,324	2,053,857
Trade receables	185,351	129,305	210,991
Other current liabilities	826,762	640,704	671,540
Total current liabilities	1,012,113	770,009	882,531
Borrowings	728,422	958,227	955,206
Other non-current liabilities	146,599	117,309	158,738
Total non-current liabilities	875,021	1,075,536	1,113,944
Net assets	884,260	650,057	479,290
Reconciliation to carrying amounts:		23,013	25,866
Opening net assets 1 January	650,057	479,290	25,866
Profit/(loss) for the period	269,191	165,065	10,000
Other comprehensive income	5,011	5,302	15,866
Dividends paid (40,000)	(40,000)	(40,000)	(15,866)
Closing net assets 31 December	884,260	650,057	23,013
Summarised statement of comprehensive income		25,866	
Group's share in %	27.2 %	27.2 %	50 %
Group's share in NOK thousands	240,519	176,816	11,507
Goodwill	74,408	74,408	920
Other adjustments			(3,081)
Dividends			(8,426)
Carrying amount	314,927	251,224	13,853
Summarised statement of comprehensive income			
Revenue	4,559,819	3,951,573	125,821
Operating expenses	(3,913,672)	(3,450,916)	(111,882)
Depreciation and amortisation	(269,046)	(290,036)	(90,769)
Net financial items	(25,301)	(11,406)	(20,6)
Income tax expense	(82,609)	(56,663)	(15)
Profit/(loss) for the period	269,191	165,465	13,013
Other comprehensive income	5,011	5,302	-
Total comprehensive income	274,202	170,766	13,013
Profit/(loss) from associates - included in EBITDA		15,866	
WF Holding	72,340	45,007	
Profit/(loss) from associates - not included in EBITDA	72,340	45,007	
Share of OCI from WF Holding	1,363	1,442	

Summarised balance sheet		The Fjords Party / DA		Partnederiet Kystspresen ASN		01.01.2015	
		31.12.2015	31.12.2015	31.12.2016	31.12.2016	6.3.16	1.375
Cash and cash equivalents	2,656			16,710		5,853	13,375
Other current assets	1,983	7		9,322			
Total current assets	4,639	7		26,032		12,169	14,569
Non-current assets	97,955	71,925	141,080	153,342	159,294		
Trade payables	3,046	34	7,538	6,872	17,706	15,616	
Other current liabilities	6,648	45,625	21,527	15,428	12,706	12,706	
Total current liabilities	9,694	45,659	29,065	22,300	28,322		
Borrowings							
Other non-current liabilities							
Total non-current liabilities	61,950	-	95,316	103,111	110,905	110,905	
Net assets	30,950	25,973	43,450	40,099	35,098		
Reconciliation to carrying amounts:							
Opening net assets 1 January	25,973	26,000	40,098	35,016			
Profit/(loss) for the period	177	(27)	5,351	5,351			
Other comprehensive income							
(Dividends Paid)/Capital contribution	4,800		(2,000)				
Closing net assets 31 December	30,951	25,973	43,449	40,098			
Group's share in %							
Group's share in %	50 %	50 %	49 %	49 %			
Adjustments	15,476	12,987	21,290	19,649			
Goodwill	(11)	13	981				
Dividends							
Carrying amount	15,465	13,000	22,271	19,569			
Summarised statement of comprehensive income							
NOK thousands							
Revenue	3,894			131,892		135,429	
Operating expenses	(482)		(27)	(111,233)		(116,685)	
Depreciation and amortisation	(2,231)			(12,591)		(13,309)	
Net financial items	(1,002)			(2,687)		(3,352)	
Income tax expense							
Profit/(loss) for the period	177	(27)	5,351	5,083			
Other comprehensive income							
Total comprehensive income	177	(27)	5,351	5,083			

Note 6 Specification of other income and government grants

The group has recognised the following amounts relating to revenue in the statement of profit or loss

The Group has recognised the following amounts relating to revenue in the statement of profit or loss:

	2015	2016	2017
Government grants related to ferry services	855,106	1,104,752	26,274
Rental income	27,858	11,841	11,841
Gain/(loss) on disposal of property, plant and equipment	1,585	3,832	3,832
NOX refund	8,094	15,743	15,743
Other income	11,035		
Total other income and government grants	903,676	1,162,442	27,858

There are no unfulfilled conditions or other contingencies related to these grants, except as disclosed in note 15. The Group did not benefit from any other forms of government assistance.

Opening net assets 1 January

Summarised statement of comprehensive income	
Group's share in %	Group's share in NOK thousands
Adjustments	
Goodwill	
Dividends	
Carrying amount	
	NOK thousands

Revenue	3,894		131,892	135,429
Operating expenses	(482)	(27)	(111,263)	(116,485)
Depreciation and amortisation	(2,233)		(12,591)	(10,309)
Net financial items	(1,002)		(2,687)	(3,352)
Income tax expense				
Profit/(loss) for the period	177	(27)	5,351	5,083
Total comprehensive income	177	(27)	5,351	5,083

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Individual immaterial associates

In addition to the interests in associates

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GROWING AND SPLITTING OF LUMINOSOMES 2009

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Note 7 Personnel expenses

	Note	2016	2015
NOK in thousands			
Salaries		719,338	700,333
Social security		105,238	107,148
Pension expenses		48,280	58,601
Other benefits		11,989	23,110
Total personnel expenses		884,535	889,253
Number of employees		1,191	1,248
Pension obligations are covered through insurance companies and KLP.			
Norwegian entities are obligated to establish a mandatory company pension. This obligation is fulfilled under the current pension plan.			

Note 8 Other income and expense items

This note provides a breakdown of the items included in other operating expenses and other net financial items.

	Note	2016	2015
Other operating expenses			
Port fees, sanitation and other route related costs		28,793	24,549
Repair and maintenance		157,632	169,385
Vessel operating expenses		153,084	155,185
Other operating expenses		63,074	79,023
Total other operating expenses		402,584	428,141
Other financial items			
Change in fair value derivatives	12	52,154	46,119
Foreign exchange gain/(losses)		2,061	3,632
Dividends		4,175	4,770
Other financial income		614	1,000
Other financial expenses		(1,268)	(1,228)
Total other financial items		57,737	54,293

Note 9 Income tax

Specification of tax expense recognised in statement of profit or loss	2016	2015
Tax payable on profit for the year	2,672	300
Adjustments prior years tax payable	156	-
Tax effect Group contribution	1,222	1,313
Adjustment in deferred tax 2014	-	3,233
Change in deferred tax/(tax asset)	144,452	34,925
Tax expense recognised in statement of profit or loss	148,502	39,771
Reconciliation of statutory tax rate to effective tax rate:		
Profit before tax	598,624	258,662
Income tax at statutory tax rate	149,656	69,339
Tax expense recognised in statement of profit or loss	148,502	39,771
Difference	1,154	30,068
Change in tax rate	(15,186)	(17,650)
Permanent differences	15,118	46,414
Group contribution	1,222	1,313
Difference	1,154	30,068
Specification of basis for deferred tax		
Property, plant and equipment	2,081,609	1,700,779
Receivables	(96,311)	(15,733)
Deferred capital gains	71,548	55,725
Shares in partnerships	(5,610)	11,539
Pension liabilities	(14,605)	25,177
Derivatives	(65,704)	(33,111)
Temporary differences	1,970,926	(118,612)
Tax losses carried forward	(466,978)	(160,587)
Basis for calculation of deferred tax/(tax assets)	1,503,948	(750,718)
		(833,333)
Deferred tax/(tax asset)	360,947	849,669
Deferred tax asset recognised in statement of financial position	21,328	212,867
Deferred tax recognised in statement of financial position	382,276	37,946
Net position	360,947	250,913
		55,618
		219,082
Reconciliation of changes in net deferred tax		
Opening balance	212,467	163,464
Changes recognised in statement of profit or loss	148,502	39,771
Changes recognised in other comprehensive income	3,989	7,214
Other adjustments	(4,011)	2,019
Closing balance	360,947	212,467

Note 10 Earnings per share

The basic and diluted earnings per share are the same, as there are no convertible bond/loan or stock option plans. Earnings per share is calculated as net result allocated to shareholders for the year divided by the weighted average number of outstanding shares.

As described in note 19, the Company will transform from a private limited liability company into a public limited liability company. As part of this transformation, there will be a share split. The new number of shares outstanding will be 100,000,000 compared to 100,000 shares outstanding as at 31 December 2016 and 2015. The new number of shares of 100,000,000 is used when calculating earnings per share.

Earnings per share in NOK when number of shares were 100,000

	2016	2015
Profit/(loss) attributable to equity holders of the company (NOK)	449,972	218,765
Weighted average number of ordinary shares in issue	100,000,000	100,000,000
Earnings per share in NOK	4,50	2.19

Note 11 Property, plant and equipment

Key assumptions

The Group has calculated the recoverable amount based on a value-in-use calculation. The value-in-use model calculates net present value of forecasted cash flows under each government contract. Each contract together with vessels designated for use under the different contracts is deemed to be a cash-generating unit (CGU).

The forecasted cash flows are based on latest EBITDA forecast taking into account the contract terms and forecasted operating expenses, together with forecasted maintenance capital expenditures. At the end of the contract period, the Group has estimated a realisable value of each vessel. The realisable value is based on external broker estimates obtained at the balance sheet date adjusted for inflation and expected depreciation during the remaining contract period.

The cash flows are discounted using an estimated WACC. The Group has applied an after-tax discount rate (WACC) of 7.0 % (pre-tax 8.1%) when conducting the impairment tests.

	Vessels	Periodic	Machinery	Total
	Vessels	maintenance, construction	Property	and equipment
2016				
Cost price 01.01.2016	5,885,488	200,476	47,705	128,349
Additions		47,902	324,499	285
Transferred from new buildings	250,100	4,404	-254,504	4,647
Disposals		179,928	-77,902	-
Cost price 31.12.2016	5,935,660	204,380	117,700	128,634
Accumulated depreciation 01.01.2016	2,189,601	109,555	-	41,889
Depreciation for the year	189,257	39,406	-	4,488
Disposals	109,270	47,902	-	-
Accumulated depreciation 31.12.2016	2,268,887	101,060	-	46,377
Accumulated impairment losses 01.01.2016		274,220	-	-
Impairment loss	-	-	-	-
Reversal impairment	78,582	-	-	-
Accumulated impairment losses 31.12.2016	195,738	-	-	-
Carrying amount 31.12.2016	3,471,034	103,320	117,700	82,257
				20,055
				3,794,867

	Vessels	Periodic	Machinery	Total
	Vessels	maintenance, construction	Property	and equipment
2015				
Cost price 01.01.2015	5,852,656	200,476	8,917	128,516
Additions		39,791	76,994	9
Transferred from new buildings	38,206	-	38,206	5,543
Disposals		25,374	-39,791	-
Cost price 31.12.2015	5,865,488	200,476	47,705	128,449
Accumulated depreciation 01.01.2015	2,014,638	109,425	-	36,854
Depreciation for the year	190,569	39,921	-	5,035
Disposals		-15,607	-39,791	-
Accumulated depreciation 31.12.2015	2,189,601	109,555	-	41,889
Accumulated impairment losses 01.01.2015		289,428	-	-
Impairment loss	40,000	-	-	-
Reversal impairment	-65,108	-	-	-
Accumulated impairment losses 31.12.2015	274,320	-	-	-
Carrying amount 31.12.2015	3,401,567	90,921	47,705	85,460
<i>Useful life</i>	10-30 years	5 years	0-33 years	3-10 years
<i>Depreciation method</i>	Straight line	Straight line	Straight line	Straight line

Additions

The two newbuilds Hormelen and Losna was delivered during the year 2016. In addition, the Group has six additional vessels under construction as of 31 December 2016.

Disposals

The Group sold 5 vessels in 2016; Tustna, Verlefford, Fjordprins, Brandal and Solumdr. Gain on sale of these vessels is included in other income in the consolidated statement of profit or loss.

Impairment

A substantial part of the revenue in the Group is related to long term contracts as a result of public tendering processes. As of 31 December 2016, the Group has conducted impairment tests on its fixed assets where there are impairment indicators present. Due to renegotiated terms under some contracts there has been a change in the cash flow estimates used to determine recoverable amount since the last impairment loss was recognised (on 1 January 2015). As a result, the Group has reversed part of the impairment loss in 2015 and 2016.

Note 12 Financial risk management, financial assets and financial liabilities

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- information about determining the fair value of the instruments, including judgements and estimates of uncertainty involved
- financial risk management.

The Group holds the following financial instruments:

Financial assets

	Assets at amortised cost	Assets at FVOCI	Assets at FVPL	Total
31.12.2016				
Trade and other receivables	113,548			113,548
Available-for-sale financial assets	7,653			7,653
Employee loans	467			467
Other non-current receivables	164			164
Cash and cash equivalents	535,993			535,993
Total	7,653	-	669,172	676,845

31.12.2015

	Assets at amortised cost	Assets at FVOCI	Assets at FVPL	Total
Trade and other receivables	138,158			138,158
Available-for-sale financial assets	7,085			7,085
Employee loans	1,094			1,094
Other non-current receivables	237			237
Cash and cash equivalents	395,515			395,515
Total	7,085	-	499,005	505,600

01.01.2015

	Assets at amortised cost	Assets at FVOCI	Assets at FVPL	Total
Trade and other receivables	94,655			94,655
Employee loans	16,540			16,540
Other non-current receivables	1,453			1,453
Cash and cash equivalents	324,200			324,200
Total	16,540	-	414,462	451,002

Financial liabilities

	Debtors at amortised cost	Total
31.12.2016		
Derivative financial instruments	55,178	94,565
Borrowings		1,955,511
Trade and other payables	65,178	1,955,511
Total	65,178	2,955,640

31.12.2015

	Debtors at amortised cost	Total
Derivative financial instruments	118,612	118,612
Borrowings		2,078,441
Trade and other payables	62,180	62,180
Total	118,612	2,700,042

01.01.2015

	Debtors at amortised cost	Total
Derivative financial instruments	148,555	148,555
Borrowings		2,308,296
Trade and other payables	55,453	55,453
Total	148,555	2,865,749

31.12.2015

	Debtors at amortised cost	Total
Derivative financial instruments	80,165	80,165
Borrowings		1,125,150
Trade and other payables	70,060	70,060
Total	80,165	1,275,275

01.01.2015

	Debtors at amortised cost	Total
Derivative financial instruments	80,165	80,165
Borrowings		1,125,150
Trade and other payables	70,060	70,060
Total	80,165	1,275,275

Trade and other receivables		31.12.2016		31.12.2015	
NOK in thousands		Current	Non-current	Total	Current
Trade receivables		80,165	70,060	80,165	70,060
Provision for impairment		(1,125)	(70,060)	(1,125)	(70,060)
Employee loans					
Payments		3,021	3,021	6,042	6,042
Insurance claims		10,935	10,935	14,135	14,135
Other receivables		21,931	154	22,085	45,905
Total		80,988	63,1	86,918	67,794

Trade and other receivables		01.01.2015		31.12.2015	
NOK in thousands		Current	Non-current	Total	Current
Trade receivables		90,099	61,702	90,099	61,702
Provision for impairment		(1,702)	(61,702)	(1,702)	(61,702)
Employee loans					
Payments		6,357	6,357	12,714	12,714
Insurance claims		6,411	4,200	4,941	4,941
Other receivables		13,368	5,653	18,021	18,021
Total		60,999	50,099	66,557	61,702

Trade receivables		Available for sale financial assets		Classification as available-for-sale financial assets	
		Net due	Days past due	Net due	Days past due
Trade receivables		63,816	8,228	63,816	8,228
Employee loans		6,342	6,950	6,342	2,405
Other receivables		6,275	757	6,275	139,72
Total		71,433	16,935	71,433	2,759

Available for sale financial assets		Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long term, financial assets that are not classified into any of the other categories of available-for-sale assets and derivatives or held-to-maturity investments are included in the available-for-sale category.	
		Net due	Days past due
United equity securities		3,522	3,222
Unrestricted derivative instruments		9,111	9,111
Other available assets		4,131	3,763
Total		7,653	2,085

Classification as available-for-sale financial assets		Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long term, financial assets that are not classified into any of the other categories of available-for-sale assets and derivatives or held-to-maturity investments are included in the available-for-sale category.	
		Net due	Days past due
Trade receivables		63,816	8,228
Employee loans		6,342	6,950
Other receivables		6,275	757
Total		71,433	16,935

Trade receivables		There were no restricted cash at 31.12.2015 or 31.12.2015. Norden Bank has issued a guarantee of NOK 5 million related to employee pay tax deductions.	
		Net due	Days past due
Trade receivables		63,816	8,228
Employee loans		6,342	6,950
Other receivables		6,275	757
Total		71,433	16,935

Trade and other payables						
NOK '000 thousands						
31.12.2016 31.12.2015 01.01.2015						
Trade payables	110,075	94,667	56,483			
Payments from customers, travelcards	340,188	325,024	313,556			
Accrued salary and holiday pay	120,577	133,356	123,206			
Other current liabilities	51,482	55,788	59,208			
Trade and other revenue	13,179	12,175	11,215			
Total	652,663	612,095	568,463			
Trade payables are unsecured and are usually paid within 30 days of recognition.						
The carrying amount of trade and other payables are considered to be the same as their fair values due to their short-term nature.						
Borrowings						
NOK '000 thousands						
31.12.2016 Non-current Total Non-current Total						
Secured	1,800,511	155,000	1,955,511	255,930	1,822,511	2,078,441
Bank loans	1,800,511	155,000	1,955,511	255,930	1,822,511	2,078,441
01.01.2015 Non-current Current Current Total	2,093,555	2,078,841	2,093,296			
Secured						
Bank loans						
Book value of first mortgages over the Group's properties and vessels:						
Book value of assets pledged as security						
Financial covenants						
Interest coverage ratio: terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:						
- Net debt/EBITDA at maximum 5.25						
- Equity ratio above 25%						
Agreed contractual repayment of borrowings including extended interest expenses:						
NOK '000 thousands	2017	2018	2019	2020	2021	
Agreed contractual repayment	653,022	246,628	649,050	446,122	185,397	
The fair value of non-current borrowings are not significantly different from their carrying amounts as the loans have floating interest rates and credit ratings have been stable from the loan origination.						
Recurring fair value measurements						
At 31 December 2016						
Financial assets						
Available for sale financial assets						
Financial liabilities						
Trading derivatives						
Recurring fair value measurements						
At 31 December 2015						
Financial assets						
Available for sale financial assets						
Financial liabilities						
Trading derivatives						
Recurring fair value measurements						
At 1 January 2015						
Financial assets						
Available for sale financial assets						
Financial liabilities						
Trading derivatives						

There were no transfers between level 1 and 2 or recurring fair value measurements during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets, for which quoted market prices are available for each security, it is based on quoted market prices in the market of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) determined using valuation techniques which minimise the use of observable market data and apply as follows:

- 3. This is the case for utilised equity securities.
- Level 3: One or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Voluntary techniques used to determine fair values:

- Specific valuation techniques used to value financial instruments include:
 - the use of quoted market prices of similar instruments;
 - forward foreign exchange contracts and bunker derivatives is recognised based on the fair value of interest rate swaps, forward foreign exchange contracts and bunker derivatives;
 - the fair value of interest rate swaps, forward foreign exchange contracts and bunker derivatives is based on calculations of net future cash flows on the derivatives;
 - the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for utilised equity securities, where the fair values have been determined based on present values.

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted Other financial securities
Opening balance 1 January 2015	9,222
Profit/(loss) recognised in other comprehensive income	3,322
Additions	100
Dividends	307
Closing balance 31 December 2015	10,529
Profit/(loss) recognised in other comprehensive income	3,322
Dividends	200
Distributions	368
Closing balance 31 December 2016	10,790

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted Other equity securities
Opening balance 1 January 2015	9,2110
Profit/(loss) recognised in other comprehensive income	3,322
Additions	100
Dividends	307
Closing balance 31 December 2015	10,522
Profit/(loss) recognised in other comprehensive income	3,322
Dividends	200
Distributions	368
Closing balance 31 December 2016	10,790

The Group has complied with the financial covenants during the 2016 and 2015 reporting period. However, the change in ownership on October 14, 2016 triggered a change in control base for the loan agreements whereby the lenders demanded a refinancing to be carried out within July 2017. Due to this, borrowings are presented as current liabilities as of 31 December 2016 because the Group does not have an unconditional right to defer its settlement for at least twelve months after the balance sheet date. The Group has subsequently obtained its that defer the refinancing to take place within July 2018, but since this waiver was not obtained at 31 December 2016, the borrowing is classified as current. The table below shows how agreed contractual repayment at the time of control had occurred. The NOK 1.1 billion facility is due to be refinanced July 11, 2018.

Agreed contractual repayment of borrowings including extended interest expenses:

NOK '000 thousands

2017 2018 2019 2020 2021

Agreed contractual repayment

653,022 246,628 649,050 446,122 185,397

The fair value of non-current borrowings are not significantly different from their carrying amounts as the loans have floating interest rates and credit ratings have been stable from the loan origination.

Recurring fair value measurements

At 31 December 2016

Financial assets

Available for sale financial assets

Financial liabilities

Trading derivatives

Recurring fair value measurements

At 31 December 2015

Financial assets

Available for sale financial assets

Financial liabilities

Trading derivatives

Recurring fair value measurements

At 1 January 2015

Financial assets

Available for sale financial assets

Financial liabilities

Trading derivatives

Financial risk management																									
The Group's is exposed to a range of financial risks, including:																									
<p>Risk Exposure arising from Measurement Management</p> <table border="1"> <tr> <td>New building contracts demanded in foreign currencies</td> <td>Forward foreign exchange contracts</td> <td>Sensitivity analysis</td> <td></td> </tr> <tr> <td>Market risk - foreign exchange</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Market risk - interest rate</td> <td>Long-term borrowing at variable rates</td> <td>Sensitivity analysis</td> <td>Interest rate swaps</td> </tr> <tr> <td>Market risk - commodity prices</td> <td>Fuel consumption</td> <td>Sensitivity analysis</td> <td>Use of fuel derivatives</td> </tr> <tr> <td>Credit risk</td> <td>Cash and cash equivalents, trade receivables, derivative financial instruments</td> <td>Aging analysis</td> <td>Diversification of bank relationships and credit limits</td> </tr> <tr> <td>Liquidity risk</td> <td>Investments in equity securities</td> <td>Not applicable</td> <td>Availability of committed credit lines and borrowing facilities</td> </tr> </table>		New building contracts demanded in foreign currencies	Forward foreign exchange contracts	Sensitivity analysis		Market risk - foreign exchange				Market risk - interest rate	Long-term borrowing at variable rates	Sensitivity analysis	Interest rate swaps	Market risk - commodity prices	Fuel consumption	Sensitivity analysis	Use of fuel derivatives	Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Aging analysis	Diversification of bank relationships and credit limits	Liquidity risk	Investments in equity securities	Not applicable	Availability of committed credit lines and borrowing facilities
New building contracts demanded in foreign currencies	Forward foreign exchange contracts	Sensitivity analysis																							
Market risk - foreign exchange																									
Market risk - interest rate	Long-term borrowing at variable rates	Sensitivity analysis	Interest rate swaps																						
Market risk - commodity prices	Fuel consumption	Sensitivity analysis	Use of fuel derivatives																						
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Aging analysis	Diversification of bank relationships and credit limits																						
Liquidity risk	Investments in equity securities	Not applicable	Availability of committed credit lines and borrowing facilities																						
<p>The Group's are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges.</p> <p>Maturity of derivatives:</p> <table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>NOK in thousands</td> <td></td> <td></td> </tr> <tr> <td>Interest rate swaps</td> <td>8,967</td> <td>15,118</td> </tr> <tr> <td>Foreign exchange rate contracts</td> <td>3,326</td> <td>10,501</td> </tr> <tr> <td>Other derivatives</td> <td>1,020</td> <td>-</td> </tr> <tr> <td>Total</td> <td>22,115</td> <td>25,599</td> </tr> </tbody> </table>			2019	2018	NOK in thousands			Interest rate swaps	8,967	15,118	Foreign exchange rate contracts	3,326	10,501	Other derivatives	1,020	-	Total	22,115	25,599						
	2019	2018																							
NOK in thousands																									
Interest rate swaps	8,967	15,118																							
Foreign exchange rate contracts	3,326	10,501																							
Other derivatives	1,020	-																							
Total	22,115	25,599																							
<p>Interest rate sensitivity</p> <p>If interest is increased by 1%, the effect will be an increase in financing costs of NOK 14.3 million in 2016, compared to NOK 15.2 million in 2015.</p> <p>Credit risk</p> <p>The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.</p> <p>Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The credit risk is considered limited as the major customers are the public sector.</p> <p>Liquidity risk</p> <p>Pudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through adequate amounts of committed credit facilities to meet obligations when due and to close out market positions.</p> <p>The Group manages liquidity risk based on 8 weeks rolling and 12-months rolling liquidity forecasts.</p>																									

Note 13 Share capital

	Number of shares	Nominal value	Voting rights
F1 Holding AS	33,000	2,500	82,500 33 %
Havlfjord AS	67,000	2,500	167,500 67 %
100,000	2,500	250,000	100 %

Reference is made to note 19 regarding the process of listing on Oslo Stock Exchange, the change in ownership and the transformation the Company will initiate whereby it will transform from a private limited liability company into a public limited liability company.

Note 14 Pension liabilities

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans. All pension schemes are in accordance with the requirements in the Norwegian Act relating to mandatory occupational pensions.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

Defined benefit pension plans

The Group has a pension scheme covering a total of 1,142 persons, of which 189 pensioners. The scheme entitles staff to defined future benefits. These are mainly dependent on the number of years of service, the salary level at pensionable age and the size of benefits paid by the national insurance. The liabilities are covered through an insurance company (funded).

The Group also has a contractual pension agreement (CPA) covering 106 persons, of which 99 pensioners. The agreement entitles staff to benefits from the age of 62 until they are eligible for a national insurance pension. When reaching the age of 67, Around 50% of this arrangement is secured through KLP. KLP is not able to separate the secured part of the liability from the unsecured part. Therefore, all liabilities related to CPA are presented as funded obligations.

The defined benefit plan's pension expenses and liabilities are presented according to IAS 19 (revised).

Risk exposure

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below.

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to OMF bonds; if plan assets underperform this yield, this will create a deficit. All plans holds a significant portion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. Changes in bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk: Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy: The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Amounts recognised in statement of financial position:		31 December 2016	31 December 2015	1 January 2015	Present value of plan obligation	Fair value of plan assets	Total
Present value of funded obligations		234,466	248,693	261,117	265,895	8,578	265,426
Fair value of plan assets		227,220	218,695	189,471	6,540	(5,270)	8,578
Deficit of funded plans		7,246	29,374	71,646	-	-	1,270
Present value of unfunded obligations		7,359	3,737	4,778	(15,421)	(10,760)	-
Total deficit of defined benefit pension plans		14,605	33,111	76,424	(8,538)	(22,256)	(22,256)
2016					5,248)	1,348	5,248)
					251,806	(218,695)	33,111
Funded obligations		Funded obligations	Non-funded obligations	Total	2016	2015	
Current service cost		6,737	666	7,403	2,60 %	2,70 %	
Recognised past service cost		(14)	4,149	4,136	2,50 %	2,50 %	
Service cost		6,723	4,816	11,539	2,25 %	2,25 %	
Net interest expense / (income)		459	174	633	2,60 %	2,70 %	
Administrative expenses related to management of plan assets		322	0	322	0,00 %	0,00 %	
Payroll tax [P]		250	704	954			
Total amount recognised in profit or loss		7,755	5,693	13,448			
2015							
Funded obligations		Funded obligations	Non-funded obligations	Total	2016	2015	
Current service cost		8,368	321	8,689	2,60 %	2,70 %	
Recognised past service cost		0	0	0	2,50 %	2,50 %	
Service cost		8,368	321	8,689	2,25 %	2,25 %	
Net interest expense / (income)		1,169	101	1,270	2,60 %	2,70 %	
Administrative expenses related to management of plan assets		485	0	485	0,00 %	0,00 %	
Payroll tax [P]		520	59	580			
Total amount recognised in profit or loss		10,542	481	11,023			
Change in defined benefit obligation							
Present value of plan obligation		Present value of plan assets	Total				
At 1 January 2016		251,806	(218,695)	33,111			
Service cost		7,320	7,320	7,320			
Interest expense / (income)		6,395	(5,762)	633			
Past service cost		3,785	350	4,136			
Remeasurements		(17,721)	913	(16,808)			
Benefits paid		(9,319)	8,345	(974)			
Contribution			(13,487)	(13,487)			
Administrative expenses			1,117	1,117			
Payroll tax		(442)					
At 31 December 2016		241,825	(227,220)	14,605			

		At 1 January 2015	1 January	Fair value of plan assets	Total
Service cost			265,895	(189,471)	76,426
Interest expense / (income)			8,578	8,578	8,578
Past service cost			6,540	(5,270)	1,270
Remeasurements			-	-	-
Benefits paid			(15,421)	(10,760)	(26,181)
Contribution			(8,538)	7,714	(824)
Administrative expenses			(5,248)	(22,256)	(22,256)
Payroll tax				1,348	1,348
At 31 December 2015			251,806	(218,695)	33,111

		Discount rate	Salary growth rate	Expected growth in base social security amount (G)	Estimated return on plan assets	Pension growth rate
Significant actuarial assumptions						
Current service cost						
Recognised past service cost						
Service cost						
Net interest expense / (income)						
Administrative expenses related to management of plan assets						
Payroll tax [P]						
Total amount recognised in profit or loss						

Note 15 Contingencies

Rebate compensation

The Group has recognised an income of NOK 87 million in 2016 (2015: NOK 92.2 million) related to received compensation to cover loss of grant due to changes in the original contract assumptions such as discount and fare structures. The compensation is subject to final negotiations and as a result, the Group may receive additional compensation or may receive a claim on paid out preliminary compensation. Paid out compensation is recognised as a grant in the period the compensation is received, as this represents the Group's estimate of expected consideration for the services. The recognised compensation is not deemed to represent a contingent asset.

Disputes

The Company has been involved in a dispute with Negotia (a member organization of the Norwegian Confederation of Vocational Unions) on behalf of their members regarding salary adjustments in 2016, where Negotia has claimed that the certain requirements in relation to the adjustment were not met. The matter was referred to an advisory board, which in April 2017 ruled in favour of the Company.

Note 16 Commitments

16.1 Capital commitments

Significant capital expenditure contracted but not recognised as liabilities has the following agreed payment structure:

	2017	2018	After 2018	Total
Newbuildings	691,331	1,088,974	511,197	2,294,702
Quay structures/land investments	22,000	-	-	22,000
Total	716,331	1,088,974	511,197	2,316,702

16.2 Non-cancellable operating leases

The Group leases vessels/passenger boats and other equipment from external suppliers. The operating lease contracts has the following terms:

	Annual rent	Expiry
Vessels/passenger boats	60,727	2020
Other equipment	539	2017
Total	61,266	

16.3 Repairs and maintenance

Periodic maintenance is related to major inspections and overhaul costs which occur at regular intervals over the life of a vessel, normally every years. Thus there are commitments for the Group to maintain the vessels' operational ability and compliance with laws and regulations.

Note 17 Related party transactions

In 2015 the Group was controlled by the county council of Sogn og Fjordane with an ownership share of 59%. The remaining (41%) shares were held by Havafjord AS. In 2016 Havafjord AS increased its ownership share to 67% and thus becoming the controlling shareholder. The county council of Sogn og Fjordane held the remaining 33% shares outstanding.

The following transactions were carried out with related parties:

Revenue from related parties		2016	2015
Related party	Relation		
Sogn og Fjordane	Owner	98,520	105,056
The Fjords DA	Associate	29,422	25,689
The Fjords Farøy I DA	Associate	1,249	

Expenses to related parties

Related party		2016	2015
Related party	Relation		
The Fjords DA	Associate	(1,104)	
H.R.Adv. Pål W Lorentzen	Chairman of the Board	(250)	

Receivables/(Liabilities) to related parties

Related party		2016	2015
Related party	Relation		
Sogn og Fjordane	Owner	-	2,035
The Fjords DA	Associate	3,974	784

Note 18 Remuneration

Executive management 2016:

Amounts in NOK thousands	Salary	Bonus	Payments in kind	Other benefits	Pension costs	Total remuneration
Dagfinn Neteland (CEO until 22 January 2016) Anne-Mari Sandal (CFO)	137	95	1,503	6	45	1,640
Anđe-Heyset (CEO from 22 January 2016)	1,047	237		47	47	1,142
Deon Mortensen (CTO)	1,179	107			47	2,145
Tor Vidar Kittang (Project director)	763				37	1,286
Total remuneration executive management 2016	5,033	440	-	1,503	183	6,976

Board of directors 2016:

Amounts in NOK thousands	Salary	Bonus	Payments in kind	Other benefits	Pension costs	Total remuneration
Pål W. Lorentzen (Chairman from 2 December 2015)	300					300
Reidar Jørgen Sandal (Chairman until 7 December 2015)						54
Vidar Grønnevik (Board member from 7 December 2015)						6
Nils R. Sandal (Board member)						104
Vegard Sævik (Board member)						77
Bentler Ren Ness (Board member from 7 December 2015)						77
Janicke Westlie Drivkjepp (Board member from 7 November 2016)						42
Daniel Nedreid (Board member from 7 November 2016)						42
Lars Birkeland (Board member from 22 January 2016)						8
Pål Savik (Board member from 22 January 2016)						50
Øyvind Østnes (Board member until 22 January 2016)						50
Heidi Kathrin Oslund (Board member until 22 January 2016)						-
Anvid Andreas (Board member until 7 November 2016)						53
Anstein Amdås (Employee representative)						84
Atle Olav Trolebo (Employee representative)						78
Total remuneration Board of directors 2016	916	-	-	-	-	916

Executive management 2015:

Amounts in NOK thousands	Salary	Bonus	Payments in kind	Other benefits	Pension costs	Total remuneration
Dagfinn Neteland (CEO)	2,259				47	2,306
Anne-Mari Sandal (CFO)	945				42	987
Stan Härkila (Board member)						
Anđe-Austheim (Board member)	1,232				47	1,279
Anđe-Heyset (COO)	945	56			42	1,043
Deon Mortensen (CTO)	981				43	1,025
Total remuneration executive management 2015	7,323	56	-	-	265	7,644

Board of directors 2015:

Amounts in NOK thousands	Salary	Bonus	Payments in kind	Other benefits	Pension costs	Total remuneration
Reidar Jørgen Sandal (Chairman)	210					210
Vegard Sævik (Board member)						102
Heidi Kathrin Oslund (Board member)						49
Atle Olav Trolebo (Board member until 26 December 2015)						49
Nils Sandal (Board member until 26 December 2015)						49
Anstein Amdås (Employee representative)						49
Lars Birkeland (Board member until 15 December 2015)						73
Jan Lars Kildal (Board member until 23 December 2015)						49
Total remuneration Board of directors 2015	629	-	-	-	-	629

The CEO is entitled to a termination payment in the event of termination of the employment prior to retirement.

Amounts in NOK thousands	2016	2015
Audit fee	1,016	1,01
Statutory audit	22	
Tax advisory services	83	
Total	1,121	101

Note 19 Events after the reporting period

Change of ownership and listing og Merkur Market

The county council of Sogn og Fjordane sold all its remaining shares in Fjord1 AS to Havilaflord AS in May 2017, making Havilaflord AS the owner of 100% of the shares in Fjord1 AS. Following this transaction, Havilaflord AS sold 49.5% of its shares through a private placement. The company was listed on Oslo Stock exchange's Merkur Market on May 24, 2017.

Listing on Oslo Stock Exchange

The company intends to list on Oslo Stock exchange during the third quarter of 2017. Listing on Oslo Stock Exchange requires a change in company structure. Further details follow below.

Transformation of Fjord1 AS to a public limited liability company ("allmennaksjeselskap")

In connection with the Company's process to apply for listing on Oslo Stock Exchange, the Company will initiate a transformation from a private limited liability company ("aksjeselskap") to a public limited liability company ("allmennaksjeselskap"). The effect of such transformation is that the public limited liability companies act will apply for the Company, which implies, inter alia, that:

- The minimum required share capital is NOK 1,000,000. The company's share capital is NOK 250,000,000 and thus satisfies this requirement.
- Certain requirements in respect of gender representation in the Board. Some adjustments will be required to comply with this requirement.
 - Invitations to participate in share issues and issues of other financial instruments may be directed to the general public.
 - Registration of the company's shares in a central depository is mandatory. The Company's shares are already registered in the Norwegian Securities Depository.
 - Shares are generally freely transferable, and as a main rule shareholders do not have any pre-emptive rights in connection with transfers of shares.

The new number of shares will be 100,000,000.

Newbuilding contracts

The company has ordered eight new ferries with design from Hayard Design & Solutions, for construction at Hayard Ship Technology's shipyard in Lervik, Sogn og Fjordane. The ferries shall be delivered in 2018 and 2019, and the total contract value is around NOK 1.5 billion.



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Fjord1 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Fjord1 AS, which comprise the financial statements for the Group. The financial statements for the Group comprise the balance sheet as at 31 December 2015 and 31 December 2016, the income statements, statements of comprehensive income, statements of cash flows and changes in equity for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and 31 December 2016 and their financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that at the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- * identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- * obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- * evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- * conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- * evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- * obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bergen 29 June 2017
ERNST & Young AS

Erik Moen
State Authorised Public Accountant (Norway)

Independent auditor's report - Fjord1 AS
A member of Ernst & Young Global Limited



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This is Fjord1

Fjord1 is one of the largest transportation companies in Norway, and a leader within the ferry industry. The company aims to be the best on environmental friendly and reliable transport operator, and it works continuously on developing worldclass newbuilds. The company has clear ambitions to hold a leading position within the Green Shift.

Our 20.7 million passengers represent the foundations of our operations, and Fjord1's employees, with their friendly and professional service, will make travel on the fjords a safe, comfortable and trouble-free experience.

Fjord1's core activities focus on sea transport by means of ferry and passenger boat operations, in addition to catering activities. The company's activities also include travel agencies, as well as finance and property management. Through its holding in The Fjords DA, Fjord1 has a stake in tourism operations in the West Norwegian fjords. Fjord1 has a participating interest of 34% in WF Holdings AS, making the company a joint owner of Widengås Flyveselskap AS.

Fjord1 is owned by Sogn og Fjordane county council (59%) and Havarilafjord (41%). In a decision made on 23 November 2015, Sogn og Fjordane county council decided to sell off an initial 50% of its shares in Fjord1 to Tørgaten, with an option on its remaining holding. The sale is currently with the Norwegian Competition Authority for consideration.

Key figures

	2015
Employees	1,235
Number of ferries	61
Number of passenger boats and other vessels	7
Number of people transported by boat and ferry	20.7 million
Number of vehicles transported on ferries	10 million
Turnover	NOK 2.2 billion
Balance sheet total at 31.12.15	NOK 4.4 billion
Equity at 31.12.15	NOK 1.3 million
Pre-tax profit	NOK 211.6 million
EBITDA	NOK 479 million
Investment	NOK 3.4 million

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Vision, values and overall ambitions within Fjord1

OUR VISION

To provide the most environmentally friendly and reliable transport.

Fjord1 AS aims to be the most reliable and attractive supplier of environmentally friendly ferry and passenger boats transport for its customers, clients and collaboration partners.

With their friendly and professional service, Fjord1's employees will make travel on the ferries a safe, comfortable and trouble-free experience.

GOALS AND MANAGEMENT PARAMETERS

- We aim to be the best at environmentally friendly transport
- We aim to provide our owners with stable and good returns on their invested capital
- We aim to live up to the promises we make to our customers
- We aim to treat our employees in a way that makes people want to work for us
- We aim to be a preferred collaboration partner for our clients

OUR OVERALL AMBITIONS

- To become the most attractive company in the industry
- To have solid financial results, healthy business management, quality in all processes
- To twin profitable tenders
- To focus on safety and good customer experiences in our daily operations
- To cultivate the Fjord1 identity, proud Fjord1 employees in all parts of the organisation
- To have the best employees in the industry
- To strengthen/develop management practices at all levels of the organisation
- To continuously develop managers and employees at all levels of the organisation
- To be a brand/identity characterised by modernisation, innovation and quality

VALUES

Our values provide guidance for how all employees in the company should behave and act on a daily basis, both with respect to colleagues and to passengers.

- Cheerful
- Open and sincere
- Reliable and dependable
- Profitable
- Co-operation and team spirit
- Proud

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The Green Shift



The Green Shift is fully under way in the ferry and localboat market. Global greenhouse gas emissions require everyone to play their part in reducing environmental emissions, and here Fjord1 has a clear goal of taking a lead within the industry.

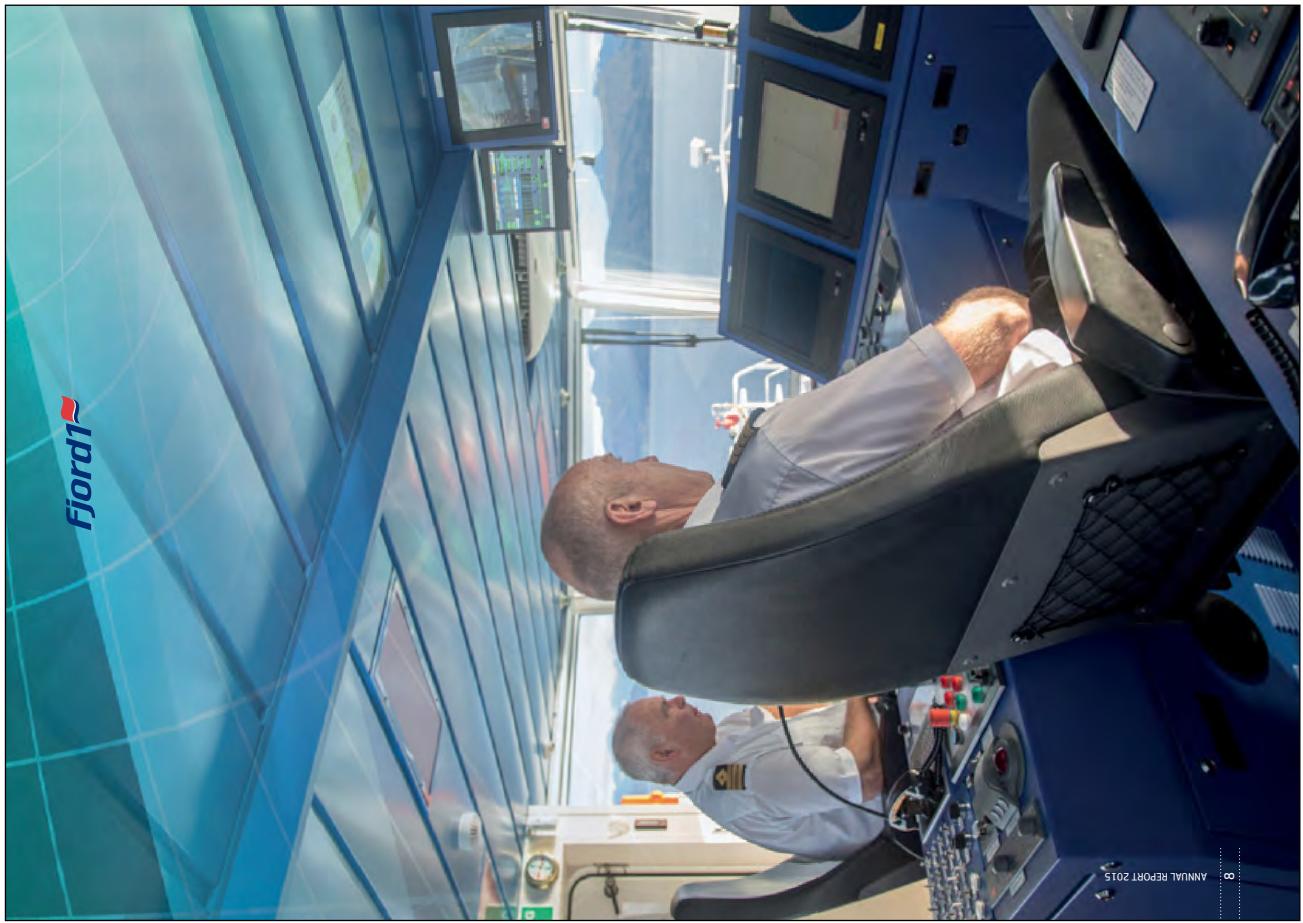
In the ferry sector, there is a trend towards low- and zero-emission technology. In 2010, we at Fjord1 were the first to operate a gas fuelled (LNG) ferry, the MF "Oltura". Since then, eleven new LNG ferries have joined the company's fleet. In 2015, we started operating the first hybrid ferry that is able to run on both battery power and LNG. In 2016, we will be competing for new contracts in which zero-emission technology in the form of fully electrical vessels will become a reality. We are extremely proud of the leading position that we have attained within the industry in the field of environmental technology. Our desire is to retain this position in the coming years through our involvement in the Green Shift.

2015 was also the year when we transferred our tourism operations into a separate company, "The Fjords", which we own jointly with Flåm AS. As The Fjords, we transported tourists through the UNESCO World Heritage areas of the Geiranger-, Nærøy- and Lysefjord. It is particularly gratifying that the fjords are the number one destination for tourists wanting to experience Norway, and here as well, the Green Shift is making its mark. In 2015, we worked with a new and innovative passenger ferry that will be ready to begin operating in July, and in which hybrid operation using a battery forms part of an environmentally friendly solution.

Welcome on board!

20.7 million passengers travelled with Fjord1 in 2015, and a good 10 million vehicles were transported. We are proud that, with so many fjord crossings, we were able to provide such a regular service for our customers. We at Fjord1 know how important it is for our customers to be able to rely on ferries and local boats operating on time. Our goal is for our customers to have a safe, comfortable

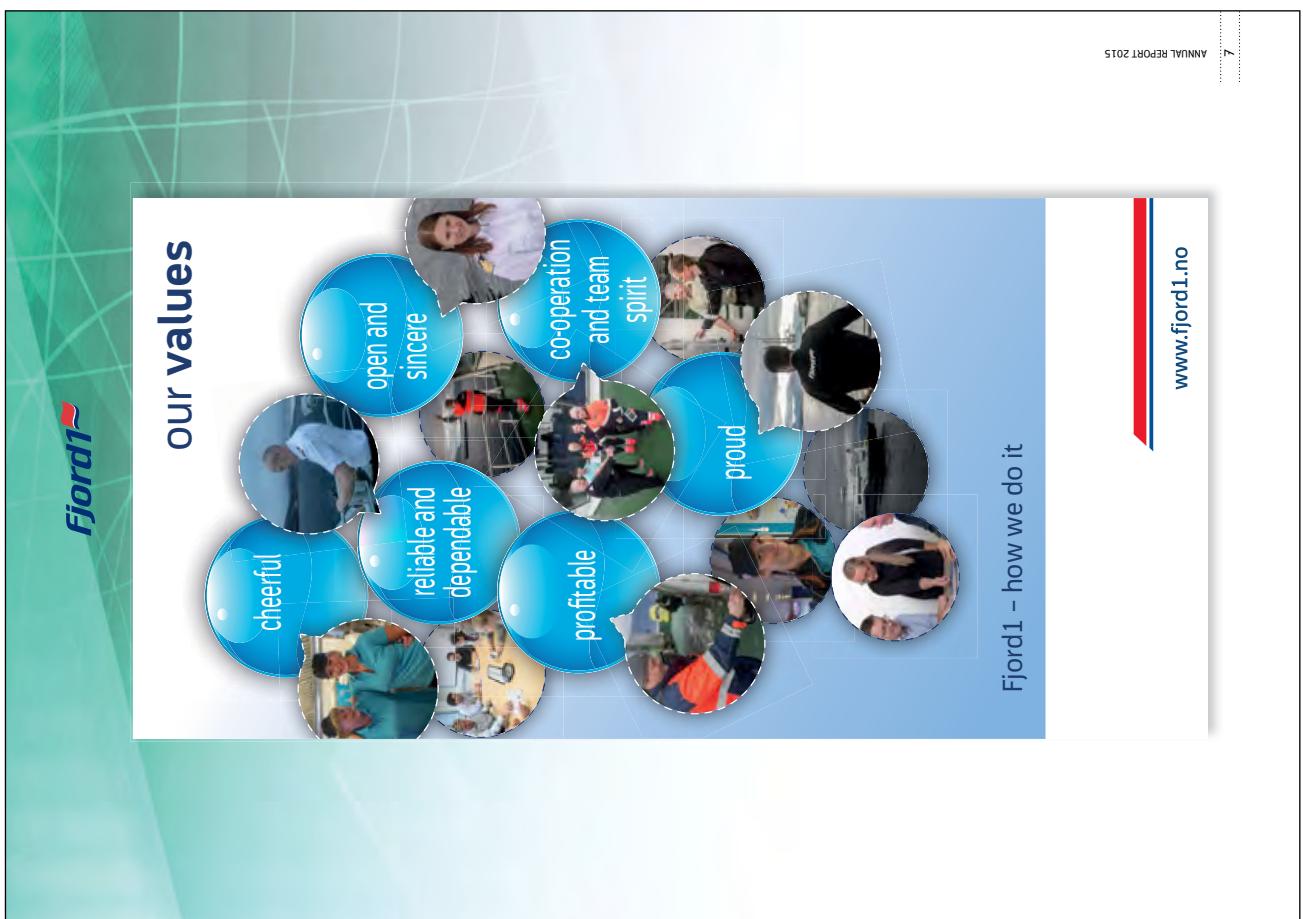
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How the company is run

CORPORATE GOVERNANCE

The standard for owner management and corporate governance is applicable to listed companies. Fjord1 is not listed on the stock exchange, but it is large and extensive and represents major interests, both those of the owners and of the local communities where the company operates. It is useful therefore to provide an explanation of how the company is run.

EXPLANATION CORPORATE GOVERNANCE

One of the most important tasks of the board of directors at Fjord1 is to set out clear lines and routines for the allocation of responsibility and tasks amongst the board of directors and the administration based on the company's ownership and corporate structure. The board of directors believes that appropriate owner management and corporate governance have been established in the company.

ACTIVITIES

The company's activities are presented in item 2 of the articles of association as follows: "The purpose of the company is, by itself or via full or partial ownership of other companies, to carry out transport, communications and tourism activities. The company may also involve itself in other business areas where this is of commercial interest and where it supports the company's main goals, or where this leads to more rational use of the company's resources." Within the framework of the articles of association, the company has also drawn up clear goals and strategies for the company. The board of directors believes that the articles of association and the strategy provide an accurate picture of the company's activities.

SHARE CAPITAL AND DIVIDENDS

Fjord1 has equity that is appropriate for the goals, strategy and risk profile as they are at present, though this may change in response to future investment programmes resulting from winning tender contracts. The goal of the board of directors is a clear and predictable dividend policy as a basis for the dividend proposals made before the annual general meeting. It is also assumed that the dividend policy must be seen in the context of the equity situation and such financial challenges as exist at any one time.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The company has one class of shares. There are established routines for handling all significant transactions between the company and its shareholders, board members, senior executives or related parties. A valuation must be performed by an independent third party. The company has guidelines that ensure that board members and senior executives notify the board of directors of any direct or indirect significant interest in a contract entered into by the company.

UNRESTRICTED SELLING OF SHARES

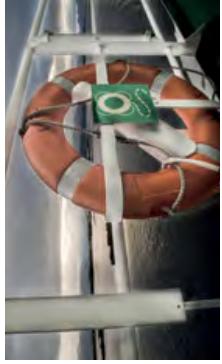
The articles of association do not contain any restriction on the selling of shares in the company.

ANNUAL GENERAL MEETING

When holding annual general meetings, there are routines that ensure that both owners are represented.

NOMINATION COMMITTEE

The company does not have a nomination committee, nor do the articles of association require there to be one. The nomination of candidates for the board of directors is regulated in a shareholder agreement and in an agreement with the employees.




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The management team at Fjord1

	Arild Austrheim Chief Technology Officer
	Anne-Mari Sundal Bøe Chief Financial Officer
	Deon Mortensen Chief Safety and Operating Officer
	André Høyset* Acting Chief Executive Officer

Organisational chart for Fjord1

```

graph TD
    CEO[CEO] --- Admin[Administrative office]
    Admin --- Project[Project]
    Admin --- CFO[CFO]
    Admin --- CCO[CCO]
    Admin --- CTIO[CTO]
    Admin --- CHRO[CHRO]
    Admin --- Des[Desinated person]
    Project --- Des
    CCO --- Des
    CTO --- Des
    CHRO --- Des
  
```

* André Høyset was the Chief HR Officer before becoming the acting CEO.
No one has provisionally stepped into this role on his behalf.

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2015: A look back over the past year

JANUARY - FJORD1 CONTRACTS TWO NEW FERRIES

The vessels are intended to operate on routes in Outer Nordfjord and Outer Sogn, based on Fjord1 having in 2014 secured operation of county road connections in Sogn og Fjordane for a new period. The ferries, which are sister vessels, will operate on the Nøøy - Oldeide and Krakhella - Rutledal - Ryfjordalsvika routes.

MAY - THE FJORDS

For the route in Nordfjord, a new tender period will be starting on 1 January 2017, while the route further out in Sognefjorden will start one year later. The aim is nevertheless to put the ferries into service once they have been delivered and the crews have been checked out.

MARCH - FJORD1 AT CAREER FAIR

There were record attendance numbers at the fairs this year, and Fjord1 has been in contact with a lot of exciting young people who are considering a future in the company.

APRIL - MANAGEMENT DEVELOPMENT PROGRAMME IN FJORD1

In 2015, for the first time, Fjord1 also appointed a management trainee. This was done through the countywide trainee programme "Famtidslyket Trainee".

JUNE - FJORD1 OPERATING A SURPLUS

The half-year financial statements for Fjord1 showed a profit of NOK 31.1 million. This means that Fjord1 has delivered a result which, corrected for profits from sales in 2014, is NOK 40 million better than for the corresponding period in 2014. This improvement in results is due, among other things, to better management and better contract earnings.



Fjord1



Fjord1 instituted a two-year management development programme in 2015.

ELECTION OF BOARD OF DIRECTORS AND CHAIRMANSHIP

The board of directors is selected by the annual general meeting (owner representatives) and by the employees (employee representatives) in accordance with the shareholder agreement. The board of directors elects its own chairman and vice chairman in accordance with rules set out in the shareholder agreement.

REMUNERATION FOR SENIOR EXECUTIVES

The CEO's pay and other remuneration is decided at a meeting of the board of directors. The CEO decides on the salary and other remuneration for other senior executives. No option programmes or arrangements for the distribution of shares to company employees have been established.

INFORMATION AND COMMUNICATION

The board of directors has set out guidelines for how the company is to report financial and other information. This is communicated directly in interim reports. Information for owners is provided at annual general meetings and by means of meetings and continuous communication based on an initiative from the board of directors and/or senior owner representatives.

AUDITOR

An auditor attends meetings of the board of directors at which the financial statements are discussed. At these meetings, the auditor presents any significant changes in the company's accounting policies, an assessment of significant accounting estimates and anything of significance where there may have been disagreement between the auditor and the administration. In connection with this meeting, a practice is also established by which the auditor reviews internal auditing within the company, for example identified weak points and suggested improvements.

RISK MANAGEMENT AND INTERNAL AUDIT

The board of directors has set up a risk management system that is appropriate in view of the scope of the company and its activities. The board of directors considers that satisfactory risk management and internal audit systems have been put in place.

RENUMERATION FOR THE BOARD OF DIRECTORS

The annual general meeting decides on the board of directors' remuneration each year. This remuneration reflects the board's responsibilities, their expertise, the time taken and the complexity of the activities. The remuneration is fixed and not dependent on results. The annual report contains information on all remuneration paid to the board of directors. If remuneration is paid in addition to the usual board fees, this is specified separately.



Fjord1



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Annual report 2015 for Fjord1 AS

AUGUST - BIGGEST TRAINING COMPANY IN NORWAY

Fjord1 recruited the largest number of apprentices in Norway in 2015, with 36% more apprentices and cadets than planned. While large parts of the maritime sector are under considerable pressure and experiencing a downturn, Fjord1 aims to step up. Fjord1 currently has about eighty apprenticeship positions, meaning that a little over 6% of positions in Fjord1 are purely apprenticeships.

SEPTEMBER - SAFETY IS THE FIRST PRIORITY

An investigation conducted by SafeTec shows that Fjord1 has fewer incidents of contact damage and groundings than average. These two types of incident are the most commonly recorded accidents on ferries. Fjord1 has a lower proportion of such incidents per million crossings than the average for other companies with which Fjord1 is compared in the report. Safety for our passengers and employees is always our first priority at Fjord1.

OCTOBER - THE GREEN SHIFT IS IN EVIDENCE

In 2015, Fjord1 put into operation the first hybrid ferry able to run on both battery power and LNG. Fjord1 was also the world's first ferry company to use renewable diesel (HVO-type biofuel) in ferries, the technology having been used to operate a route in Sogn since 1.1.2016. In view of low-emissions technology in future tenders for ferry services, this is an extremely important step for Fjord1.

NOVEMBER - DECISION ON SALE OF SHARES

In November, Sogn og Fjordane county council decided to sell 50% of its shares in F1 Holding AS to Tørgatnæs. This agreement opens the way for Tørgatnæs ASA to acquire the remaining shareholding before 2019. F1 Holding ASA is the company that holds the county council's holding of shares in Fjord1 AS. Following this decision, several members of the board of directors at Fjord1 stepped down, as well as the CEO, Dagfinn Nettland. In December, a new board of directors was in place, with Pål W. Lørentzen as chairman, and André Høyset was appointed Acting CEO.

DECEMBER - THIS YEAR'S CHRISTMAS GIFT

TO THE NORWEGIAN CANCER ASSOCIATION

This year's Christmas present of NOK 100,000 was given to the Norwegian Cancer Association. Fjord1 has specified that the gift should be used only for research purposes. A lot of parents, grandparents, children, friends and colleagues are still alive thanks to cancer research, and the goal is for even more people to survive cancer. With this gift, Fjord1 wishes to play its part in finding better and less aggressive treatment methods.

The Fjord1 group is one of the biggest transport companies in Norway.

Fjord1 AS has 1,235 FTEs and saw a total growth in traffic of 2.6 percent on ferry routes compared with 2014.

Fjord1 AS's core activity is concentrated on maritime transport by means of ferry and passenger-boat operations, as well as catering activities. The company also operates a travel agency and is active in financial and property management.

The company conduct maritime operation from Buskerud in the south to Finnmark in the north. Within sea transport, ferry operation represents the company's core activity.

The company's head office is located in Florø.

Fjord1 AS is a joint owner, via the company WF Holding AS, of Widerøe's Flyveselskap AS. Fjord1 AS has a 34 percent holding in WF Holding AS.

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AUGUST - BIGGEST TRAINING COMPANY IN NORWAY

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This year's Christmas gift for the Norwegian Cancer Association.



Plenty of potential candidates for cadet placements and apprenticeships with Fjord1.



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Financial statements 2015



CONSOLIDATION
Only consolidated accounts were prepared at Fjord1 level.

BASIS FOR CONTINUED OPERATIONS

The board of directors consider that the submitted income statement and balance sheet as at 31 December 2015 provide a good and accurate picture of the current status of Fjord1 AS at year-end. Nothing has happened during the closing of the accounts in the new year that has had any influence on this assessment.

The board of directors believes that the financial statements provide an accurate picture of the assets, liabilities, financial position and result for Fjord1 AS.

CASH FLOW

Pre-tax profit is NOK 212 million, while liquid assets provided by operating activities in 2015 are NOK 386 million. Ordinary depreciation and amortisation of NOK 207 million represents the largest deviation.

Liquid assets used for investing activities come to NOK 82 million. Of these, NOK 46 million were spent on wages and investment in associates, while liquid assets on NOK 36 million were spent on investment in plant and equipment.

NOK 230 million was paid down in instalment payments on long-term liabilities. NOK 24 million in net liquid assets were provided in the year.

RESEARCH AND DEVELOPMENT

The company aims to be the most environmentally friendly and reliable operator in the transport sector. Fjord1 AS therefore has a continuous focus on technological development. The company is currently the world leader in operating natural gas ferries, with a particularly high level of expertise in this area. Work is also being carried out on other environmentally friendly solutions in collaboration with various suppliers in the field of research and development.

EVENTS AFTER THE YEAR-END AND OUTLOOK

There have not been any events after the end of the financial year that affect the assessment of the submitted financial statements, other than the circumstances referred to in the annual report.

The group is showing a positive development in results and profitability, and the outlook for 2016 is satisfactory.

CONSOLIDATED RESULTS

The pre-tax results show a profit of NOK 211.6 million for 2015. Similarly, the result in 2014 was a profit of NOK 111.4 million.

The company has seen a year-on-year improvement in its results of NOK 100.2 million. Falling oil prices and interest rates in 2015, together with a focus on controlling costs and income from our contracts, have contributed to the result for 2015.

Operating income before depreciation and amortisation (EBITDA) for 2015 was NOK 479 million, compared with NOK 456 million in 2014.

Over the year, the board of directors and the management have made valuations in connection with the basis for impairments of ship values as well as provisions for possible future losses on contracts.

The board of directors believes that the financial statements provide an accurate picture of the assets, liabilities, financial position and result for Fjord1 AS.

CREDIT RISK

The risk of customers and contractual partners being unable to fulfil their financial commitments is regarded as low. Historically, the company's bad debts have been low.

The gross credit risk as at 31.12.2015 is NOK 71.7 million for the group. No agreements have been entered into that reduce this risk.

Fjord1 AS has recently been working on development projects in connection with the ferries of the future, with a particular focus on battery and hybrid ferries. This work has resulted, among other things, in the world's first natural gas-battery hybrid vessel. The MF "Fænøfjord" was put into service following conversion in 2015, and good results are now being obtained.

Through its holding in The Fjords DA, Fjord1 AS has started using hybrid and battery technology in new areas. Contracting a new experience vessel for use in Nærøyfjord combines battery technology and specialised local knowledge of carbon fibre construction, resulting in an entirely new concept for tourist experiences in the fjords.

In the future, the company intends to actively invest in developing and introducing new technology, with a particular focus on the demands of the Green Shift in terms of energy efficiency and emissions reductions.

MARKET RISK

Market risk, defined as the consequences of variations in market factors such as the oil price, interest rates and currency values, can have an impact on the company's costs.

Fjord1 AS's current strategy is to use financial instruments as a part of managing the risks of fluctuations in oil prices and other cost components by means of regulation of the contracts.

Fjord1 AS is directly exposed to currency fluctuations through ship-building contracts signed in EUR and indirectly by its purchase of oil priced in USD. As a result of stricter guidelines laid down by the board of directors, Fjord1 AS has hedging arrangements in place that reduce the impact of changes in the market factors named above.

Notice was given in 2015 of a competitive tendering process for the Halheim - Sandvikvåg and Årsvågen - Mortavika ferry routes. Fjord1 AS took part in this tendering process. Our tender was rejected, and the company was invited to further negotiations with the client on operation of the routes in 2017 and 2018.

Notified competitive tender processes in 2015 have been significantly stricter with respect to emissions and energy efficiency. This year Fjord1 AS has submitted tenders based on bifuel as the energy source. It

is expected that several ferry routes in Norway will be put out to tender in 2016. Fjord1 AS is well positioned to take part as new tendering processes are advertised.

Fjord1 AS is entitled to compensation for loss of transport revenue as a consequence of the client changing the conditions for the discount structure and fare zones beyond what was set out in the tender. As of 2010, no final settlement by the client has been made for some contracts.

For these contracts, annual compensation is paid out that

LIQUIDITY RISK

The board of directors considers the liquidity in the company to be satisfactory, based on the 2016 budget and long-term plans for the next 3-5 years. The company has an agreement with Nordea for banking and financing services.

Fjord1 AS has general agreements with its biggest suppliers with defined payment terms, among other things. Other than public-sector clients, the company has few individual customers.

THE VARIOUS COMMERCIAL AREAS

Ferry operations

Underlying operating income from ferry operations in 2015 was better than in the previous year. The various contract areas in ferry operations produced varying contributions. An arrangement was arrived at with Sør-Trøndelag county council concerning settlement for loss of transport revenue on the Flakk - Rørvik route.

The contracts the company had for operating the Balestrand and Mannheller - Fodnes routes expired on 31.12.2015. A new contract then became effective for these routes on 1.1.2016. On this same date, a new contract for county road connections in Sogn og Fjordane also started as planned.

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The company is continuing its work to replace old engines with new Tier II-certified engines. This leads to a significant reduction in NOx emissions of more than 40 percent for most vessels. During the period 2013–2015, engines were replaced in twelve vessels, with more to come in 2016.

Fjord1 AS is an inclusive working life company (IW) and has drawn up its own IW plan. The company's goals is to be a workplace where there is no discrimination due to impaired functional capacity. The company is working hard to design and arrange the physical conditions so that the various functions in the company can be available to as many people as possible. Workplaces and tasks are individually adapted to meet the needs of employees and job applicants with impaired functional capacity.

EXTERNAL ENVIRONMENT

Transport operations entail pollution of the external environment. The pollutants are linked in particular to the use of fossil fuels emitting NOx and CO₂. By working together with the industry, engine suppliers and the research environment, Fjord1 AS is striving to identify measures that can reduce levels of harmful emissions into the air. The company's missions meet all formal requirements set by the authorities.

In 2015, Fjord1 AS became the first company in the world to enter into an agreement to run ships on 100 percent biodiesel. From 2016, two of the company's ferries will use renewable biobutanol as their energy source in normal scheduled operations. The use of renewable energy results in greater reductions in CO₂ emissions compared with fossil fuels.

Fjord1 AS intends to remain at the forefront of operating natural gas-fuelled ferries, which reduces NOx emissions by 90 percent and CO₂ emissions by 25–30 percent compared with conventional diesel ferries.

ALLOCATION OF PROFITS IN THE PARENT COMPANY

Fjord1 AS decided in the strategic plan that there would be an owner-friendly, balanced and long-term dividend policy. The board of directors considers that a dividend can be distributed for 2015.

The board of directors recommends the following appropriation of the profit for the year:

Dividend	NOK 50,000 million
Transferred to other equity	NOK 79,687 million
Total allocation	NOK 129,687 million

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will be recognised as income using the same principle as in previous years. The board of directors expects that the outstanding issues can be resolved by dialogue with the client.

Passenger-boat operations

Fjord1 AS operates passenger-boat routes in Sogn og Fjordane. The results from the passenger-boat commercial area were satisfactory in 2015.

Catering

Catering is an important area for Fjord1. Using the concept Ferdamat, Fjord1 has concentrated on developing a high-quality offering, as well as a visual image that customers recognise on all Fjord1 services. This targeted effort over several years has produced good results. The number of sales outlets has been reduced by the equivalent of 10 percent of earlier sales, though the results remained satisfactory in 2015.

QUALITY, SAFETY AND THE ENVIRONMENT

Quality and operational management systems

A consistent focus on safety is a fundamental feature of operations at Fjord1 AS.

From 2012 to 2015, Fjord1 AS has reduced services disruptions and contact damage (quay collisions and groundings) by over 65 percent. Work is continuing on a number of measures to further promote safe operation. The reduction in contact damage is a result of long-term work to develop the safety and control system. The company will continue working to develop the safety culture in Fjord1 AS in 2016.

The company works closely with its crews to implement barriers and develop operational procedures on board.

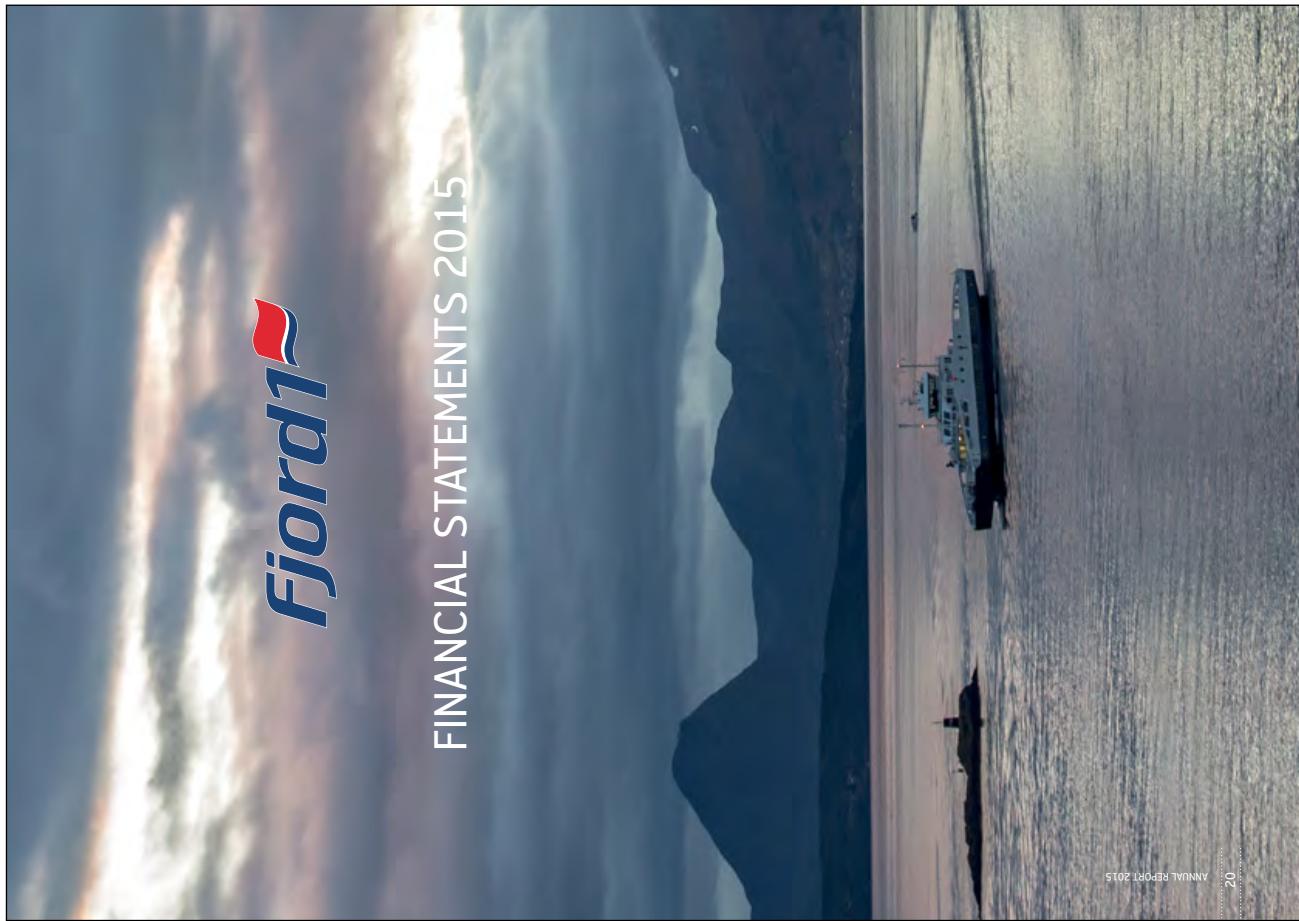
In 2015, the company's ferries and passenger boats carried 20.7 million passengers. A total of 11 personal injuries were recorded (most being minor cuts, crushing or falling injuries), compared with nine personal injuries in 2014. Route production and traffic operations in Fjord1 AS were implemented well and safely in 2015.

Discrimination

The Norwegian Anti-Discrimination Act seeks to promote equality, secure equal rights and prevent discrimination based on ethnicity or national origin, descent, skin colour, language, religion or life stance. Fjord1 AS works actively and purposefully to promote the purpose of this legislation.

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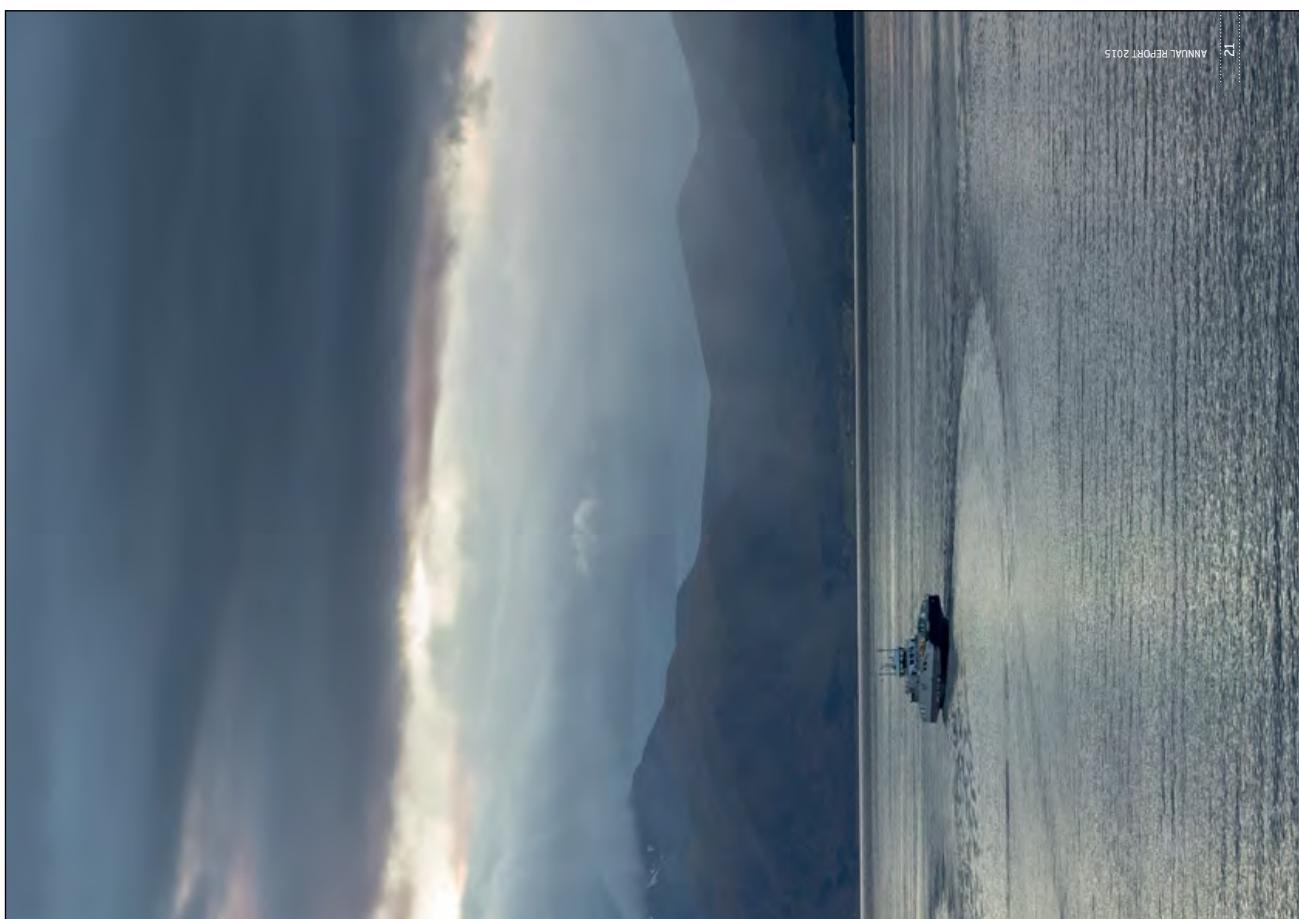


		GROUP		Notes	2015	2014
PARENT COMPANY	2015	OPERATING INCOME AND OPERATING EXPENSES				
		Operating income				
1,446,228	1,332,332	Sales income	28	1,338,803	1,453,523	
856,055	855,106	Contract income/route operations		855,106	856,055	
39,333	47,356	Other operating income	1/26/27/28/29	48,570	39,835	
2,341,616	2,234,794	Total operating income		2,242,479	2,349,413	
		Operating expenses				
84,492	69,350	Cost of sales	8	70,725	86,884	
823,831	748,060	Salaries and social security costs	15/19	863,775	930,499	
198,368	191,462	Depreciation and amortisation	1	207,325	214,989	
		Write-down of property, plant and equipment and intangible assets		(11,048)	21,400	
21,400	(11,048)	Other operating expenses	9/20/23	829,773	875,990	
2,155,209	1,986,320	Total operating expenses		1,959,449	2,129,762	
186,407	248,474	Operating profit		282,630	219,651	
		Financial income and expenses				
5,211	6,791	Income/dividend on investment in subsidiaries	2/25	0	0	
		Income/dividend on investment in companies in the same group				
27,705	0	Income on investment in associates	3	37,735	13,254	
0	0	Write-down of financial fixed assets	21	4,734	-2,102	
-2,102	0	Other interest income		5,236		
4,901	4,350	Other financial income	11/22	9,402	3,777	
3,613	9,402	Interest income from group companies		0		
581	528	Other interest income	24	121,685	149,039	
134,361	108,598	Other financial expenses		1,228	1,290	
1,272	1,219	Other financial expenses				
- 95,724	- 88,746	Net financial items		-71,041	-108,286	
90,683	159,727	Income from ordinary activities before tax		211,589	111,365	
14,078	30,040	Tax expense	14	29,656	16,272	
76,605	129,687	Profit after tax		181,933	95,093	
76,605	129,687	Profit for the year		181,933	95,093	
		Minority interests		126	-1,782	
		Profit for the year after minority interests		181,807	96,875	
		Transfers and allocations				
0	0	Revaluation reserve		0	0	
50,000	50,000	Proposed dividend		0	0	
26,605	79,687	Transferred (or)from other equity		181,807	96,875	
76,605	129,687	Total allocations		181,807	96,875	

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PARENT COMPANY		31.12.14	31.12.15	EQUITY AND LIABILITIES	31/12/2015	31.12.14
					GROUP	
	Equity					
	Contributed equity					
250,000	Share capital			11/12	250,000	250,000
360,924	Share premium fund				360,924	360,924
610,924	Total contributed equity			610,924		610,924
	Retained earnings					
	Other equity					
522,134	601,822			12	692,624	561,228
0	0	Other Group equity				0
522,134	601,822				692,624	561,228
	Total retained earnings					
0	0	Minority interests		12/13	3,744	3,629
1,133,058	1,212,746				12	1,307,293
	Total equity					
	Liabilities					
	Provision for liabilities					
163,501	1,935,41	Deferred tax		14	235,911	204,223
11,968	72	Pension obligations		15	1,056	13,906
32,665	26,339	Other provisions		16/26	26,339	32,665
208,134	220,452				263,806	250,794
	Total provisions					
	Other long-term liabilities					
2,079,296	1,873,441	Liabilities to credit institutions		17	2,078,441	2,308,296
14,644	0	Liabilities to Group companies		7	0	0
2,093,940	1,873,441				2,078,441	2,308,296
	Total other long-term liabilities					
	Short-term liabilities					
0	20,294	Liabilities to Group companies		7	0	0
65,615	85,725	Taxes and duties payable			93,373	73,959
53,809	9,161	Trade payables			94,767	56,483
0	0	Tax payable			14	301
50,000	50,000	Dividend			12	50,000
488,555	491,527	Other short-term liabilities			18	514,168
2,960,053	2,837,799				3,094,855	3,242,348
	Total liabilities					
4,093,111	4,046,545				4,402,148	4,418,129
	TOTAL EQUITY AND LIABILITIES					

BALANCE SHEET 2015

PARENT COMPANY	31.12.15	ASSETS	GROUP	Notes	31.12.15	31.12.14
		Fixed assets				
0	0	Deferred tax asset			266	266
0	0	Total intangible assets			279	279
		Property, plant and equipment				
41,759	38,345	Land, buildings and other real property	1/17	86,460	91,513	
3,297,755	3,157,180	Ships	1/17/26	3,459,829	3,613,956	
423	65	Means of transport	1/17	65	423	
21,963	20,911	Movables, fixtures and fittings, tools, etc.	1/17	22,277	23,385	
3,361,520	3,216,500	Total property, plant and equipment		3,568,631	3,729,277	
		Financial fixed assets				
80,389	80,389	Investments in subsidiaries	2	0	0	0
191,982	213,012	Investments in associates	3	280,698	221,932	
3,207	3,307	Investments in shares	4/21	3,322	3,222	
5,653	1,331	Bonds and other receivables	5	1,331	563	
21,148	20,482	Long-term receivables, Group companies	6/7	0	0	
0	0	Pension funds	15	3,764	3,457	
3,202,379	318,521	Total financial fixed assets		289,116	234,264	
3,663,899	3,535,021	Total non-current assets		3,858,025	3,963,807	
		Current assets				
19,406	12,969	Inventories	8	13,049	19,511	
86,077	69,968	Trade receivables	9	71,705	88,397	
5,361	5,424	Short-term receivables, Group companies	7/10	0	0	
11,445	10,047	Other short-term receivables	10	100,853	12,168	
306,923	322,691	Cash and bank balances, etc.	17	358,516	334,244	
429,212	511,524	Total current assets		544,122	454,320	
4,093,111	4,046,545	TOTAL ASSETS		4,402,148	4,418,127	

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CASH FLOW STATEMENT 2015

PARENT COMPANY	31.12.2014	31.12.2015	GROUP	31.12.2015	31.12.2014
Cash flow from operating activities					
90.682	159.727	Pre-tax profit	211.589	111.367	
- 1.938	0	Tax paid	169	- 267	
- 27.410	10.718	Gain/loss on sale of assets	-	- 1.938	
- 5.505	- 1.000	Profit from sale of shares and units	-	- 27.410	
198.367	0	Income/loss on investment in associates	- 37.735	- 13.254	
191.462		Ordinary depreciation and amortisation	207.252	214.889	
21.400	- 11.048	Write-down of fixed assets	- 11.048	21.400	
- 69.400	- 10.109	Difference between pension expensed and payments in/out	- 12.550	- 6.540	
- 64.025	21.351	Change in accounts payable	38.284	- 65.679	
- 3.840	11.681	Change in inventories and trade receivables	23.154	- 3.452	
71.011	- 8.814	Change in other accruals	- 33.001	73.817	
271.802	363.968	Cash flow from operating activities	385.886	308.633	
Liquid assets provided by/used for investing activities:					
- 34.386	- 49.956	Investments in property, plant and equipment	- 35.630	- 35.440	
- 5.313	- 21.130	Acquisition of shares and units	- 21.130	- 5.313	
222.778	1.824	Disposal of property, plant and equipment (selling price)	-	222.778	
33.646	1.000	Disposal of shares/units	-	33.646	
8.071	9.117	Proceeds from loan receivables (short-/long-term)	-	940	
- 1.236	0	Payments on other loan receivables (short-/long-term)	- 25.000	- 1.236	
- 25.000		Payment, loan to associates	-	-	
23.061	- 92.345	Cash flow from investing activities	- 81.760	14.875	
Liquid assets provided by/used for financing activities:					
- 208.128	- 205.855	Renovation of old debt	- 229.855	- 233.927	
0	- 50.000	Dividend (paid)	- 50.000	-	
- 208.128	- 255.855	Cash flow from financing activities	- 279.855	- 233.927	
86.735	15.768	Net change in liquid assets for the year	24.271	89.581	
220.188	306.923	Cash and bank deposits at 01.01	334.244	244.663	
306.923	322.691	Cash and cash equivalents at 31.12.2015	358.515	334.244	

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ACCOUNTING POLICIES, continued

We assess fixed assets at purchase price. The purchase price for fixed assets with long production times also includes loan costs associated with manufacture of the operating asset. Fixed assets that fall in value are depreciated using the straight-line method over the anticipated useful life.

Assets are written down to fair value in case of a fall in value, if so required by the accounting rules. Long-term liabilities in Norwegian krone are recognised in the balance sheet at their nominal amounts when established. Provisions are discounted if the interest component is substantial.

INTANGIBLE ASSETS

Research and development costs are recognised in the balance sheet where the criteria for recognition in the balance sheet are met. This means that research and development costs are recognised in the balance sheet where we consider it likely that the future economic benefits from the asset will pass to the company and we have arrived at a reliable measurement of its purchase cost. Research and development costs recognised in the balance sheet are depreciated using the straight-line method over the expected lifetime.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised in the balance sheet and depreciated using the straight-line method over the expected lifetime if it has an expected lifetime of more than 3 years and a cost price in excess of NOK 15,000. With regard to depreciation time on investments/expenditures/major replacements, these will follow the operating assets' assumed lifetime.

Maintenance of operating assets is recognised as a cost under operating expenses on an ongoing basis. Expenditures or improvements are added to the operating asset's cost price and are depreciated in line with the operating asset. We calculate the difference between maintenance and expenditure/improvement based on the operating asset's technical condition at the time of its purchase.

All ships are included in an annual maintenance programme. Classification costs and maintenance costs are recognised as expenses in connection with the annual maintenance programme, with the exception of third-party and associated equipment. Costs for these are recognised in the balance sheet and depreciated over a period up until the next regular maintenance, normally every fifth year. The costs are recognised in the balance sheet under ships and are specified in note 1. On delivery of newbuilds, part of the cost price is recognised in the balance sheet as regular maintenance and depreciated at the first regular maintenance.

LEASING

A lease agreement is classified as a financial or operating lease according to the actual content of the individual agreement. If a substantial part of the economic risk and control associated with the leased object has been transferred to the lessee, the agreement is classified as a financial lease. Other lease agreements are classified as operating leases.

Operating assets associated with lease agreements regarded as financial leases are capitalised in the balance sheet at the value of the charge in the lease agreement and are depreciated as property, plant and equipment. The deduction component of the lease charge is shown as a long-term liability. The total charge is reduced by the lease payments made less calculated interest expenses.

This means that costs for other intangible assets are recognised in the balance sheet where it is considered likely that the future economic benefits associated with the asset will pass to the company and we have arrived at a reliable measurement of its purchase cost.

OTHER LONG-TERM SHARE INVESTMENTS

The cost method is used as a principle for investments in other shares etc. Dividends are initially recognised as financial income once the dividends have been decided on.

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OTHER LONG-TERM SHARE INVESTMENTS

The cost method is used as a principle for investments in other shares etc. Dividends are initially recognised as financial income once the dividends have been decided on.

ACCOUNTING POLICIES, continued

If the dividends significantly exceed a part of retained earnings after the purchase, the surplus is used to reduce the cost.

WRITE-DOWN OF FIXED ASSETS

On indication that the value of a fixed asset recognisable in the balance sheet is greater than the fair value, we perform a test for decrease in value. We assess whether the recoverable amount for the fixed asset related to the associated assessment unit is greater than the value recognisable in the balance sheet. If the test is performed for the lowest level of fixed asset with independent cash flows.

Recoverable amount is calculated as the higher of the assessment unit's value in use and net sale value.

Value in use is taken to mean the present value of future cash flows that are expected to result from the assessment unit, while net sales value is defined as the difference between market value on the balance sheet date and estimated selling costs. Where the fixed assets in the assessment unit are tied up in contracts and cannot be realised without the opposite party claiming breach of contract, we use a simple value in use as an alternative to recoverable amount. Future cash flows cover the assessment unit's cash flows from operating activities plus the terminal value of the associated fixed asset on expiry of any contracts that may have formed the basis for the assessment unit.

If a value recognised in the balance sheet is higher than both the sales value and recoverable amount, it is written down to the higher of the two.

Previous write-downs are reversed if the conditions for the write-down are no longer present (except for write-downs for goodwill).

HEDGING

The group has not used hedging.

CASH FLOW HEDGING

Forward contracts that secure future in- and outgoing payments are recognised on realisation of the forward contracts. Any change in value of the hedging instrument is not recognised. The hedging instrument is recognised at the time of the transaction.

The group uses various hedging instruments and fixed-price contracts to secure its cash flows, especially for various kinds of fuel and interest rates. The group assesses the use of hedging instruments relative to the regulating clauses in the relevant contracts. If the relevant regulating clauses for a contract are not thought to provide satisfactory cover for price development for the input factor in question, the group will be able to use available hedging instruments to reduce or eliminate the price development risk.

FUEL

The group uses forward contracts in order to reduce the price risk in the fuel market for those contracts that do not have regulating mechanisms for price changes. In months where the relevant market price is greater than the hedging price, the opposite party will pay the group the difference. In months where the relevant market price is less than the hedging price, the group will pay the opposite party the difference. The group will have a fixed price for the agreed volume during an agreed period.

INTEREST RATES

The group uses interest rate swap agreements, where we agree interest rates and repayment periods with an opposite party. In months in which the market rate is above the level for which we have a hedging agreement in place, the opposite party will pay the group the difference calculated on the remainder of the principal sum. In months in which the market rate is below the level for which we have a hedging agreement in place, the group will pay the opposite party the difference calculated on the remainder of the principal sum. The group will use such agreements to obtain fixed interest rates for agreed amounts and periods.

The group has made limited use of agreements whereby we are ensured a price or interest rate corridor. The purpose of such agreements is to hedge against consequences of extreme fluctuations in underlying price developments.

INVENTORIES

Inventories of purchased goods are valued at the lower of purchase price based on the FIFO principle and fair value. There is write-down for anticipated obsolescence.

RECEIVABLES

Accounts receivable and other receivables are recognised in the balance sheet at nominal value less provision for anticipated losses. Provision for losses is made on the basis of individual valuations of the specific receivables. We also make non-specific provision in order to cover anticipated losses on other receivables.

ACCOUNTING POLICIES, CONTINUED

Other receivables, both short-term receivables and long-term receivables, are recognised at the lower of nominal and fair value. Fair value is the present value of anticipated future inward payments. However, there is no discounting where the effect of such discounting is not material for the financial statements. Provision for losses is valued in the same way as for accounts receivable.

SHORT-TERM INVESTMENTS

Short-term investments (shares and holdings) that are current assets are assessed at the lower of average cost price and fair value on the balance sheet date. Received dividends and other distributions are recognised as other financial income.

WARRANTY COMMITMENTS

Anticipated expenses for future warranty work connected to sales/completed projects are recognised as costs and entered as provisions in the balance sheet. Provisions are based on historical figures for warranties.

LOS-MAKING CONTRACTS/WRITE-DOWN OF FIXED ASSETS

The group's activities entail, among other things, entering into contracts with the public sector for the provision of public transport services. For several of these contracts, the company bears a large part of the risk for developments in a number of cost types (e.g. pay, interest and fuel), without any corresponding change in income. This can result in these contracts becoming unprofitable if costs increase more than revenues. The company therefore measures the present values of future anticipated cash flows from operating activities in each contract, with estimated outgoing payments covering all unavoidable future operating expenses payable. Depreciation, amortisation and write-downs and financial items are not included.

If the individual contract is regarded as a cash-generating unit, the cash flow is defined in the same way as the cash flow used as a basis in the impairment tests for the fixed assets, except that the fixed assets' terminal value on expiry of the contracts is not included. If the calculations show a negative present value, we recognise this amount in the balance sheet as a provision. Before any provision is made for loss contracts, the need to write down the fixed assets is assessed. This means that there is no writing down of fixed assets until provision is made for any loss contracts.

Any provision for loss contracts is recognised in the balance sheet under provision for commitments (long-term liabilities). Provision for loss contracts linked to the operating cycle or with expected settlement times within one year of the balance sheet date is classified as other current liabilities.

The depreciation/write-down is reversed in line with any reduction in negative present value in subsequent periods.

In case of a new announcement for a contract for a single route as part of an existing tender package, concrete consideration is given to whether this/these routes can be assessed as part of the original cash-generating unit.

With several of the tender contracts, the client has an option to continue the contracts. Consideration is given to whether this option will be exercised and should therefore be included in the cash flows linked to the cash-generating unit.

CURRENCY

Monetary items in foreign currency are valued according to the exchange rate at the end of the financial year.

PENSIONS

The group has various pension plans. These pension plans are financed by payments into publicly or privately administered insurance policies/companies, with the exception of the AFP plans and some plans that are covered via operations. The company has both defined contribution and defined benefit plans.

DEFINED CONTRIBUTION PLANS

With defined contribution plans, the group pays contributions into publicly or privately administrated insurance plans/companies. The group has no further payment obligations after payment of the contribution. The contribution is recognised as staff costs. Any pre-paid contribution is recognised in the balance sheet as an asset (pension assets) if the contribution can be refunded or can reduce future payments.

ACCOUNTING POLICIES, CONTINUED

DEFINED BENEFIT PLANS

A defined benefit plan is a pension arrangement that is usually a defined contribution plan. A defined benefit plan is usually a pension arrangement that defines a pension paid out to an employee on retirement. The pension paid out is usually dependent on a number of factors such as age, years of service and salary. The liabilities recognised in the balance sheet that are linked to defined benefit plans are the present value of the defined benefits on the balance sheet date, less fair value of the pension assets (amounts paid to the insurance company), adjusted for estimate differences not recognised in the financial statements and costs not recognised in previous periods. The pension liability is calculated annually by an independent actuary using a linear accrual method.

Plan changes are amortised over the anticipated remaining contribution time. The same applies to estimate differences resulting from new information or changes in the actual conditions, where these are greater than 10% of the target of pension liabilities and pension assets (corridor).

TAX

The tax cost in the financial statements covers both the tax payable for the period and charge in deferred tax. Deferred tax is calculated using the current tax rate (25%) based on the temporary differences existing between accounting and tax values, and also any tax-loss carry-forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that are or can be reversed in the same period

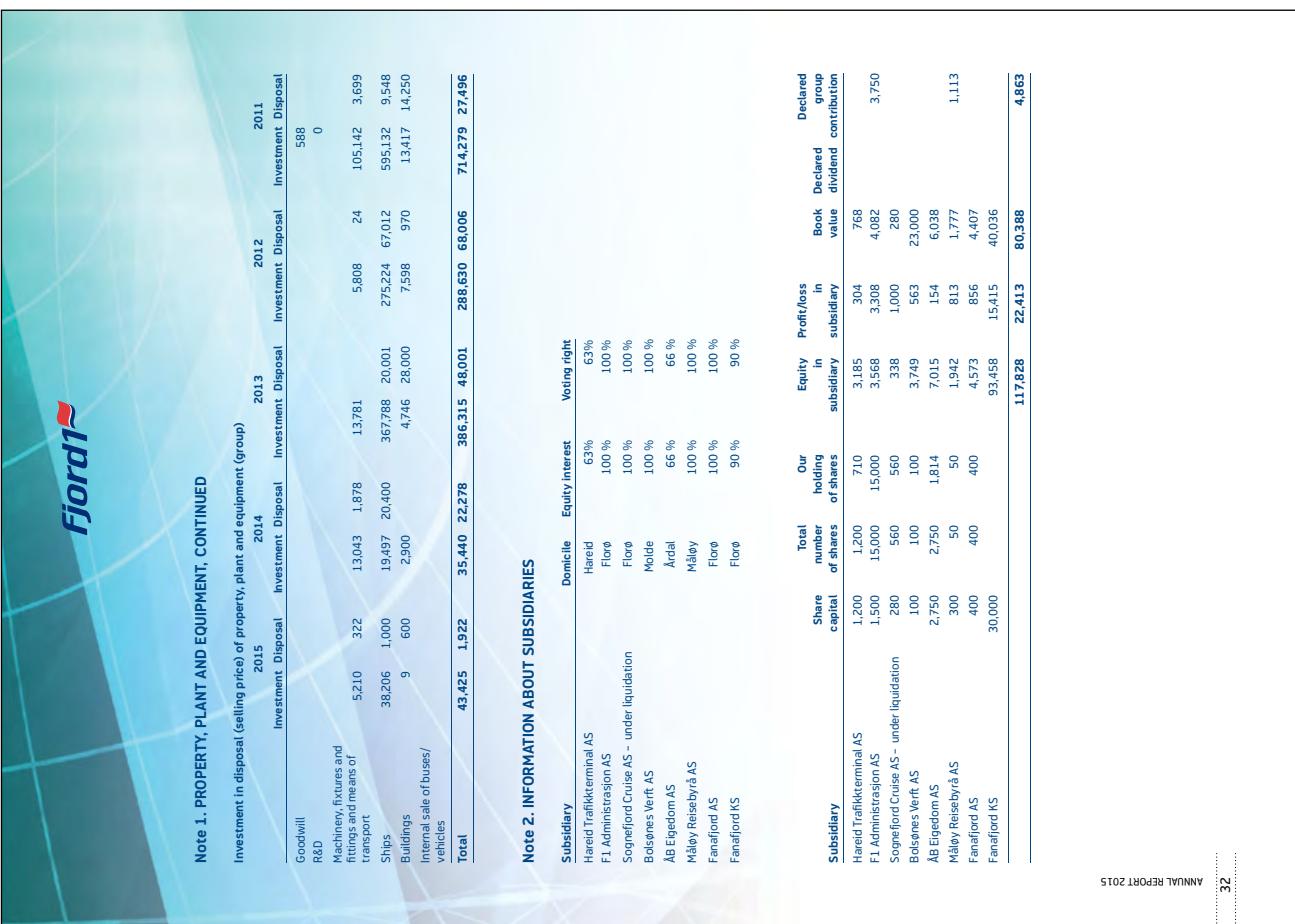
are offset. The deferred tax asset relating to net tax-reducing differences that cannot be offset and that are tax-loss carry-forward is worked out from expected future earnings. Deferred tax and tax assets that may be recognised in the balance sheet are shown net in the balance sheet.

When acquiring a company, it is considered whether the present value of the deferred tax on the temporary differences should be used.

Tax on group contributions paid that are recognised as increased in cost of shares in other companies and on re-entered directly against tax in the balance sheet (the entry is made against tax payable if the group contribution has an effect on tax payable and against deferred tax if the group contribution has an effect on deferred tax).

CASH FLOW STATEMENT

The cash flow statement is drawn up using the indirect method. Cash and cash equivalents cover cash, bank deposits and other short-term, liquid investments which can be converted into known cash amounts with immediate effect and negligible currency risk, and which have a due date within three months of the acquisition date. On disposal of a subsidiary, the balance sheet changes resulting from the sale are handled in the same way as other balance sheet changes in the group (in the group's cash flow statement). The net cash inflow from the disposal is payable not shown.



NOTES 2015

Note 1. PROPERTY, PLANT AND EQUIPMENT									
PROPERTY, PLANT AND EQUIPMENT PARENT COMPANY		Buildings, property and land		Ships under construction		Means of transport		Movable, tools, fixtures and fittings etc.	
Cost and ordinary depreciation									
Cost at 01.01.	66,109	5,612,328	8,917	2,815	176,037	5,866,206			
+ additions in the year	0	0	41,797	0	4,954	46,751			
+ additions transferred from property, plant and equipment written off	0	38,206	(38,206)	0	0	0			
- disposals in the year	176	25,374	-	665	17,118	43,333			
Cost at 31.12.	65,933	5,625,160	12,508	2,150	163,873	5,869,624			
Accumulated ordinary depreciation at 31.1.12.	27,588	2,243,125	0	2,085	14,296	3,415,761			
Accumulated write-downs at 31.12.	0	237,363	0	0	0	0	237,363		
Book value at 31.12.	38,345	31,441,672	12,508	65	20,910	3,216,500			
Depreciation for the year	3,414	18,192	0	119	6,006	191,461			
Write-downs for the year	0	-11,048	0	0	0	0	-11,048		
Ordinary straight-line depreciation (%)	10%	3,33%-20%	10-20%	10-20%	10-20%	20-33,33%			
PROPERTY, PLANT AND EQUIPMENT GROUP		Buildings, property and land		Ships under construction		Means of transport		Movable, tools, fixtures and fittings etc.	
Cost and ordinary depreciation									
Cost at 01.01.	128,516	5,984,617	8,917	2,815	179,648	6,304,513			
+ additions in the year	9	0	41,797	0	5,210	47,016			
+ additions from property, plant and equip- ment written off	0	38,206	-38,206	0	0	0			
- disposals in the year	176	25,374	0	665	17,118	43,333			
Cost at 31.12.	128,349	5,997,449	12,508	2,150	167,740	6,308,196			
Accumulated ordinary depreciation at 31.1.12.	41,889	2,312,765	0	2,085	14,546	3,202,202			
Accumulated write-downs at 31.12.*	0	237,363	0	0	0	0	237,363		
Book value at 31.12.	86,460	3,447,321	12,508	65	22,377	3,568,631			
Depreciation for the year	5,035	19,554	0	119	6,317	207,235			
Write-downs for the year	0	-11,048	0	0	0	-11,048			
Ordinary straight-line depreciation (%)	3-20%	3,33-10%	10-20%	10-20%	10-20%	13-33,33%			

- A large part of the company's income is and will be linked to long-term contracts (tenders). On 31.12.15, there was an assessment of the value of Fjord AS's property, plant and equipment each individual contract where there is an indication of a decrease in value.
- The residual value used is the company's best estimate of the value of property, plant and equipment period.
- Unresolved options for contract extension have not been taken into account in the impairment test.
- A weighted required return for the total capital of 5.5% after tax has been used in the calculation.
- Sensitivity analyses were performed where there is an indication of value reduction, and a sensitivity analysis was performed where there is an indication of value increase.
- Several of the contracts are sensitive to changes in estimates.
- Gains on sales of operating assets are classified as other operating income.

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Note 3. SHARES IN ASSOCIATES

Associate	Registered office	Equity interest / voting share	Cost	Profit/loss in 2015	Share of profit	Book equity	GROUP
						2015	2014
The Fjords Pariv I AS	Fjord	50,0 %	13.000			25.973	
Sognefjorden Farty AS	Fjord	50,0 %	3.030			5.999	
The Fjords DA	Fjord	50,0 %	5.000	12.915	8.853	25.866	
Partsselskapet Kystekspresen ASNS	Trondheim	49,0 %	13.382	5.083	2.491	40.099	
WF Holding AS	Bodø	34,0 %	178.600	95.940	26.392		
Total			213.012	113.938	37.735	97.937	

Note 5. OTHER RECEIVABLES

Associate	Fjord	The Fjords Farty AS	Fjord DA	Fjord WF	Holding	Other	Total	PARENT COMPANY	GROUP	
								2015	2014	
Book value 01.01	0	0	0	204.775	17.158	221.933	191.946	8.709	200.655	
Net purchase	3.930	13.000	5.000	0	0	21.030	0	0	0	
Addition resulting from contract change	0	0	0	0	0	0	0	8820	8.820	
Share of profit	0	0	8.853	26.392	2.491	37.735	12.829	426	13.255	
Dividend	0	0	0	0	0	0	0	0	0	
Disposal of company	0	0	0	0	0	0	0	-797	-797	
Book value 31.12.	3030	13.000	13.853	231.167	19.649	280.698	204.775	17.158	221.933	

Note 6. LONG-TERM RECEIVABLES, GROUP COMPANIES, PARENT COMPANY

Associate	Fjord	The Fjords Farty AS	Fjord DA	Fjord WF	Holding	Other	Total	PARENT COMPANY	GROUP	
								2015	2014	
Internal loans,drawdowns on the group account								18.845	19.012	
Loans to subsidiaries										
Total long-term receivables with group companies								204.81	21.148	

Note 7. INTERCOMPANY BALANCES

Associate	Fjord	The Fjords Farty AS	Fjord DA	Fjord WF	Holding	Other	Total	PARENT COMPANY	GROUP	
								2015	2014	
Short-term receivables										
Long-term receivables										
Group companies								5.424	5.361	
Short-term liabilities								20.294	14.644	
Long-term liabilities								0	0	

Note 8. INVENTORIES

Inventories comprise goods bought in for further sale. No write-downs have been made for obsolescence.

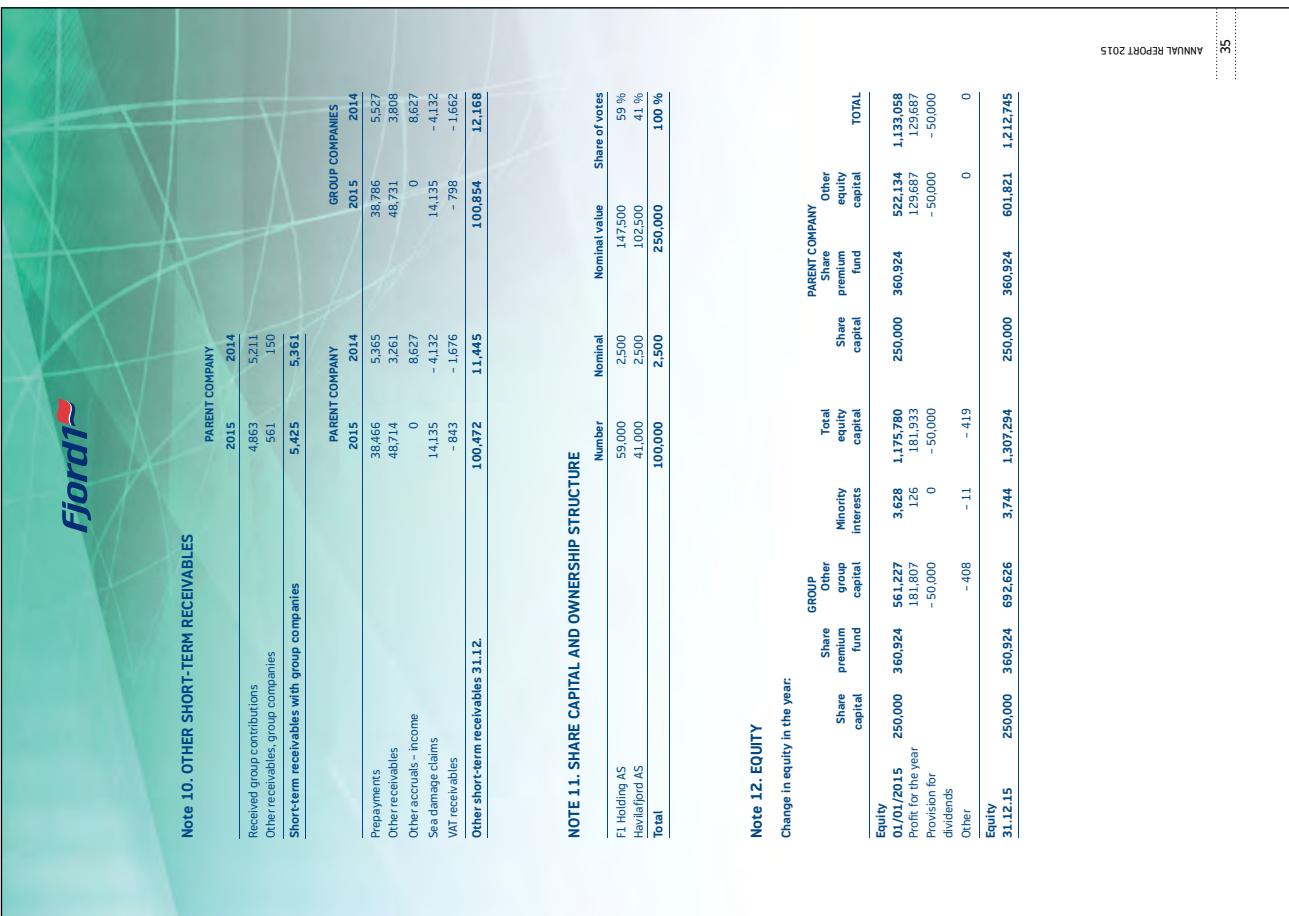
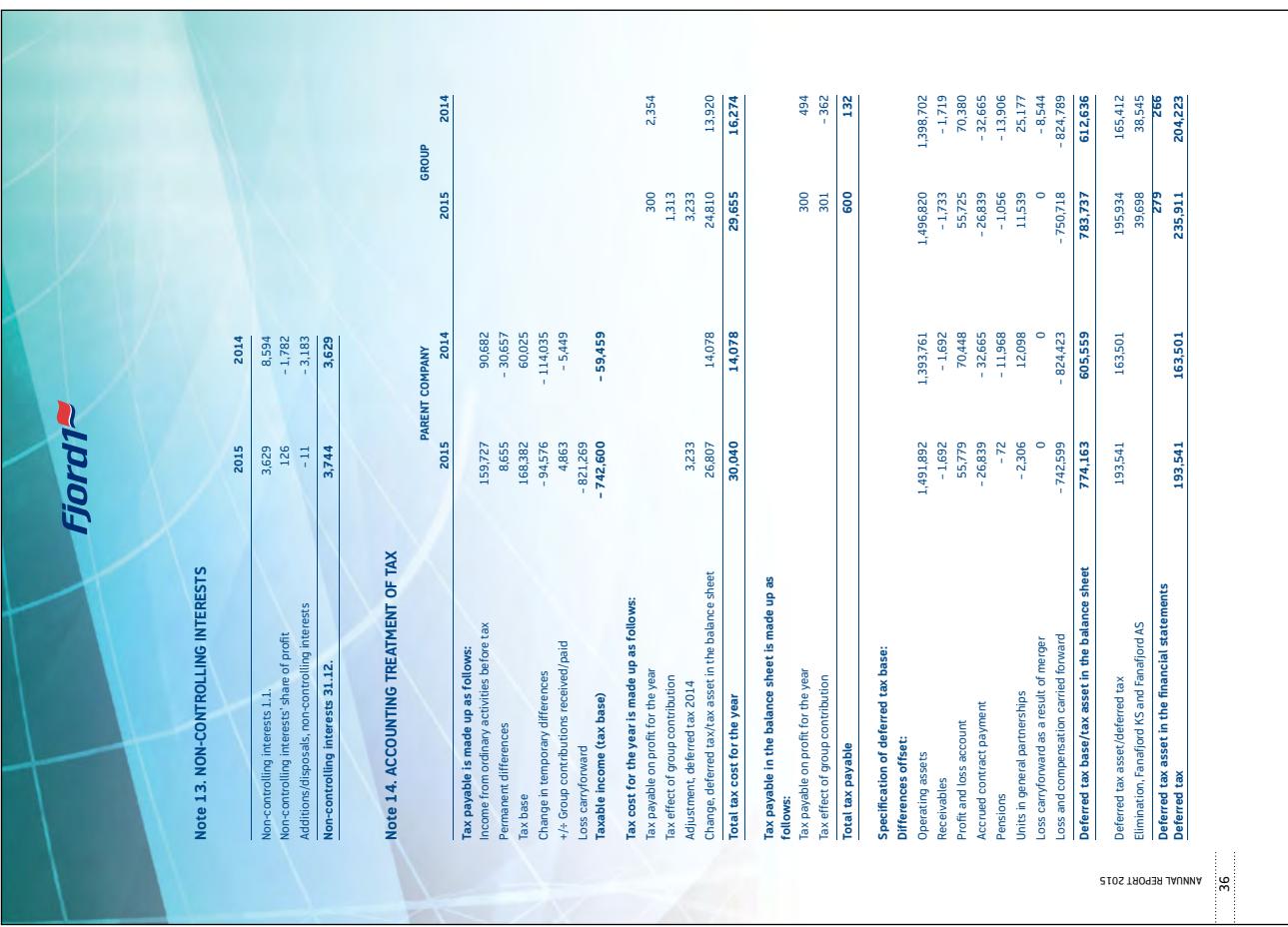
Note 9. ACCOUNTS RECEIVABLE

Company	Parent company	Group company	Number of shares/units	Equity interest	Cost	Book value	GROUP
						2015	2014
Fjordinvest AS			100	9.134	9.075	100	
Fjordinvest Sørvest AS			300	0	300	300	
Fjordinvest Indkrid AS			0	6.160	100	0	
Møre og Romsdal Salkontroll AS			0	20.000	2.000	0	
Bookhoney AS			0	0	0	0	
Norway Buskexpress AS			0	12 %	1.000	0	
Fergetra AS			0	50 %	533	0	
Fjord Tours AS			1.231	230	31 %	1.227	
Gjerange Fjordservice AS			1.000	0	1.500	1.000	
Others shares and units			676	0	1.126	691	
Total shares and units			3.307		16.961	3.322	
Loss on receivables						246	551
Actual loss for the year on receivables						246	551
Loss on receivables						246	551

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NOTE 15. PENSION LIABILITIES, continued

Reconciliation of the pension schemes' financed status against amounts in the balance sheet

	PARENT COMPANY						GROUP					
	Secured	2014	Non-secured	2015	2014		Secured	2015	2014	Non-secured	2015	2014
Net pension liability	1,878	-12,162	0	-25,008	-63,206	-3,275	-4,003	-28,283	-67,209			
Employer's contribution	-1,711	0	-3,791	-8,912	-462	-532	-4,253	-9,444				
Unrecognised changes in estimate differences	-1,950	1,905	0	31,836	63,014	0	-257	31,836	62,757			
Unrecognised plan changes	0	0	0	0	0	-356	14	356	14			
Total net pension funds (+) liability (-)	-72	-11,968	0	0	3,037	-14,438	-4,093	-4,778	-1,056	-13,882		
In the financial statements, the total net pension funds (+) liability (-) are recognised in the balance sheet as:												
Over-funded schemes	0	0	0	0	3,037	0	3,037	0	3,037	0	0	0
Under-funded schemes	-72	-11,968	0	0	-9,103	-4,093	-4,778	-4,093	-13,881			
Total net pension funds (+) liability (-)	-72	-11,968	0	0	3,037	-9,103	-4,093	-4,778	-1,056	-13,881		
Number of active employees in the scheme included in the pension calculations.	853	1,013	0	0	883	1,075	30	30				
Number of pensioners in the scheme included in the pension calculations.	184	177	0	0	298	292	2	1				
The group's total pension costs (defined benefit and defined contribution)												
Cost of defined benefit schemes according to note	6,069	9,083					12,362	2,176				
Cost of defined contribution schemes	32,789	39,203					36,486	39,203				
Total pension cost	38,856	48,286					48,848	49,652				
Reconciliation of the group's pension funds/liability against the balance sheet												
Funds	SECURED	2015	2014	2015	2014		2015	2014				
Over-funded defined benefit schemes	0	0	0	0	0		0	0				
Total pension funds shown as equity in the balance sheet	0	0	0	0	0		0	0				
Liability												
Under-funded schemes	-72	-11,968	0	0	0		-1,052	-13,881				
Total pension liability shown as liability in the balance sheet	-72	-11,968	0	0	0		-1,052	-13,881				
Financial assumptions for calculating defined benefit pension												
Discount rate	2,70 %						2,70 %					
Expected pay adjustment	2,50 %						2,30 %					
Expected increase in pensions currently paid	0,00 %						2,75 %					
Expected base amount adjustment	2,25 %						0,6-3,5%					
Projected return on pension funds	3,30 %						2,50 %					
							3,20 %					
							39					
							40					

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Note 16. OTHER PROVISIONS												
	PARENT COMPANY						GROUP					
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Provision for contract payment	26,339	32,665			26,839	32,665	26,839	32,665	26,839	32,665	26,839	32,665
Total other provisions												
Note 17. PLEDGES, GUARANTEES, ETC.												
	PARENT COMPANY						GROUP					
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Claims maturing later than one year:												
Other long-term claims	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0										
Liabilities												
Liabilities to credit institutions	1,873,441		2,079,296		1,873,441		2,079,296		1,873,441		2,079,296	
Total liabilities	1,873,441		2,079,296		1,873,441		2,079,296		1,873,441		2,079,296	
Total liabilities with terms longer than 5 years	361,225		1,322,681		361,225		1,322,681		361,225		1,322,681	
Total liability, surety, guarantee for transport licences etc.	374,613		165,638		374,613		165,638		374,613		165,638	
Book value of assets provided as security:												
Machinery, fixtures and fittings and transport equipment.	0		423		0		423		0		423	
Buildings and land	38,345		41,759		38,345		41,759		38,345		41,759	
Ships	3,157,180		3,297,375		3,157,180		3,297,375		3,157,180		3,297,375	
Total	3,195,525		3,339,557		3,195,525		3,339,557		3,195,525		3,339,557	
The Fjord1 group's subsidiary accounts are formally treated as claims and liabilities with the parent company. Fjord AS, Contributions to the group account are classified in the balance sheet as claims on group companies, while drawdowns from the group account are classified in the balance sheet as liabilities with group companies. The company's claim is put up as security for total liabilities in the group account arrangement. The total balance in the group's group account arrangement at 31.12.15 is NOK 333,0 million.												
With regard to accounts for tax deductions, Nordea has issued a guarantee to the respective tax office for the tax liability of NOK 5 mill.												
Other than this arrangement, there are no locked-in amounts for tax deductions at 31.12.15.												
The long-term liability in connection with a group agreement is 1,873 million at 31.12.15. Liability in connection with ferries and passenger boats has been reflected in individual ferries. For other long-term liability, the security is linked to vehicle parks, property and other equity in the individual companies in the group.												

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Note 18. OTHER SHORT-TERM LIABILITIES

	PARENT COMPANY	GROUP	
	2015	2014	
Map database, maritime companies	325,024	313,556	325,024
Due accrued pay and holiday pay	123,484	128,100	133,356
Accrued interest/hedging arrangements	10,513	10,461	11,937
Other short-term liabilities	32,907	36,438	43,951
Total other short-term liabilities	491,927	488,555	514,167
Number of employed FTEs	1,119	1,151	1,248
			1,350

Note 19. SALARIES AND SOCIAL SECURITY COSTS

	PARENT COMPANY	GROUP	
	2015	2014	
Wages	592,985	662,418	684,268
Employer's contribution	93,217	96,392	107,148
Pension costs	38,885	41,242	48,848
Other benefits	22,972	23,779	23,110
Total wages	748,060	823,831	863,374
The schemes are covered via insurance companies and NLA. The total pension cost recognised as a cost is NOK 39,552 in Fjord1 AS.			
The group's pension plans are in compliance with the provisions of the Mandatory Occupational Pensions Act.			
No wages have been paid/security put up for the CEO board chairman or other related parties.			
No wages have been paid/security put up representing more than 5% of the company's equity.			

Payments to senior executives

Group CEO	Board of directors/corporate assembly
Wages	897,145
Pension costs including costs calculated by an actuary for 2015	65,749
Other remunerations	133,056
A CEO is appointed and receives a salary from Fl Administration AS. No special compensation has been paid on changes of employment or posts for the CEO and board members.	

Auditor (in NOK thousands)

	PARENT COMPANY	GROUP	
	2015	2014	
Audit (including technical assistance with financial statement(s) as required by law)	1,235	2,520	101
Tax advice (including technical assistance with tax declaration)	6	49	0
Attestation services	0	35	0
Other services	168	145	18
Purchased auditor's services	1,409	2,749	119

Note 20. ITEMS THAT HAVE BEEN COMBINED IN THE FINANCIAL STATEMENTS

	PARENT COMPANY	GROUP	
	2015	2014	
Other operating costs			
Service costs			
Ship costs			
Other operating costs			
Total other operating costs	386,097	389,868	276,117
Total other operating costs	988,496	1,027,118	875,990

Note 21. WRITE-DOWN ON FINANCIAL ASSETS

	PARENT COMPANY	GROUP	
	2015	2014	
FjordInvest AS			
Other			
Total write-down on financial assets	0	2,102	0
Total write-down on financial assets	0	2,102	0

Note 22. OTHER FINANCIAL INCOME

	PARENT COMPANY	GROUP	
	2015	2014	
Foreign exchange gains			
Share/customer dividends			
Other financial income			
Total other financial income	3,632	4,770	3,632
Total other financial income	1,000	0	1,000
Total other financial income	9,402	3,613	9,402
Total other financial income	9,402	3,613	3,777

Note 23. RENTAL AGREEMENTS

	Duration	Rental recognised as cost
At the end of 2014, the group had rental agreements for ships and other operating equipment	2020	61,895
Rental agreement for ships	2020	41,245
The group also rents the ferry MS Fanafjord	2017	618
Vehicle leases		

Note 24. HEDGING CONTRACTS

	2015	2014
Interest rate:		
Fixed-interest bearing liabilities (cash flow hedging)	1.355,951	1.663,072
The fixed rate on the group's agreements varies and the agreements have varying terms up to and including 2019	63,395	120,988
Unrealised, unrecognised loss on rate swap agreements is as follows:		
Oil and LNG:		
Average hedged volumes of oil and LNG in the period 2013-2019	- 22 %	- 42 %
Unrealised, unrecognised gain/loss on hedging agreements is as follows:	- 22,242	2,664
Note 25. TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES		
By agreement, the county municipality enters into a contract for the purchase of services relating to the operation of ferry, boat and vehicle routes.		
Transactions with related parties:		
Contract purchases	101,075	97,011
Other income	3,981	3,015
Total income	105,056	100,026
Accounts with related parties:		
Receivables at 31.12.	2,035	2,523
Liabilities at 31.12.	0	0

Note 26. TENDER CONTRACTS

	2015	2014
GROUP		
Write-down of property, plant and equipment	40,000	55,100
Credited accrued income linked to property, plant and equipment (other operating income)	0	0
Reversal of write-downs on property, plant and equipment	51,048	- 33,700
Total costs linked to tender contracts	21,400	- 11,048

Note 27. OTHER INFORMATION

Fjord1 is entitled to compensation resulting from the client changing the conditions for the discount structure and fare zones beyond what is set out in the tender.	1): Total return on capital	Profit for the year + financial expenses / average aggregate capital
As of 2010 there have been some contracts for which the client has not made final settlement. For these contracts, annual compensation was paid out, which is recognised as income.	2): Operating margin	Profit after depreciation/total operating income
As of 2010 the payments from the client have been made subject to conditions. The choice of model used will have an effect the final level of compensation.	3): Equity ratio	Equity / total assets
The company's best estimate has been used, i.e. that unpaid discount compensation is recognised as income.	4): Return on equity	Profit for the year/average equity
	5): Liquidity ratio	Current assets/short-term liabilities
	6): Debt servicing capacity	Average net interest-bearing liabilities/profit of the year + ordinary depreciation
	7): Market funding	Total operating income - contract income route operations/total operating income

Note 28. FINANCIAL STATEMENTS FOR THE COMPANIES IN THE GROUP

	Ferries		Passenger boats		Catering		Freight	
	2015	2014	2015	2014	2015	2014	2015	2014
Operating income	1,907,939	1,916,940	1,036,95	996,689	189,44	205,980	-	-
Operating expenses	1,657,716	1,750,174	987,91	980,66	161,88	172,170	-	-
Ordinary depreciation/ write-downs								
Operating profit:	176,843	149,812	6,868	5,633	3,244	2,974	-	-
Operating assets								
Investments	38,206	349,063	5,913	22,163	1,829	10,343	-	-
Book value	3,422,471	3,690,060	109,728	145,125	8,519	10,593	-	1,209
Tourism								
Operating income	20,763	78,070	20,338	48,734	2,24,479	2,39,413		
Operating expenses	24,711	75,373	16,443	33,980	1,959,849	2,129,763		
Ordinary depreciation/ write-downs								
Operating profit:	- 3,948	2,637	3,895	14,754	282,630	219,550	-	-
Operating assets								
Investments	-	-	3,991	4,746	35,440	386,315		
Book value	-	-	188,559	106,856	3,729,277	3,954,673		
Other business areas / eliminations								
Total Norway								
2015	2014							

Note 29. KEY FIGURES

GROUP	2014		2015	
	Total return on capital (1)	%	Total return on capital (1)	%
Operating margin (2)	%	12,6 %	6,9 %	5,4 %
Equity ratio (3)	%	29,7 %	12,6 %	9,3 %
Return on equity (4)	%	13,9 %	8,1 %	8,1 %
Liquidity ratio (5)	%	72,3 %	66,5 %	66,5 %
Debt servicing capacity (6)				
Market funding (7)	%	7,98	8,85	8,85
				63,6 %

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Fjord1

Auditor's report



Statistikkbyrået revisorver
Ernst & Young AS
Thomasset gate 53 D NO-5006 Bergen
Postboks 6163 NO-5692 Bergen

Forside registrert: NO 975 349 387 MVA
Tlf.: +47 55 21 30 00
Fax: +47 55 21 30 01
Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of
Fjord1 AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Fjord1 AS, comprising the financial statements for the Parent Company and the Group. The financial statements for the Parent Company and the Group comprise the balance sheet as at 31 December 2015, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Managing Director's responsibility for the financial statements

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

Auditor's responsibility

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

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

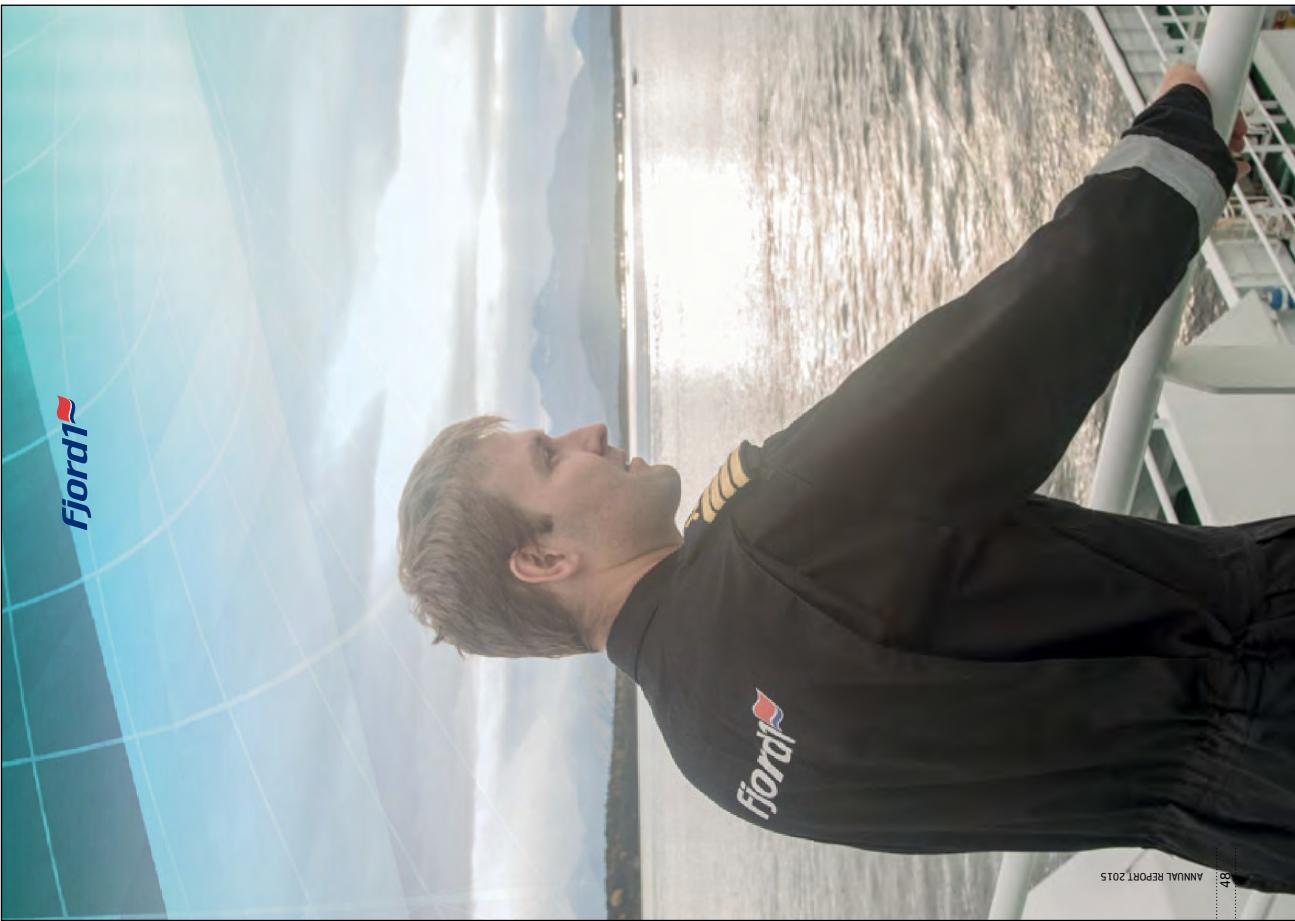
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion

In our opinion, the financial statements of Fjord1 AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

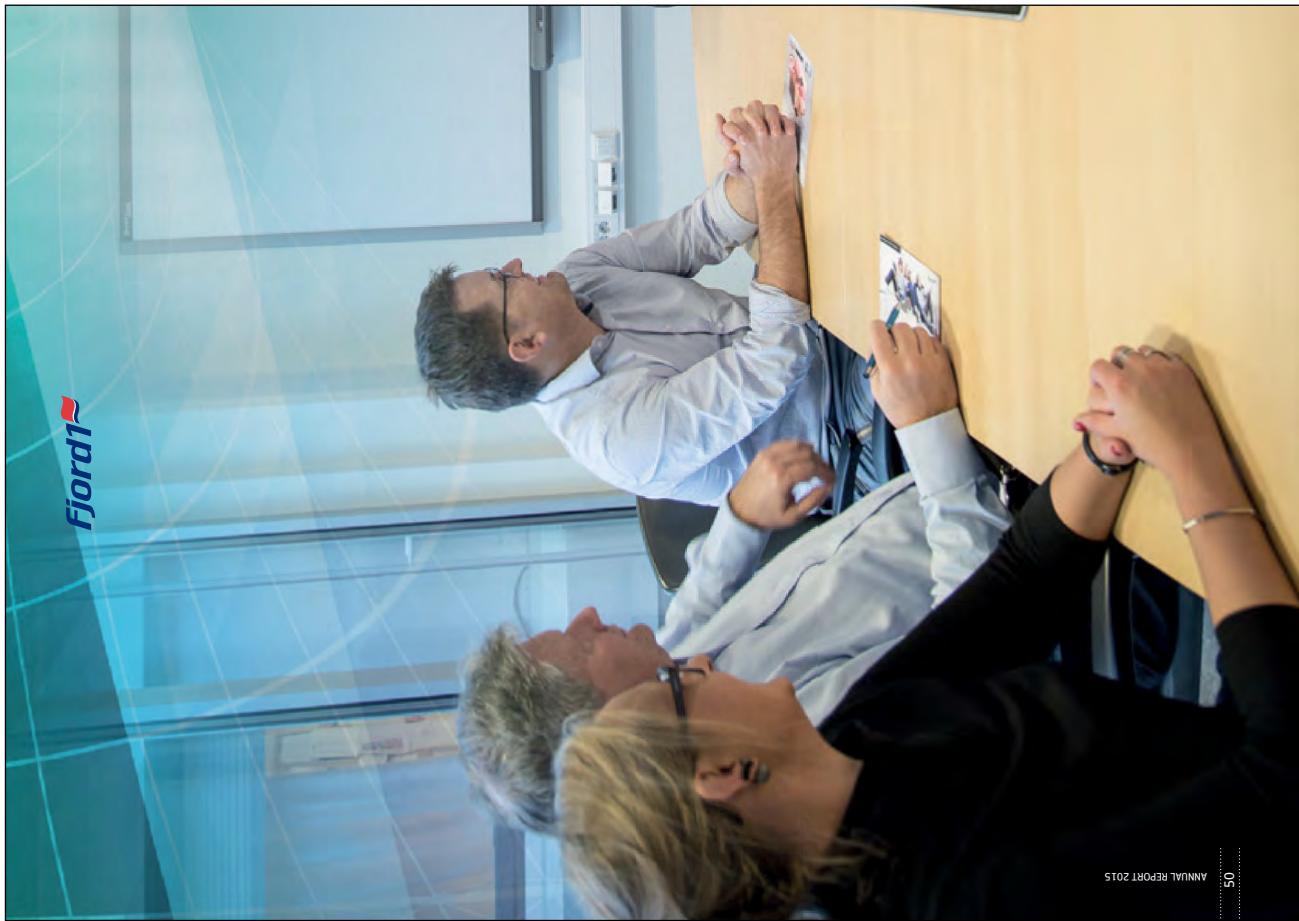
Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE 3000), «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Managing Director have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Bergen, 22 April 2016
Ernst & Young AS

Jerund Haga Indrehus
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)



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List of vessels					
VESSEL NAME	BUILT	CAR CAPACITY	VESSEL NAME	BUILT	CAR CAPACITY
Divia	1963	29	Divna	2005	35
Ørsta	1964	25	Harøy	2006	35
Göna	1968	29	Lote	2006	120
Nålsund	1968	11	Bergensfjord	2006	212
Boleøy	1971	38	Fanafjord	2007	212
Tinavoll	1972	35	Mastafjord	2007	212
Fanaaaken	1973	29	Rauanefjord	2007	212
Veøy	1974	50	Stavangerfjord	2007	212
Slikkviksfjord	1975	36	Ardal	2008	108
Kvænes	1976	35	David	2009	45
Aurland	1977	35	Vågøy	2009	42
Sølør	1977	36	Moldefjord	2009	128
Tustna	1977	30	Fannefjord	2010	128
Aukra	1978	36	Korsfjord	2010	128
Eid	1978	35	Lifjord	2010	110
Norheimøye	1978	52	Norangsfjord	2010	120
Sumnafjord	1978	46	Romsdalsfjord	2010	128
Bjørnsund	1979	61	Boknafjord	2011	242
Geiranger	1979	36	Hjørundfjord	2011	122
Stordal	1979	51	Storfjord	2011	122
Særvin	1979	81	Edøyfjord	2012	50
Solskje	1981	35	PASSENGER BOATS	BUILT	PASSENGERS
Sogn	1982	110	Skadastøl	1970	384
Sønnerford	1984	64	Fjordlivt	2000	81
Dalefjord	1986	28	Sylvanes	2000	70
Selle	1987	72	Ytlefjord	2002	70
Rauma	1988	73	Tansøy	2007	96
Romsdal	1988	87	Fjordprins	2011	295
Gulen	1989	83	Salundir	2013	48
Tresfjord	1991	124			
Svanøy	1992	89			
Ivar Aasen	1997	76			
Lærdal	1997	77			
Gjøra	2000	120			
Afjord	2000	35			
Norrfjord	2001	54			
Eitra	2002	100			
Hålogaland	2002	75			
Volda	2002	100			
Julsund	2004	99			

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Til generalforsamlinga i Fjord1 AS

MELDING FRA REVISOR

Fraslegg om årsrekneskapen

Vi har revisert årsrekneskapen for Fjord1 AS, som er samansett av selskapsrekneskap og konsernrekneskap. Selskapsrekneskapen er samansett av balanse per 31. desember 2015, resultatregnskap og kontantstrømoppstilling for rekneskapsåret avslutta per denne datoén, og ei beskrivning av vesentlige rekneskapsprinsipp som er nytta, og andre røleopplysningar.

Styret og administrerande direktør sitt ansvar for årsrekneskapen
Styret og administrerende direktør er ansvarlig for å utarbeide årsrekneskapen og for at den gir eit rettvisande bilde i samsvar med rekneskapslova sine regler og god rekneskapskikk Noreg, og for slik intern kontroll som styret og administrerande direktør firm nøgleg for å giøre det mogleg å utarbeide ein årsrekneskap som ikkje inneheld vesentleg feilinformasjon, korkje som følge av missig framføring eller feil.

Revisors oppgåver og plikter

Oppgåva vår er, på grunnlag av revisjonen vår, å gi uttrykk for ei meinings om denne årsrekneskapen. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonskikk i Noreg, medrekna International Standards on Auditing. Revisjonsstandardane krev at vi etterlever etiske krav og planlegg og gjennomfør revisjon for å oppnå tryggende sikkerheit for at årsrekneskapen ikkje inneholder vesentleg feilinformasjon.

Ein revisjon inneber utføring av handlingar for å innhente revisjonsbevis for belop og opplysningane i årsrekneskapen. Det valide handlingane avheng av revisors skjønn, mellom anna vurderinga av risikoane for at årsrekneskapen inneholder vesentleg feilinformasjon, anten det skuldast misleg framføring eller feil. Ved ei slik risikovurdering tar revisor omsyn til den innleme kontrollen som er relevant for selskapet si utarbeidning av ein årsrekneskap som gir eit rettvisande bilde. Foremallet er å utforme revisjonsbehandlingar som er formålstenelege etter tilhova, men ikkje å gi uttrykk for ei meinings om effektiviteten av selskapet sin interne kontroll. Ein revisjon omfattar også ei vurdering av om dei rekneskapsprinsippa som er nytta, ei formålesteneleg, og om rekneskapsestimata som er utarbeidde av leiringa, er rimelige, samt ei vurdering av den samla presentasjonen av årsrekneskapen.

Vi meiner at innhente revisjonsbevis er tilstrekkelig og formålsteneleg som grunnlag for konklusjonen vår.

Konklusjon

Vi meiner at årsrekneskapen er avgjereven i samsvar med lov og forskrifter og gir eit rettvisande bilde av den finansielle stillingen til selskapet og konsernet i fjord1 AS per 31. desember 2015 og av resultata og kontantstrøma for rekneskapsåret som var avslutta per denne datoén i samsvar med rekneskapslova sine reglar og god rekneskapskikk i Noreg.

Utsegn om andre tilhove

Konklusjon om årsmeldinga

Basert på revisjonen vår av årsrekneskapen slik den er skildra ovenfor, meiner vi at opplysningane i årsmeldinga om årsrekneskapen, føresetnaden om at drifta skal halde fram og framleigget om bruk av overskotet er konsistente med årsrekneskapen og er i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på revisjonen vår av årsrekneskapen slik den er beskriven ovenfor, og kontrollhandlingar vi har funne nødvendige etter internasjonal standard for attestasjonsoppdrag (ISA) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenket revisjonskontroll av historisk finansiell informasjon», meiner vi at styret og administrerende direktør har oppfylt pliktika til å serie for ordentlig og oversiktleg registrering og dokumentasjon av selskapet sine rekneskapsopplysningar i samsvar med lov og god bokføringsskikk i Noreg.

Bergen 22. april 2016
ERNST & YOUNG AS

Jonifrid Haga
statssautorisert revisor

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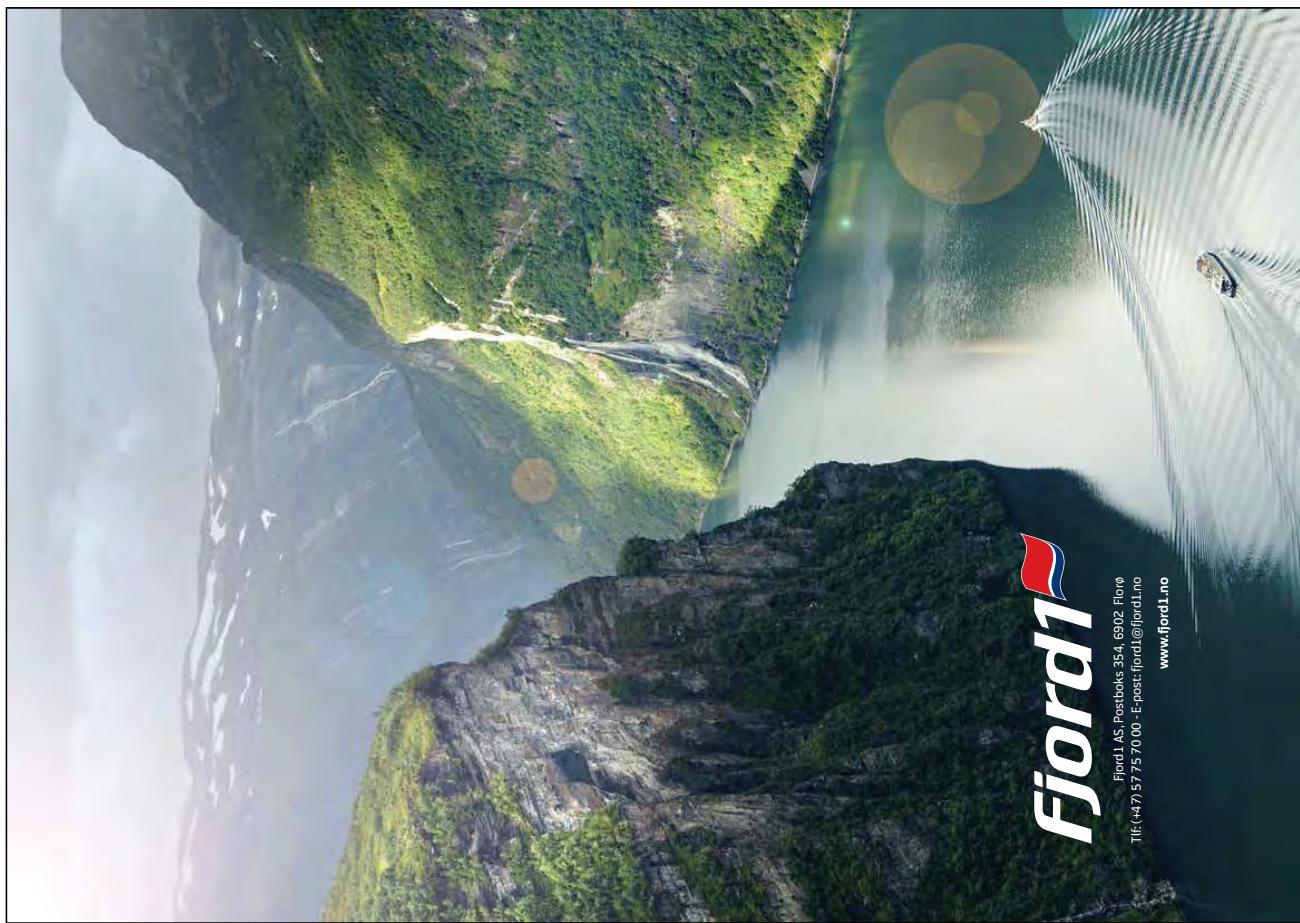
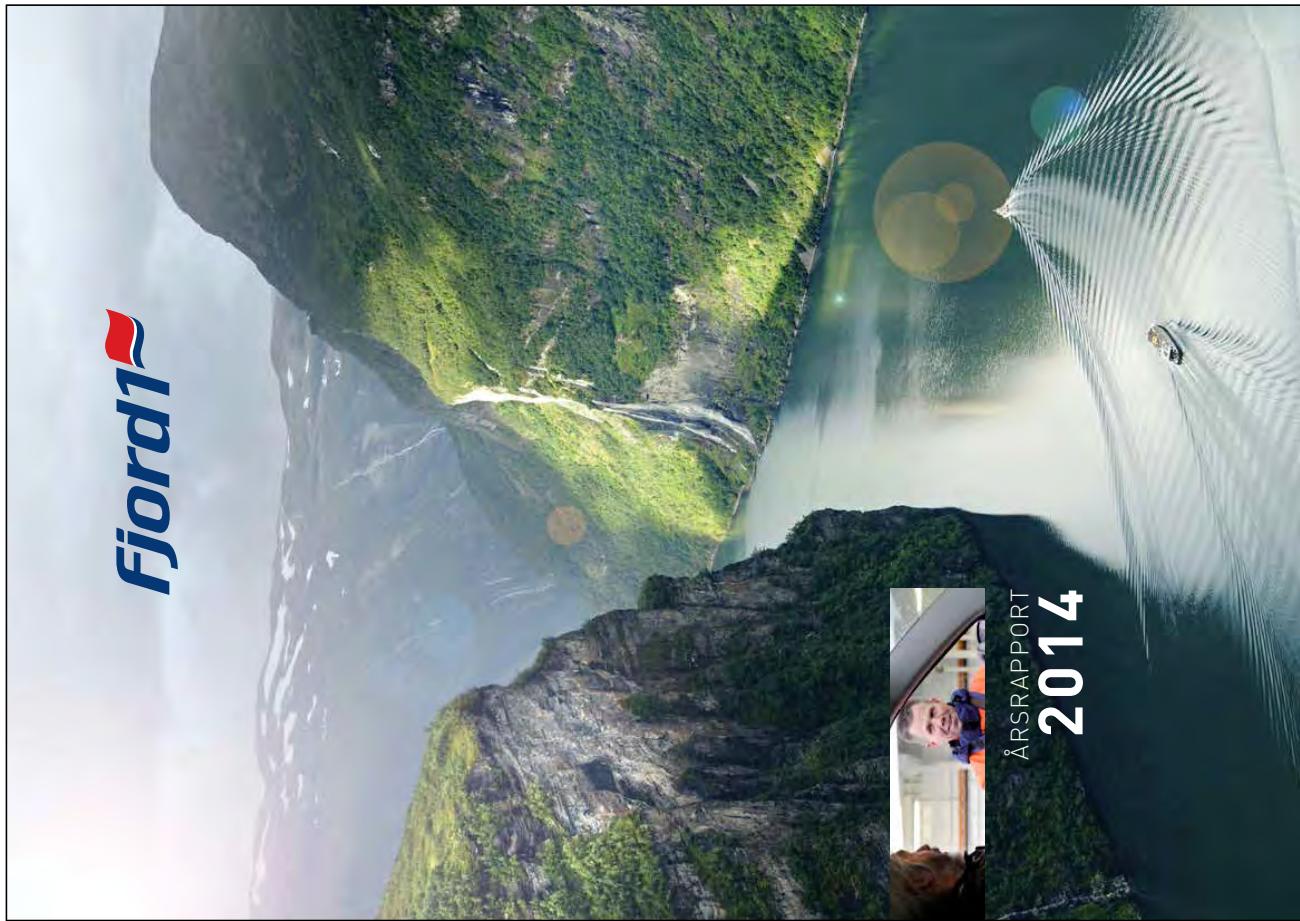
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DETTE ER FJORD1

Fjord1 er det største ferjeselskapet i Norge, med aktivitet fra Finnmark i nord til Buskenu i sør. Fjord1 AS er morselskapet i Fjord1, er eid av Sogn og Fjordane fylkeskommune (59 %) og Havafjord (41 %). Fjord1 har hovedkontor i Florø.

Kjerneverksamhet

Kjerneverksamda til Fjord1 er sjortransport gjennom ferjedrift og passasjer- og hurtigbåtdrift. Gjennom selskapet WF Holding AS har selskapet fått inn som medeigar i Widetroe's Flyveselskap AS. Fjord1 har ein eigrandel i WF Holding AS på 34 prosent.

Fornorskingsparagraf
Fjord1 sitt formål er å sjøv, eller gjennom heilt eller delvis eierskap i andre verksamder drive transport- og reiselivsverksamend. Selskapet kan også engasjere seg i andre forretningsområde nădetteier forretningsmessig interessant og er eigen til å styrke hovedformålet, eller når dette fører til et meir rasjonell utnytting av ressursane i selskapet.

Anna verksemd

Fjord1 driv tilleggs reiselivs- og cateringverksamend i forlengning av ruteprodusjonen og har aktivitetar innanfor andre forretningsområde som reisebyrå, verkstaddrift, finans og eigdomsforvaltning.



NØKKELTAL FOR DRIFTA I 2014

1274	Tilsette
62	Tal på ferjer

9

21,5 mill.
10,5 mill.
2,3 mrd.
4,418 mill.
1,176 mill.
111,4 mill.
456 mill.
35,4 mill.

■ Tilsette
■ Tal på ferjer
■ Tal på hurtigbåtar og andre båtar
■ Tal på transporterte personar på båt og ferje
■ Tal på køyrevey på ferjene
■ Omsetning
■ Balanse
■ Revenskap 31.12.14
■ Eigenkapital 31.12.14
■ Resultat for skatt 2014
■ EBITDA
■ Investering

**KUNDEOPPLEVING I FOKUS**

Vi i Fjord1 arbeid og brenn for kundeopplevinga til kvar einaste passasjer. Kvar dag, 365 dagar i året fraktar vi passasjerane vare tryg over fjordane, 21,5 millionar menneske og 10,5 millionar bøyteøy Åreig. Sikkerhet, positivitet og godt humorsårt i sentrum både intern og i moten med passasjerane. Vi ønsker å sjå alle, det handlar om å bli verdsett både som tilsett, men også som passasjer i Fjord1.

I slutten av 2014 var Fjord1 omorganisert, og allereie no ser ein at eit utfordrande økonomisk resultat i fjoråret er i leid med å snu. Ein sterkt fokus på å drive kostnadsøktaiv og Kundepientent skal lønne seg. Vi kan takke motiverte tilsette som dagleg gjer ein kjempemotsats både for selskapet og i moten med kundane.

I Norges største ferjeselskap drar vi lasset saman for å skape et best mogleg kundeoppleving, det er på denne måten vi skapar dei gode resultata over tid.

Vi i Fjord1 er stolte over produktet som vi leverer til kundane våre. Tilbakemeldingar på at vi har god regulæritet og er punktelt er svært viktige, og er stadig i fokus hos oss. Med 71 farty spreidd landet over i Fjord1 ein viktig del av kvardagen til turenvis av reisande, og den oppgåva tek vi på logiske avor.

No ønskjer vi også å styrke fjordopplevinga, og nytta fridår er at vi satser enda sterkare på reiseliv og turisme. I samarbeid med Flam AS har vi dannat eit nytt fjordselskan, «The Fjords». Fjordane våre er trekkpaster for turistar verda rundt, og vi i Fjord skal songe for opplevingar til glede og begeistring for enhver. Når turistene våre startar inn i mai er vi klare for å ta i mot kundane, vi er klare for å tilby ei tryggt reise i eit saareig norsk natur.

Samtidig som nytt reiselivsselskap blir etablert, er vi også i ferd med å forme fartya våre. Fleire nybyggjer under arbeid både i inn- og utland, og vi ser fram til å sette dessi drift i fullt i da som kjem. I ein kvar dag som også er prega av anbodskonkurranse i næringa er det nødvendig med formning. Vi er svært engasjerte i å vinne anbod skal vi behalde posisjonen vår som Norges største ferjeselskap. Med ein stodig kurs er blikket vårt alltid retta framover - mot spennande tider i mote med våre reisande.

God tur med Fjord1.

Dagfinn Neteland
Adm. direktør

FJORD1'S VISION OG VERDIAR**Visionen vår**

Best på miljøvennlig og pålitelig transport

Mål og styringsparametere våre

- Vi skal vere best på miljøvennlig transport.
- Vi skal gi eigaane våre stabtl, god avkastning på investert kapital.
- Vi skal halde det viloar kundane våre.
- Vi skal behandle dei tilsette på ein slik måte at dyktige folk har lyst til å arbeide her.
- Vi skal vere ein føretrek samarbeidspartner for oppdragsgivane våre.

Kulturverdiane våre

Vi legg vekt på å vere tilgjengelige, profesjonelle, offensiv, ærlig og opne i samhandlinga vår med kundar, samarbeidspartar, oppdragsgivarar, eigarar og eigne tilsette.

Våre 21,5 millionar reisande utgjer fundamentet i verksenda vår, og vi vil at alle som reiser med oss, skal få ei saumlaus og positiv reiseoppleveling. Vi skal legge til renter for at folk skal kunne planlegge dagan din, komme fram i tide til å kjenne seg trygge og tekniske på panten de reiser med tere eller hurtigtå. Dette skal vi gjøre gjennom god informasjon, presise avgangar, korrekt oppreden og god service i alle ledd.

**SELSKAPSLEIINGA I FJORD1**

Selskapsleininga i Fjord1 består av desse personane:



Driftsdirektor
Stian Harkau



Admin direktør
Dagfinn Nete land



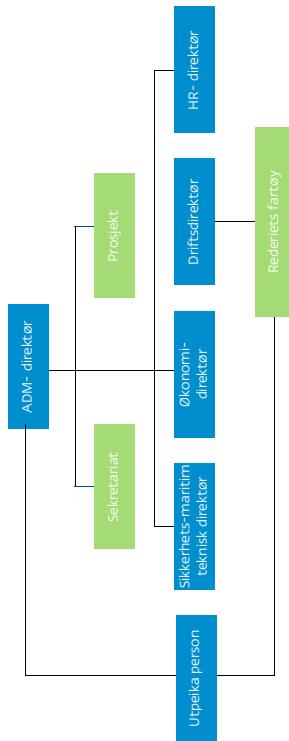
Sikkerhet- og maritim teknisk direktør
Deon Mortensen



HR-direktor
Andie Hoyset



Økonomidirektor
Anne-Mari Sundal Boe

**ORGANISASJONSKART FJORD1**

VERKSEMDSTYRING

Eigarstyring og selskapsleiting

Standarden for eigarstyring og selskapsleiting gild for borsnoterte selskap. Fjord1-konsenter er ikkje hørnøtt, men er stor og omfangsrik og representerer store interesser både for eigarane og del av lokalsamfunna som verken har operert i Sáleis er det ynskjeleg å gjene ut om konsenter si verksemdsstyring.

Utgjeining om eigarstyring og selskapsleiting

Fri omsetning av aksjor Det er inga vedtakstidsaustenging av omsetninga av aksiane i selskapet.

Generalforsamling

I samanhend med gjennomføring av generalforsamling i selskapet er det innatabell rutinar som sikrar at begge eigarane skal vere representerte.

Valkomite

Selskapet har ingen valkomite, og dier heller ikkje vedkandataat selskapet skal haein i valkomite. Innstilling til kandidataat til styre er regulert i aksjonæravta og avtale med tilsette.

Verksam

Verksamda til selskapet er presentert i vedtekten § 2 på denne måten: «Selskapet sitt formål er siolv, eller gjennom heilheitel dehvisigarskap i andre verksamder å drive transport-, kommunikasjons- og reiselivsverksamde, når dette er foreningsmessig interessant og eigna til å styrke handfondmidler, eller føretar føreltel el meir rasjonal utnytting av selskapet sine ressursar.» Innanfor ramma til dette har selskapet også utarbeidd klare mål og strategiar for verkenada. Styret meiner at vedtekten og strategiplanen spesifgar aktivitetane til konsenter på ein tilfredsstillande måte.

Selskapskapital og utbyte

Selskapet har eit eigenkapital som er tilpassa målstrategi og risikoprofil slik dei et i dag, men framtidige investeringsprogram som resulterar av vunne anbodskontraktar kan endre dette. Styret har som mål å ha ein klar og foreseieleg utbyttopolitikk som grunnlag for dei utbyttefordelgasingon vert trentja for generalforsamlinga. Det vert likevel lagt til grunn at utbyttopolitikkna sjås i samanheng med den eigenkapitalsituasjonen og dei finansielle utfordringane som til ei kvar tid v r.

Likbehandling av aksjeeigarar

og transaksjonar med nærtstående

Selskapet har ein aksjeklasse. Det er etablert rutinar for handtering av alle vesentlege transaksjonar mellom selskapet og aksjeeigarar, styremedlem, leiane tilsette eller nærtst nde av desse. Det skal vere laga ei verdvurdering fr  r ein n vengig inndepart. Selskapet har retningslinjer som siktar at styre-medlemmer og leiane tilsette m lder fr  r til styret dersom dei direkte eller indirekte har ei vesentlig interesse i ein aksje som vert inngjatt av selskapet.

Informasjon og kommunikasjon

Styret har fastsett retningslinjer for konferansekapittel rapportere finansiell og annan informasjon. Det vert kommunisert ope om dekkst r pportar. Informasjon til eigarane skjer gjennom generalforsamling og gjennom andre møte og fort pende kommunikasjon p   initiativ fr   styret og/eller leiane eigarrepresentantar.

Revisor

I desse m n a gir revisor gjennom eventuelle vesentlege endringar i rekneskapsprinsippa til selskapet, vurdering B de revisor og styreleiar statf sesier dette skriftleg.



2014 ÅRET SOM GJEKK

MARS

Dramatikkvart solskinnshistorie

Fredag 14. mars var MF Selje eit sentralt fartøy i ei dramatisk hending. Telefonen som driftsakta fekk vort formulert om lag slik: "Ein bil har gått i sjøen med folk inn!"

Bilen var ikkje å finne i et kalle varnet, men etter ei stund kom det opp til personer som symde omkring og opnådde at det var ei jente i bilen. Det var sett til verk full redningsaksjon. Det tre ungdomane blei etter om lag 10 min innseas begga opp på ferjebrua og vidare teke godt hand om inne på ferja.

Den eine jenta var livaus, og mannskapet på Selje sette straks sett i gang med HLR. Maskinsjefen og ein av passasjerane vitne om kontinuerleg og flidig innsats. Det viste seg etter kvart at helikopteret ikkje kunne lande på Hella, grunna dårlige siktforhold. MF Selje gjekk då ned pasienten til Balestrand der helikopteret kunne lande.

Fjord1 er stolt over den gode innsatsen som vart utført av mannskapet og hjelpsame passasjerar, og er letta over at det endte bra til slutt.



MARS

MF Ivar Aasen fekk pris for beste HMS-farty

Styret i Fjord1 AS har tilsett Dagfinn Neteland som administrerande direktør i Fjord1 ASA. Neteland har omfattande erfaring frå finansvirksomhet og kjenner transportbransjen svært godt. Dagfinn Neteland kjem frå stillinga som regionleiar i Gjensidige Vest og vore administrerende direktør i Gjensidige Forsikring. Neteland har solid erfaring frå transportbransjen. Han var konsernsjef i HSD ASA frå 2001 til 2005 og konsernsjef i Tide ASA i perioden 2005-2009.

MAI

Fjord1 får ny administrerande direktør

Vinneren er ikke eit fast samanhend, men ein avløysar for andre farty som er på verkstad eller ved anna trøng for reservekapasitet. Trass ein teknisk kravdags med ulike mannskap som avlyser førsteskifte om bord, skårar deltagning på tryggingsarbeid og tryggsutnamn. Juryen meiner også at MF Ivar Aasen er eksemplarlisk gode på bruk av tryggingsstyringssystemet om bord og påverknader og vennermedar. Fartoyet har svært gode resultater frå eksterne revisjonar og bruker forberettings-systemet aktivt. I tillegg vert verdikalkulussystemet godt oppdatert.



MF Selje vann "HMS-prisen 2014", og utmerka seg mellom anna med handteringen i hendinga som er skissert over.

JUNI**Fjord1 - Svela skapar debatt**

Reisepassasjerar protesterte høgldt mot at det er slutt på svelesalet på fleire av ferjene. Facebook blir ein kampanja der folk uttrykker sine følelser. Folket er samstende, de vil ha smaken av fjorden med ismørkrem eller brunost på.

AUGUST**OKTOBER****Fjord1 AS og Flåm AS danner nytt fjordsekskap**

Relsiv er et viktig forretningsområde i Fjord1, og selskapet er den største leverandøren av fjordbaserte turistopplevelsingar i landet. For å styrke reiselivskuset og spisse kompetansen vant det derfor vedtatt å skille ut reiselivaktiviteten i eit eige selskap. Dette blir eit rendyrket reiselivsselskap som vil arbeide med marknadsføring og produktutvikling for å styrke Fjord1 sin posisjon i reiselivsmarknaden.

NOVEMBER**Redningsselskapet fekk ny Elias-båt**

1. august var den første av dei nye Elias-båtane i Sogn og Fjordane auka.

-Sjortygleik er ein del av det daglege virket til Fjord1, og vi er stolt over å kunne vere med på det viktige arbeidet. Redningsselskapet gjer med opplysing og opplæringsarbeid til kommande generasjonar som skal ferdest på sjøen, ifølgje HR-direktøren i Fjord1, Andrine Høyset.

Den nye Elias-båten er ein stor og meir robust farkost enn forgengaren. Den er utstyrt med både heisekran og vasskanon til gjeld for små og store Elias-skipparar.

DESEMBER**«Fjord1 løftet» - ny organisasjon på plass**

Organisasjonen er omdørt og tredde i kraft 1.1.1.14. Stikkord for «det nye» Fjord1 er ein organisasjon som skal vere nært på mørdebarbeitane sine og den daglege drifta, ein tydeleg leiarstruktur, klare rapporteringstilnærmingar, tydeleg resultatausva gjennom organisasjonen, og tydelege rapporteringslinjer mellom sjø- og landorganisasjonen. På denne matten skal Fjord1 bli eit betre og meir kostnadseffektivt og konkurransedyktig selskap.

**DESEMBER****Lavik - Oppdal farvel**

160 år har Fylkesbaatane/Fjord1 trafikkert Sognsfjorden frå Lavik, først til Instefjord, så til Brekke og dei sistre åra til Oppdal. 31.12.14 gikk siste turen for Nordfjord tek over frå Nyrbåt. Mannskapei har funne ut at den aller siste ferjeleuten fortener ein salutt, og gjør klar ein rakkett ved bommen. Bommen går ned, rakketten smeller venret og MF Ifjord utareitt langt, venodig ul som ei helsing til MF Oppdal som ligg ved den nye kaien og ventar på det nye året og det nye mannskapet.

Tomt på dekk under sistre reis for MF Lofjord nyttårsafta 2014.

www.fjord1.no



Eliasbåten fekk namnet Nordfjord!

batteri, vindenergi og gass som energibærarar. Fokuset i 2014 har vore på unnytting av denne kumsumma innom hybridombryggingsforeksisterande gass- og dieselelektriske ferjer, som så langt har resultert i ein planlagt ferdigstilling i våren 2015.

Investeringar

Konsemestert i 2014 netto investert 35 millionar kroner i varige driftsmiddelet.

Selskapet har selvfølgelig ferjer i tillegg til aksieposten i Fjord1 Partners AS, Moaternalien Holding AS og Terminalbygg Kaupanger AS.

Mot slutten av 2014 innlekkj Fjord1 AS kontraktar for bygging av to nye ferjer for bruk i fylkesvegakke i Sogn og Fjordane. Det er i tillegg avtalt opsjon for eit tredje fartøy.

FINANSIELL RISIKO

Marknadsrisiko

Marknadsrisiko er definert som konsekvensen av variasjonar i oljepris, rente og valuta. Selskapet er eksponent for marknadsrisiko. Elspsoneringa i valutan er direkte gjennom skipbyggingskontraktar, tekna i EURO, og indirekte gjennom den gasoslo selskapet kwyper, nover i USD. Selskapet gjer, etter nærmare retningslinjer fastsette av styret, skrivingar som reduserer konsekvensane av endringar i oljepris, rente og valuta.

Innanfor kiernevirksemi har selskapet tilleggare vore lite risikospesent som følge av langsiktige kontraktforhold med offentlege transportbyråpar. Med vesentleg intensivering gjennom vedlike og gjennomførte program for arbeidsutseining, spesielt ifjerdifritta, har marknadsrisikoen auka tilsvarende for Fjord1 AS.

Kreditrisiko

Risikoene for at kundar og kontraktPartnerar ikkje har økonomisk evne til å gje opp for seg er vurder til å vere låg. Historisk sett har selskapet haft lågetap påkravat for konsernet. Det er ikke ingått avtalar som reduserer denne risikoen.

Likviditetsrisiko
Styret vurderer likviditetens i selskapet som tilfredsstilende basert på budsjett for 2015 og langtidsplan for perioden 2014-2018. Selskapet har avert ombank- og finansieringssystemet med Norden. I tillegg til spesifik kreditfinansiering gir avtala tilgang til et generell kredittramm på 200 millionar kroner.

Fjord1 AS har rammeavtaler med sine største leverandørar der mellom anna betalingsvilkår er definerte. Selskapet har, med unntak av offentlege oppdragsgavarar, få store enkelkundar.

Kort om dei ulike forretningsområda

Først den underliggende drifta på dei ulike forretningsområda kan driftsåret 2014 oppsummast slik:

Perjedrift

For dei største forretningsområda i kiernevirksemi, ferjedrifta, var dei underliggjande driftsøkonomiske resultatet i 2014 borte eim for året før.

Bidraga frå dei ulike kontraktområda i ferjedrifta har vore varierande. Ein har hatt fokus på å betre økonomien i enkelte utfordrande kontraktar. Nedskrivning av driftsmiddelet på ferjeanbodskontraktar er gjennomført. Tilbakeføring er gjort på tillegare nedskrivning av driftsmiddelet på kontraktar. Det har ikkje vore opstart utgått frå og med 1.1.2014. Samanhænd Lavik-Oppedal avtale med oppdragsgivaren gjennom Malay Reisebyrå AS. Dette selskapet har levert eit godt resultat for året.

Fjord1 AS har rett til kompensasjon for bortfall av trafikkminner som følge av oppdragsgivar endrar føresetnaden knytt til rabatstruktur og taksoner utover det som var lagt til grunn i anbodet. Frå og med 2010 er det for ein del kontraktar ikkje gjennomført endleg oppgjevir frå oppdragsgivar. For desse kontrakta nevner det i heile kontraktet ein årlig kompensasjon som blir inntektsført etter same prisnipp som tidlegare. Styret forventar at dei uavkarte sakene vil kunne løysast gjennom dialog med oppdragsgivar.

I 2015 er det forventa at leire ferjesrekninga i Noreg vert lyste ut på anbod. Fjord1 AS er posisjonert for å delta i nye anbods rundar.

Risikoene for at kundar og kontraktPartnerar ikkje har økonomisk evne til å gje opp for seg er vurder til å vere låg. Historisk sett har selskapet haft lågetap påkravat for konsernet. Det er ikke ingått avtalar som reduserer denne risikoen.

Det er sett i verk ei rekke forebyggjande tiltak for å redusere risiko for tekniske hendingar og konsekvensar ved uhell gjennom året.

Hurtigbåtfart

Fjord1 AS driv hurtigbåtruten i følgjande kommunar eller regionar: Flora, Bremanger og Vågsøy, Høyanger, Lærdal, Aurland, Balestrand, Olden, Sogndal og Askvoll. Resultata for forretningsområdet hurtigbåt var tilfoddstilande i 2014.

Catering

Cateringa er viktig forretningsområdet, og resultatet for 2014 viser at målretta satsing har gitt positiv økonomisk utvikling.

Reiseliv

Ca. 400 000 passasjerar reiste med reiselivsretene i 2014, som ein auke på tre prosent samanlikna med 2013. Styret er godt nögd med trafløken og resultata i 2014-sesongen.

Fjord1 AS er idag den største aktoren innan fjordbaserte opplevingar i Noreg. Selskapet har i 2015 inngått samarbeid med Flám AS, og dannar et nytt fjordeskapskap. The Fjords DA. Reiselivsaktivitetene til Fjord1 AS vil frå og med 2015 vere inkludert i The Fjords DA.

Andre forretningsområde

Det blir relativt svært kjent gjennom Malay Reisebyrå AS. Dette selskapet har levert eit godt resultat for året.

KVALITET, TRYGGLIKT OG MILJØ

Kvalitets- og driftstyringssystem

Fokus på tryggleik og driftstyringssystemet er kontinuerlig, både i ledelsen og grunnleggande i Fjord1 AS. Fjord1 AS har hatt ein redusjon i driftsaboyt og kontaktskadar (kollisioner) og grunnsøytingar på over 60 prosent frå 2012 til 2013 og ytterlegere nirocent nedgang i 2014. Relataget jobbar med fleire tiltak for ytterlegare fremme sikker drift.

I nært samarbeid med mannskapet arbeider selskapet med å implementere barriarar og utvikle operasjonssprosedyrar om bord.

Risikoene for at kundar og kontraktPartnerar ikkje har økonomisk evne til å gje opp for seg er vurder til å vere låg. Historisk sett har selskapet haft lågetap påkravat for konsernet. Det er ikke ingått avtalar som reduserer denne risikoen.



grad fall-, skli-, klem- og kutskadar. Det er prioritert oppgåve å få ned tråveret på grunn av skadar.

Arbeidsmiljøet i Fjord1 AS er generelt godt, og arbeidstakten er på det fleste områda stabil.

Stjørkeføreret var 7,92 prosent i 2014. Tilsvarende tal i 2013 var 7,16 prosent. Selskapet har også fått sett inn meir administrative ressurser for å setje i verk nye sjukkeoppfølgingssentrinar og tettere oppfølging av sjukeføreret, og har utarbeida ein plan for å få dei raskare tilbake i redusert eller heil stilling.

Diskriminering

Formålet til diskrimineringslora er å fremme likestilling, sikre like rettar og hindre diskriminering på grunn av etniske eller nasjonale opphav, avstanning, hudfarge, språk, religion og likeisen. Fjord1 AS arbeider aktivt og matnært for å fremme formålet til lova.

Fjord1 AS er i dag i stand til å tilby egen *lønnplass*, der det ikkje skjer diskriminering på grunn av nedsett funksjonsevne. Selskapet arbeider for å utforme og legge til rette dei fysiske tilhøva slik at dei ulike funksjonane verksenda kan nytta av flest mogleg. For arbeidstakrar og arbeidssøkarar med nedsett funksjonsevne blir det gjort individuell tilrettelegging av arbeidsplass og arbeidspøgåver.

Styret ser positivt på Fjord1 AS sin utviklingspotensial framover og vil gi honnor til dels tilsette for god innsats i 2014.

Det er også grunn til å takke pensjonistar og tilsette i drifta som har stått opp på eksstraordinær vis for å handtere bemanningsemessige utfordringar både på sjø og land.

Fjord1 AS arbeider med desse utfordringane gjennom vidareføring av lastning på gassdrivne lejer, etter at den første ble sett i drift i 2000. Gjennom naturgassdrivne ferjer reduserer vi NOx-utslappa med 90 prosent og CO2 -utslappa med 25–30 prosent samanlikna med konvensjonelle dieselleier. Ei slik utviding satser på dette området fortrat at oppdragsgivarane vil fortsette

å stimulere til miljø- og utsleppstiltaik gjennom framtidige kontraktutbyggar. Fjord1 AS har i dag 12 store gassdrivne ferjer i drift.

Gjennom 2014 har selskapet fortsett arbeidet med å skifte ut gamle motorar med nye Tier II - sertiferte motorar. Detta gitt vesentlig redusjon i NOx-utslipp for desse fartoya, med over 40 prosent redusjon for flere av dei. I 2013 og 2014 er det gjennomført silke motorbytte for 10 fartøy, medplan for minst 10 til 2015. Selskapet har i ringa ført avleiring av miljøfarleg avfall, mellom anna spilloje, til godkjende mottakarar.

Disponering av resultatet i morseskapsel

Fjord1 AS forsøker i det strategiske fundamentet at det skal leggast til rette for ein eiga vennmlig, balansert og langsigdig utbyttepolitikk. Styret har vurderert dei slik at det kan delast ut utbytte for 2014.

Styret tilfør med dette følgjande disponering av årsresultat:

- Utbytte 500 millionar kroner
- Overført til annan eigenkapital 266 millionar kroner
- Sum disponert 76,6 millionar kroner

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VTE MILJØ

Transportverksemda medfører ureining av det vte miljøet. Ureininga er sæleg knytt til bruk av fossilt brensel med i utslepp med NOx og CO2. Gjennom samarbeid i næringa, med motoreleverandørar og forskingsmiljøa sørger Fjord1 AS å finne tiltak som kan redusere innhøyr på uheldige utslepp til luft. Selskapet sine utslepp ligg innanfor alle formelle krav som styremakten stille.

Fjord1 AS arbeider med desse utfordringane gjennom vidareføring av lastning på gassdrivne lejer, etter at den første ble sett i drift i 2000. Gjennom naturgassdrivne ferjer reduserer vi NOx-utslappa med 90 prosent og CO2 -utslappa med 25–30 prosent samanlikna med konvensjonelle dieselleier. Ei slik utviding satser på dette området fortrat at oppdragsgivarane vil fortsette



fjord

ÅRSREKNEKAP 2014

Foto: Tor Myklebust

www.fjord1.no

RESULTATREKNEKAP 2014

Morselskap	Konsern				
	2013	2014	Rekneskap	Notar	Rekneskap
			DRIFTSINNTEKTER OG DRIFTSKOSTNAÐER		Rekneskap
			Driftsinntekter		Rekneskap
1 419 602 847 834 59 031	1 416 228 856 055 39 333	Salammekter Kontaktsammekter rute drift Andre driftsinntekter	30 856 532 39 835	1 453 523 856 064 39 835	Rekneskap
2 326 467	2 341 615	Sum driftsinntekter		2 349 413	2 355 743
		Driftskostnader			
79 434 967 279 137 719 30 214 905 290	84 492 823 831 198 368 21 400 1 027 118	Varekostnad Løn og sosiale kostnader Avskrivningar Neierskriving av varige driftsmidler og immaterielle eigeledar Andre driftskostnader	8 16/21 1 1/28 9/22/25	86 884 21 049 499 21 498 969 21 400 87 950	84 686 977 424 227 064 30 344 884 118
2 195 934	2 155 208	Sum driftskostnader		2 129 763	2 203 636
130 533	186 407	Driftsresultat		219 651	152 107
		Finansinntekter og kostnader			
6 119 0 0 0 -1 374	5 211 27 705 0 0 -2 102	Innnett/kutbytte på investering i døtterselskap Innnett/kutbytte på investering i anna føretak i samme konsern Innnett/kutbytte på investering tilknyttet selskap Verdiønskriving av finansinntekter fra finansielle omloppsmidlar Anna finansinntekter	2/27 3 7 23 11/2/4	0 21 878 13 254 7 2 102 5 236	0 0 16 96 891 -1 374
5 831 5 042 738 16 14 076	3 613 3 581 0 0 1 272	Renteinntekter fra selskap i samme konsern Renteinntekter til selskap i same konsern Anna rentekostnad Anna finanskostnad	3 0 0 26	3 777 6 643 0 149 039	6 277 6 643 0 155 293
-129 181	-95 725	Netto finanspostar		-108 284	-126 124
1 352	90 682	Ordinært resultat før skatt:		111 367	23 983
-7 504	14 078	Skattekostnad	15	16 272	-3 553
8 856	76 605	Resultat etter skatt		95 095	27 536
8 856	76 605	Årsresultat		95 095	27 536
		Minoritetar sin del		-1782	599
		Årsresultat etter minoritetar sin del		96 876	26 937
		Overføring og disponering			
		Avsetjing til fond for vurderingsklinader			
~780	50 000	Forsløft utbytte			
9 636	26 605	Overført til/fra annan eigenkapital			
8 856	76 605	Sum disponant		96 876	26 937

BALANSERKNESKAP 2014

Morselskap	31/12/2013		31/12/2014		Notar	Konsern (tall i 1 000 kr)		31/12/2013
	31/12/2013	31/12/2014	31/12/2013	31/12/2014		31/12/2013	31/12/2014	
EIGEDEAR								
Anleggsmidlar								
Imateriale eigedelar								
Usett skattefordel	353	0	15	266		353		
Goodkons- og utviklingsprosjekt:	0	0	1	0		1 235		
O Sum immaterielle eigedelar	1 768	0	1	0		1 415		
Verge driftsmidlar								
Tømmer, bringning og annen fast eiendom	43 247	41 759	1/18	91 533		97 314		
Skip	3 505 462	3 297 375	1/18	3 613 956		3 833 757		
Transportmidler	1 215	423	1/18	423		1 215		
Diffrasjonsye, inventar, verktyg og liknende	19 143	21 963	1/18	23 385		20 169		
O Sum varige driftsmidlar	3 569 336	3 361 520				3 729 277		3 954 673
Finansielle anleggsmidlar								
Investering i datterselskap	86 215	80 389	2	0		0		
Lån til filialer, selskap	183 652	191 082	3	221 033		205 655		
Investering i filialer, selskap	5 251	3 207	4/23	3 222		5 266		
Investering i fast eiendom	4 418	5 653	5	5 653		4 493		
Obligasjoner og andre fordringer	29 219	21 148	6/7	0		0		
Langsiktet fordring til konsernselskap	0	0	16	3 457		0		
Pensjonsmidler	308 765	302 379				234 265		210 414
O Sum finansielle anleggsmidlar	3 879 859	3 663 999				3 963 808		4 168 089
Omtøpsmidlar								
Varer	18 870	19 406	8	19 511		19 016		
Kundefordringar	82 656	86 077	9	88 397		84 945		
Kortsiktig fordring på konsernselskap	4 117	5 361	7/10	0		0		
Marknadsbaserte aktiar og obligasjoner	0	0	11	0		15 105		
Bankinnskot, kontantar o.l.	70 958	11 445	10	12 168		244 662		
Bare kortsiktige fordringer	220 188	306 923	18	334 130				
O Sum omtøpsmidlar	396 790	429 212				454 321		437 858
SUM EIGEDELAR	4 276 659	4 493 111				4 418 126		4 605 948

BALANSEREKNESKAP 2014

Morselskap 31/12/2013	31/12/2014	EIGENKAPITAL OG GIELD Konsern (tall i 1 000 kr)	Notar 31/12/2014	Notar 31/12/2013	Morselskap 2013	Konsern 2014	Konsern 2013
		Eigenkapital og gield					
250 000	250 000	Innskooten eigenkapital	12/13	250 000	1 352	90 682	Kontantstrøm fra operasjonelle aktivitetar
Aksiekapital					-70	-267	-23 983
Eigne aksiar					-19 304	-1 938	-854
Overkurs					-27 410	-27 410	-19 772
Arbeidsinnskoten eigenkapital					0	-5 505	0
Sum innskooten eigenkapital	610 924	610 924			213 719	198 367	-16 696
		Oppent eigenkapital			31 588	Ordinære avskrivningar	-13 254
Fond for yrkestrengskjellar	269				29 623	Nedskrivning på anleggsmedier	214 899
Annan eigenkapital	522				6 940	Sulnad mellom konsernforsikring og innstebelningar	227 065
Annan konsernekapital	0				-64 025	Etoring av kvalitetsdriften med konsernforsikring	21 400
Sum opprettet eigenkapital	495 721	522 134			-906	Etoring av varer og kundekav	31 718
		Sum opprettet eigenkapital			-20 243	-3 452	-6 940
0	0				163 482	Endring i andre tidsregningspostar	-50 213
Minstresinneser	0				71 011	Kjøp/salg av konstitusjonale verdipapir	-65 679
Sum eigenkapital	1 106 645	1 133 059			339 984	Netto tilvirkedestanding frå verksemda	-72 729
		Gield			271 802	Likviditet tilført/ brukt på investeringar:	-3 452
		Aveating for forpiktingar				Investeringar i varige driftsmidler	143 798
Urettskatt	163 501					Investering i immaterielle eigeleiar	143 798
Pengiforsikringar	20 846					Utbetaling ved kjøp av immaterielle eigeleiar	143 798
Andre aveatingar for forpiktingar	39 900					Sal av varige driftsmidler (salsum)	143 798
Sum aveating for forpiktingar	210 170	208 134				Endring driftsmidler ved avgang dotterselskap	143 798
		Anna langtids gield				Utbetaling ved sal av aksiar/partar	143 798
Geld til konserninstisjonar	2 287 423					Tilbakelagd innskot på leifefordringar (korts/langs)	143 798
Anna langsiktig gield	0					Utbetaling andre leifefordringar (korts/langs)	143 798
Geld til konsernekapital	1 464					Utbetaling på leifefordringar (konsern)	143 798
Anna langsiktig gield	0					Utbetaling til tilknytte selskap	143 798
Sum anna langsiktig gield	2 287 423	2 093 940			-220 679	Netto tilvirkedestanding frå investeringar	14 875
		Kortsiktig gield				Likviditet tilført/ brukt på finansiering:	-210 367
Geld til konserninstisjonar	2 138					Netto utbetaling kassakredit	
Studige offentlege avgifter	65 653					Oppkall av my langtids gield	
Leverandørjeld	53 809					Utbetaling gjeld konsernselskap	
Betalbar skatt	0					Utbetaling av gammal gjeld	
Utbetaling gjeld konsernselskap	5 000					Utbetaling gjeld konsernselskap	
Anna kortsiktig gield	468 555					Utbetaling gjeld konsernselskap	
Sum kortsiktig gield	672 421	657 979			-65 795	Netto tilvirkedestanding frå finansiering	-55 638
		Sum gield				Netto endring likviditet i året	
						86 735	
3 170 014	2 960 052					89 580	
4 276 659	4 093 111	SUM EIGENKAPITAL OG GIELD			220 189	306 923	

Flere, 16. mars 2015

(tall i 1 000 kr)

Konsern

Morselskap

31/12/2013

31/12/2014

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31/12/2013

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REKNESKAPSPrINSIPP

Avdingsdelen av leigevederlaget blir vist som langsiktig gjeld. Det samla reditaget blir redusert med betale leige etter frådrag for berekna rentekostnad.

Før avtalar som blir klassifiserte som operasjonell leasing, blir leigebetaltingane handsema som ein driftskostnad som blir fordelt systematisk over hele legeperioden.

Andre langsiktige aktieinvesteringar

Kostnaden blir bruk som prinsipp for investeringar i andre aktiar mv. Uddelingar blir rekneskapstori i utgangspunktet som finansinntekt, når utdelinga er vedteken.

Felleskontrollert verksemd

Førfelleskontrollert verksemd nytta i verbotmetoden i selskapsrekneskapen, og konsernrekneskapen. Selskapet og Konsernet summerer sin del av defelles kontrollerte verksemdene sine resultatl- balanse- og konsernrekneskapen. Det av mellomverande og interne transaksjonar blir eliminerte.

Nedskrivning av anleggsmidlar

Ved indikasjon på at balansefort verdia vett anleggsmidel er hogare enn verkeleg verdi, gjenomfører vi test for verdifall. Vi vurderer om gjenlevninga belop på anleggsmidla relatert til den tilhøyrande vurderingsseninga, medan netto salvsverdi blir definert som skilnaden mellom marknadsverdi på balansedagen og estimerte salvkostnader. Det tilfelle anleggsmidla i vurderingsseninga er bunde opp i kontraktar og ikke kan realiseras utan at kontraktbrot blir herda av avleparten, brukar ein berre brukswert som eit alternativ

Olje og LNG

Konsernet brukar terminkontraktar der vi avtalar marknadspris pr. tonn i INOK eller USD med levering kvar måned for avtalt periode. I månader der aktuell marknadspris ligg over sikringsprisen, vil konsernet få utbetalat skilnaden frå marknadsverdi tilbake. I månader der aktuell marknadspris ligg under sikringsprisen, vil konsernet behale skilnaden til marknadsverdi. For aktuell avtalt volum, vil konsernet ha ein fast pris i INOK eller USD for avtalt periode.

Kortsiktige plasseringar

Kortsiktige plasseringar (aksjer og partar som er omløpsmidel) blirvurdert til det lågaste av gennomsnittlig kippskott og verkeleg verdi på balansedagen. Motteke utbytte og andre utdelingar blir inniteksførte som anna finansiantekt.

Garantiansvar

Venta utgjør til framtidige garantiarbeid knytt til sal/avslutta prosjekt ter kostnadsfort og fort som avsetjing i

balansen. Avsetjing blir basert på historiske erfaringstal for garantiar.

Tapskontraktar/nedskrivning av anleggsmidlar

Konsernet som virkesmed innleier mellom anna at det blir inngått kontraktar med det offentlige omlevering av kollektivtjenester. For flere av desse kontraktane har selskapet ein stor del av risikoen for utviklinga i flerlekostnadar (t.d. løn, rente og driftsfordr.). Utan at innleiekkene blir endra tilsvarende, dette kan resultere i at kontraktane blir tilsonde dersom kostnaden aukar i store omfang enn innleike. Selskapet måtar difor novendri av framtidige forventa kostnadsutmanar frå operasjonselle aktivitetar i den enkelte kontrakt, der estimerte utbetalinger omfattar alle utgangsbeløp framtidige betabile driftskostnader. Av- og nedskrivningar finanskostnader er ikke inkluderte.

Renter

Konsumentkartarrelebyteavtalar der vi avtalar renter og nebetalerløftet med ein noplart. I månader der aktuell marknadsrente ligg over nivået som vi har gjort sikringssavale for, vil konsernet få utbetalat skilnaden resteraende del av hovudsollfrå marknaden.

I månader der aktuell marknadsrente ligg under, månader vi har gjort sikringssavale for vil konsernet betale skilnaden reka etter resteraende del av hovudsoll til

marknaden. For avtalt belop og periode vil konsernet ha fast rente gjennom slike avtalar.

Konsument har imindre grad gjort seg bruk av avtalar der vi sikra ein pris- eller rentekontrakt. Målet med slike avtalar er å sikre seg mot konsekvensar ved ekstreme utslag på underliggende prisutvikling.

Varer

Lager av innkjøpte varer blir vurdert til det lågaste av kjønskostet/FIFO-prinsippet og verkeleg verdi. Det blir gjenomført nedskrivning for påkneide ukurans.

Fordringar

Kundefordringar og andre fordringar blir forte opp i balansen til pålydande etter fradrag for avsetjing til forventa tap. Avsetjing til tap blir gjenomført på grunnlag av individuelle vurderingar av dei enkelte fordringane. I tillegg gjennomfører vi et usiffert avsetjing for å dekke forventa tap på andre fordringar. Andre fordringar både omlobspendingar og anleggsfordringar blir forte opp til det lågaste av pålydende og verkeleg verdi. Det er noviden av forventa framtidige fordringar. Det blir ikkevel ikkje gjennomført nedskrivning når effekten av neddiskonten er uvesentlig for rekneskapen. Avsetjing til tap blir vurdert på same måte som for kundefordringar.

Avsetjing for tapskontraktar

Avsetjing for tapskontraktar blir balansefort under avsetjing for forplikkinga (langsiktig gjeld). Avsetjing for tapskontraktar knytt til vraketsløper eller som har forventa oppgjørsdato punktmåten eti fåt til balansedagen, blir klassifisert som anna kortsiktig gjeld.

Nedskrivning av anleggsmidla

Avsetjinga /nedskrivninga blir reversert iakt med eventuelt redusjon av negativ novedi i senare periodar.

Ved ny utlysing av kontraktar på entehetsamband innan ein eksistende aboabspak, gir ei konkrete vurdering

om dette dessesambandet vurderas som ein del av

den opphavlege kontangenerende eininga. Anbodet

Solens -Månes er frå og med 2013 vurdert som ein del

av det opphavlege anbodet Romsdalspakken.

REKNESKAPSOPPRUNNINN

NOTE 1 Varige driftsmidler

VARIGE DRIFTSMIDDEL, MØR	Bynormald, egenford og tomt	Skip under oppføring	Driftslausøy, verktøy, inventar med mer	Sum anleggsmidler
Kostpris og ordinære avskrivinger	66 500	5 766 520	13 130	5 693
Kostpris 01.01	66 500	5 766 520	13 130	5 693
* tilgang i år	2 771	19 497	7	3 193
+ tilgang overført av ferdig driftsmidler				34 385
- avgang i år -sæde sekseksp		13 130		
Kostpris 31.12.	66 108	5 619 328	8 917	2 815
Akkumulerte ordinære avskrivninger 31.12.	3 163	186 819		2 885
- Akkumulerte nedskrivninger 31.12.				3 290
Kostpris 31.12.	41 759	3 288 458	8 917	2 815
Ars nedskrivninger	4 258	186 798		2 392
Ordinære inntøye		21 400		154 075
- avskrivningar (%)	10%	3 33-20%	10-20%	256 275
				2 256 275
				248 411
Kostpris og ordinære avskrivinger	128 896	6 138 809	13 130	5 693
Kostpris 01.01	128 896	6 138 809	13 130	5 693
* tilgang i år	2 900	19 497	7	4 119
+ tilgang overført av ferdig driftsmidler		13 130		35 440
- avgang i år -sæde sekseksp		13 130		
Kostpris 31.12.	128 533	5 984 617	8 917	2 815
Akkumulerte ordinære avskrivninger 31.12.	3 163	186 819		2 885
- Akkumulerte nedskrivninger 31.12.				3 290
Kostpris 31.12.	128 533	5 984 617	8 917	2 815
Ars nedskrivninger	3 163	186 819		2 392
Ordinære inntøye		21 400		156 079
- avskrivningar (%)	3-20%	3 33-10%	10-20%	196 157
				2 326 758
				248 542
Kontantstrømoppstilling	bil	utarbeidd etter den indirekte metoden. Kontantar og kontantekvivalentar omfattar kontantar, bankmidslag og andre kontantekvivalentar likvide plasseringar som omgånde og med unntakleg kursrisiko kan konverterast til klende kontantbeløp og med forfallsdato kortare enn tre månader fra opphavsdato. Ved avgang av datterselskap er balansendringane som følge av salethandsaka på likline si kontantstrømoppstilling. Ein viser dermed ikke netto kontantinntebetaling ved avgangen.		

På fleire av anbodskontraktane har oppdragsgjevar oppløsning på framhald av kontraktene. Det blir gjort ei vurdering om opsjonen vil bli utøvd og dermed skal inngå i kontantstrømme knytt til den kontantgenomgående eininga.

Valuta

Pengepositar i utanlandsvaluta blir vurdert etter kurset ved sluttien av rekeskapsåret.

Terminkontraktar

Konsenret brukar i større grad terminkontraktar på både utenlandsvaluta for å sikre vennligst framtidige inn-/utbetalinger i utanlandsvaluta (kontantstrømslikting). Vinst eller tap på sikring av transaksjonar som føljer til balansestøring av t.d. ferjer, blir inkludert i kostpriar. Terminkontraktar som sikrar framtidige inn-/utbetalinger, blir ikkje rekeskapsforta. Skatteutakande og reverserte eller kan reverseras i same periode, blir utlikna. Oppføring av utsætt skattefordel på netto skattereserveleide skilnader som ikkje kan utiliknast er undersøkt til framforing, er grunna ut frå vinent framtidig innning. utsætt skatt-og skattefordel som kan balanseres-est oppført netto i balansen. Ved oppkjøp av selskap vurderer ein om ein skal bruke novitidene av den utsætt skaten på dei mellombels-skilnaden. Skatt på avgitt konsernmidlag som blir fort som aktiekostpriis på aksjer, andre sekseksp og skatt på motteke konsernmidlag som blir fort direkte mot eigenkapitalet, føre vi dher ikke mot skatt i balansen (føring skjent mot betalar/skatt dersom konsernmidlaget har verka på betalar/skatt og mot utsætt skatt om konsernmidlaget har verkna på utsætt skatt).

Pensionar

Konsenret har ulike pensjonsordningar. Pensjonsordningane er finansiert gjennom inntebotar til offentleg eller privat administrerte forsikringsplaner/-selskap, med unntak av FPF-selskapet har både innskapsplanar og ytingsplanar.

Innskapsplanar

Ved innskapsplanar betalar konsenret innskott til offentleg eller privat administrerte forsikringsplaner/-selskap. Konsenret har ingen ytterlegare beroligingsplikt etter at innskota er betalte. Innskota blir rekeskapsforta som personalkostnad. Eventuelle forsikringsberoligingskort blir balanseførte som eige del av (pensjonsmidlar) i den grad innskottet kan rettunderstilt eller redusere framtidige inntebotar.

Ytingsplanar

Ein ytingsplan er ei pensjonsordning som ikkje er ein innskapsplan. Typisk er ein ytingsplan ei pensjonsordning som definerer ei pensjonsutbetaling som ein tilsettvilmoita ved pensionering. Pensjonsutbetalinga er normalt avhengig av flere faktorar, som alder, tallar i sekseksp og løn. Den balanseførte forpliktinga knytt til ytingsplanar er novitidene av den definerte ytingane på balansedagen, minus verkelig verti av pensjonsmidlane (innbetaiale beløp til forsikringsselskap), justert for ikkje resultatfore estimatavisk og ikkje tidlegare kostader knyttet til pensjonsoppstillinga.

NOTAR 2014

VARIGE DRIFTSMIDDEL, MØR	Bynormald, egenford og tomt	Skip under oppføring	Driftslausøy, verktøy, inventar med mer	Sum anleggsmidler
Kostpris og ordinære avskrivinger	66 500	5 766 520	13 130	5 693
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- Akkumulerte nedskrivninger 31.12.				3 290
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				2 326 758
				248 542
Kontantstrømoppstilling	bil	utarbeidd etter den indirekte metoden. Kontantar og kontantekvivalentar omfattar kontantar, bankmidslag og andre kontantekvivalentar likvide plasseringar som omgånde og med unntakleg kursrisiko kan konverterast til klende kontantbeløp og med forfallsdato kortare enn tre månader fra opphavsdato. Ved avgang av datterselskap er balansendringane som følge av salethandsaka på likline si kontantstrømoppstilling. Ein viser dermed ikke netto kontantinntebetaling ved avgangen.		

Ein stor del av innskottene i selskapet er, og vil bli knytt til langsigiske kontraktar (anbod). Pr. 31.12.14 er det foretatt ei vurdering av verdien på framtidig EBITDA for den enkelte anbodskontrakt der dei er indikasjon på verdifall.

Restvarden sommer nyttar selskapet sitt beste estimat på verdi av varige driftsmiddlar ved utgangen av anbodsperioden. Eventuelle opsjonar på kontraktsfortetting er ikke hensynske i nedskrivningsvurderingane.

Det er nytta eit vekt av avkastingskrav for totalkapitalen på 5,3% etter skatt; berreknninga.

Der er tatt ført sensitivitetsanalyse der dei er indikasjon på verdreredusjon og der det er gjort nedskrivning.

Fleire av kontraktene er sensitive for endring i estimata.

Gevinst ved sal av driftsmiddel er klassifisert som andre driftsinntekter.

Investeringar og sal (salssum) for varige driftsmiddel (konsern)

	2014	2013	2012	2011	2010
	Investering	Sal	Investering	Sal	Investering
Goodwill					588
Føu					420
Masinar, inventar og transportmiddelet	13 043	1 878	13 781	20 001	5 608
Skip	19 497	20 400	367 788	28 000	275 224
Bygningar					7 598
Intent sal bussar/bilar					4 746
Sum	35 440	22 278	386 315	48 001	288 630
					68 006
					714 279
					27 496
					764 529
					401 121

NOTE 3 Aksiar i tilknytte og felleskontrollerte selskap

Tilknytte selskap	Forretnings-kontor	Eigardel / røytedel	Kostpris	Resultat i 2014	Part resultat	Bokført/eigen-kapital 31.12.14
Partseidet: Kyrrepressen						
ANS	Trondheim	49,0 %	13 362	869	426	35 016
Wf Holding AS	Bodø	34,0 %	178 660	84 000	12 829	
Sum			191 982	84 869	13 255	35 016

Endring i bokført verdi tilknytte selskap	WF Holding	Andre	Sum	WF Holding	Andre	Sum
Bokført verdi 01.01	191 946	8 709	200 655	178 660	923	178 600
Netto kapp				8 820	4 562	4 562
Tilgang som følge av avaleending				426	3 353	3 353
Andel resultat	12 829			13 346		16 699
Ubytte				(129)		
Salg selskap						
Bokført verdi 31.12.14	204 775	17 158	221 933	191 946	8 838	200 655

Endring i bokført verdi felleskontrollert verksemde	Forretnings-kontor	Eigardel/størrelse	Sum	Forretnings-kontor	Eigardel/størrelse	Sum
Bokført verdi Fjord1 Partner AS				49 %	0	0
Bokført verdi 31.12.14				0	0	318

Selskap	Marknadsoverdi	Bokført verdi	Tal aksjar/part	Eigardel	Kostpris	Bokført verdi
Fjord Invest AS					9 075	100
Fjord Invest Sørvest AS					200	200
Wore og Romsdal Sikringsfond AS						
Bokført verdi Norway AS						
Fargebo AS						
Fjord Tours AS						
Garanger Fjordservice AS						
Sum aksiar og andelar				3 207		16 861

NOTE 4 Investeringar i aksjar og andelar

Datterselskap	Kontorstad	Eigardel	Roystrett
Hareid Trafikterminal AS	Hareid	63 %	63 %
F1 Administrasjon AS	Førde	100 %	100 %
Sognefjord Cruise AS	Molde	100 %	100 %
Bolsnes Verft AS	Årdal	66 %	66 %
Åsg Engerdal AS	Møløy	100 %	100 %
Maloy Reisebyrå AS	Fjord	100 %	100 %
Fanafjord AS	Fjord	90 %	90 %

NOTE 2 Opplysninger om datterselskap

Selskap	Marknadsoverdi	Bokført verdi	Tal aksjar/part	Eigardel	Kostpris	Bokført verdi
Fjord Invest AS					9 075	100
Fjord Invest Sørvest AS					200	200
Wore og Romsdal Sikringsfond AS						
Bokført verdi Norway AS						
Fargebo AS						
Fjord Tours AS						
Garanger Fjordservice AS						
Sum aksiar og andelar				3 207		16 861

Datterselskap	Aksje-kapital	Totalt tal på aksiar	Værtal	Eigenkapital i datterselskap	Resultat i datterselskap	Bokført verdi	Avgitt utbytte	Augitt konsernbidrag
Hareid Trafikterminal AS	1 200	1 200	15 710	2 536	344	768		
F1 Administrasjon AS	1 300	560	15 000	2 575	3 479	4 052	4 233	
Sognefjord Cruise AS	280	100	560	335	3	280		
Bolsnes Verft AS	2 750	2 750	18 14	3 186	23 000	183	6 038	1 777
Åsg Engerdal AS	300	50	400	1 941	788	1 777	4 407	795
Maloy Reisebyrå AS	400	400	400	3 717	923	13 947	40 036	
Fanafjord AS	30 000			99 209	19 837	80 388		5 211

NOTE 5 Obligasjoner og andre fordringar

	Konsern				2013
	Morselskap	2013	2014	2015	
Länstillskott					
Kapitaltillskott till LP	1 453	1 233	1 453	1 233	
Andra långsiktiga fordringar	0	3 160	0	3 160	
	4 200	4 200	4 200	4 200	
	5 653	4 418	5 653	4 418	4 493

NOTE 6 I angefärdade fordringar till koncernen och till koncernens delägare

	2014	2013
interna finansiella konserntekon		
Län till dotterbolag	2 135	2 851
Län till utövare selskap	19 015	22 322
	0	3 986
	21 143	29 219

NOTE 7 Mellomværende mellom selskap i same konsern

NOTE 8 Varor

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	Morselskap	Konsolidertes kapital			
		2014	2013	2014	2013
Kundefordrinpar til påværdende 31/12.					
Delskredesavtakning 31/12.		-1 769	85 276	90 099	87 54
Kundefordrinpar 31/12.		-1 692	-1 702	-1 702	-2 630
Arets faktiske tap på fordringar					
		86 077	82 656	88 397	84 944
		551	1 880	551	1 882

Åp på fordringar inngår i posten andre driftskostnader.

NOTE 10 Andre kortsliktige fordringar

Moreskap	2013	2014	
Mottekte konsernmidtag	5 211	2 092	
Andre ordning på konsernskap	150	205	
Kortsiktige fordringer til konsernskap	5 361	4 117	

NOTE 6 I angefärdade fordringar till koncernen och till koncernens delägare

	2014	2013
interna finansiella konserntekoncern Län till aktieärkeskap Län till utövta sérskap	2 135 19 015 0	2 851 22 322 3 986
	21 143	29 219

NOTE 11 Marknadsbaserte aksiar og obligasjoner

	2014 Bokført verdi	Markeds- verdi	Kostpris	Urealisert vinst/tap i år	2013 Bokført verdi
Markedsbaserte aktier og obligasjoner (Inndeleportefølje)	0	0	0	0	15 105
Renteopptak med låg risiko	0	0	0	0	15 105
SUM					

	Anstall	Pålydande	Pålydande med vrid	Andel revestrett
F1 Holding AS	59 000	2 500	147 500	59 %
Havlfjord AS	101 000	2 500	102 500	41 %
	100 000	2 500	250 500	100 %

Konsernselskap

	2014	2013	2014	2013
Kundefordringar till pålydande 31:12,				
Delskede rävenseming 31:12.				
Kundefordringar 31:12.	86 077	82 656	88 397	84 944
Årets faktiska tals på Fordringar				
	551	1 880	551	1 882

NOTE 13 Eigenkapital

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NOTE 15 Rekneskapsmessig handtering av skatt

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	Konsensjef Tenestepensionsordning						Morselskap						Konsens					
	SIKRA			USIKRA			SIKRA			USIKRA			SIKRA			USIKRA		
Pensjonskostnad:	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Nivåordning av pensjonsopptaking året	6 635	11 387	0	511	11 885	344	511	9 036	147	157	9 474	9 103	12 397	0	0	0	0	0
Henvetekostnad av pensjonspriktingane	2 592	8 945	0	157	9 328	8 945	147	0	-5 875	0	0	-6 731	-5 875	-13 989	0	0	0	0
Forsvare av konsensordning på pensjonsmidiane	-1 546	-5 875	0	0	-14 285	-13 989	0	0	-14 285	-13 989	0	0	-14 285	-13 989	0	0	0	0
Resulterende av estimasjavik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-296	3 041	6 931	
Resultat for underdele i tillegg til	313	7 227	0	-296	3 047	7 227	-6	-296	0	0	0	0	0	0	-221	0	0	-221
Enfing avstenging for underdele i tillegg til	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-221	0	0	-221
AFP-ordning overordning/ordfører for forpliktning frå oppbygning av ordning	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arbeidsgjøringarifit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Netto pensjonskostnad	9 083	10 237	0	212	1 622	10 237	554	212	2 176	10 449								
Endring i påkommne forpliktning																		
Oppbygning ved bygning av året	240 173	226 715	0	4 985	240 173	226 715	4 973	4 985	245 047	231 304								
Nivåordning av pensjonsopptaking av året	6 635	12 139	0	511	8 112	12 139	344	511	9 036	12 649								
Henvetekostnad på pensjonspriktingane	2 274	8 301	0	160	9 009	8 301	147	160	8 961	8 961								
Panendring	0	-30 348	0	0	-15 220	-30 348	0	0	-15 220	-30 348								
Estimateringar	-6 412	29 897	0	-256	-1 667	29 897	-675	-256	-2 342	29 641								
Endring avstenging av forpliktning frå oppbygning av ordning	0	0	0	0	0	0	0	0	0	0	-221	0	-221	0	0	0	0	-221
Oppbygning av ordning/ordfører forpliktning frå utstengning, forpliktning som følge av endring til oppbygning av ordning	-183 035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oppbygning av ordning/ordfører forpliktning frå utstengning, forpliktning som følge av endring til oppbygning av ordning	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oppbygning av ordning/ordfører forpliktning som følge av utstengning, forpliktning som følge av endring til oppbygning av ordning	-598	-6 058	0	-254	-7 297	-6 058	-666	-254	-7 983	-6 312								
Oppbygning av ordning/ordfører forpliktning som følge av utstengning, forpliktning som følge av endring til oppbygning av ordning	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oppbygning ved utgangen av året	59 037	240 545	0	4 525	252 677	240 545	4 003	4 525	256 680	245 074								
Endring i forpliktning ved utgangen av året																		
Verkleg verdi av pensjonsmidiane ved bygning av året	174 986	155 437	0	0	174 986	155 437	0	0	0	0	0	0	0	0	0	0	0	0
Oppstetting pensjonsmidler oppjent ei pensjonkasse	1 227	6 008	0	0	0	6 008	0	0	0	0	0	0	0	0	0	0	0	0
Avlastning på pensjonsmidiane																		
Oppbygning av ordning/ordfører forpliktning frå datterselskap																		
Immediat eitingsmidar frå DS etter overtainga av pensjonsmidlar	-133 348	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overtainga av pensjonsmidlar																		
Oppbygning av ordning/ordfører forpliktning frå datterselskap	5 953	14 278	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ubepta pensjonsmidlar frå ordningane																		
Endring pensjonsmidler som følge av avgang	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Verkleg verdi av pensjonsmidiane ved utgangen av året	46 900	174 986	0	0	189 471	174 986	0	0	189 471	174 986	0							
Avstemming av pensjonsordningane sin finansieratutstyd med beløp i balansen:																		
Netto pensjonsordning	-12 162	-65 559	0	-4 525	-63 206	-65 307	-4 003	-4 525	-67 209	-70 088								
Arbeidsgjøringar	-1 711	-9 192	0	-638	-9 192	-9 192	-552	-638	-9 444	-9 444								
Ikke resultatførde estinasjavarik	1 905	60 061	0	-269	63 014	60 061	-257	-269	62 757	59 791								
Sum netto pensjonsmidlar (+) forpliktig (-)	-11 968	-14 690	0	-5 378	-9 103	-14 438	-4 778	-5 378	-13 881	-20 072								
Sum netto pensjonsmidlar (-) forpliktig (+)																		
Overføringar og forpliktigar i Fjord1 AS																		
MORSKAP/KONSERN																		
Konsensjef Tenestepensionsordning																		
Fjord1 AS og Fl Administrasjon AS har kollektive tenestepensionsordningar for alle tilsette. Ordningane oppfyller krav i lov om obligatorisk tenestepension.																		
Bidragshaberte pensjonsordningar																		
Kollektive bidragshaberte pensjonsordningar blir håndsama rekeskapsmessig samsvarmed norsk standard for pensjoner:																		
Ordningane gjev rett til definerte framtidige bidrag. Dese er i hovudsak avhengig av talet på oppnemning, lønsniva, lønnsnivå ved oppnemning og storleiken på yngre pensionsmidler. Pensjonsordninga er døkt gjennom et ordning i KLP fra 67 år. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.																		
Den nye AFP-ordninga, som gjev rett til en yngre pensjon, er ikke teknisk korrelert med den eksisterende pensjonsordninga, men rekeskapsmessig samsvarer med den eksisterende pensjonsordninga. Denne er i hovudsak avhengig av talet på oppnemning, lønsniva, lønnsnivå ved oppnemning og storleiken på yngre pensionsmidler. Pensjonsordninga er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.																		
Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.																		
Avtakelse pensjonsordningane sin finansieratutstyd med beløp i balansen:																		
Netto pensjonsordning																		
Arbeidsgjøringar																		
Ikke resultatførde estinasjavarik																		
Sum netto pensjonsmidlar (-) forpliktig (+)																		
Tal aktive tilsette ordineringa som inngår i pensjonsrekningane:																		
Tal pensjonistar ordineringa som inngår i pensjonsrekningane:																		
Overføringar og forpliktigar i Fjord1 AS																		
Seglande personell har eigen tilsette tenestepensionsordning.																		
Ordninga er sikra og omfattar 10/13 aktive tilsette samt 177 pensjonistar. Ved lanfeoppkjøpet våren 2012 blei det gjort ei endring i berekningsgrunnlaget for tilleggs pensjon tilknyttet i 1. 2014. Detta medførte ein økning i seglandses pensjonsordninga på inngående balanse 1.1.2012.																		

NOTE 16 Pensjonspliktar

MORSKAP/KONSERN

**Konsensjef
Tenestepensionsordning**

Fjord1 AS og Fl Administrasjon AS har kollektive tenestepensionsordningar for alle tilsette. Ordningane oppfyller krav i lov om obligatorisk tenestepension. Denne ordningen er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

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I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

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I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet.

I tillegg til tariffbestemte tenestepensjoner er det opprettet innskotssporing. Denne består av en yngre pensjonsordning som er teknisk korrelert med den eksisterende pensjonsordninga i KLP og forsikringselskapet. Denne er ikke teknisk korrelert med den eksisterende pens

NOTAR 2014

Konsernet sine totale pensjonskostnader (bidragsbaserte og innskotsbaserte)

	SIKRA	USIKRA	2014	2013	2014	2013	2014	2013
Kostnad bidragsbaserte ordininger/ følgje note	9 083	10 449	2 176	10 449	39 203	39 203	39 203	39 203
Sum Pensjonskostnad	48 286	49 652	41 379	49 652				
Avtakning av konsernet sine pensionsmidler/forspliktning mot balansen:								
Midler	2014	2013	USIKRA	2014	2013	USIKRA	2014	2013
Innskotspensjonsfond	0	0	0	0	0	0	0	0
Overfinansierede bidragsbaserte ordininger	0	0	0	0	0	0	0	0
Sum Pensjonsmidler oppført som eigendel i balansen	0	0	0	0	0	0	0	0
Forspliktning								
Avsætning skuldig innskotspensjon konsernsjef	0	0	0	-778	0	-778	-11 968	-20 068
Underranserte ordininger	-11 968	-14 690	0	-5 378	-11 968	-11 968	-20 068	-20 068
Sum Pensjonsforspliktning oppført som gjeld i balansen	-11 968	-14 690	0	-6 156	-11 968	-20 068		

Økonomiske foresetnader for berekning av bidragsbasert pensjon

	2014	2013	2014	2013
Diskonteringsrente	1 %	1 %	1 %	1 %
Forventa reglering av løn	2,30 %	4,00 %	2,30 %	4,00 %
Forventa økte av pensjoner under utbetaling	2,75 %	3,75 %	2,75 %	3,75 %
Forventa G-regulering	0,6-1,5 %	0,6-1,5 %	0,6-1,5 %	0,6-1,5 %
Forventa avkastning på pensjonsmidler	2,50 %	3,50 %	2,50 %	3,50 %
	3,10 %	4,40 %	3,10 %	4,40 %

NOTE 17 Andre avsetninger

	Morselskap	Konsern	2014	2013	2014	2013	2014	2013
Avsett kontraktsavdeling	32 665	39 900	32 665	39 900	0	0	0	0
Avsett El ledelseskredsfond	0	0	0	0	0	0	0	0
Avsett cap på kontrakt								
Andre avsetninger								
Sum andre avsetninger	32 665	39 900	32 665	39 900				

Langsiktig gjeld knyttet til konsernavale er per 31.12.14

Totalt tilgodehavende i konsernet si konsernkonto-ordning

per 31.12.14 er kr 316,0 millionar kroner.

Når det gjeld skattrettekonto-kontor for skattesansvaret, Utanom

dels respektive kontorkommunalar for skattesansvaret, er denne ordninga der per 31.12.14 bundne skattrettekonto-kontor

på 0 millionar kroner.

Langsiktig gjeld tilknyttning til konsernavale er per 31.12.14

på 207,9 millionar kroner. Gjeld knyttet til feilje og hurtighålar

er panett enkelte faktor. For anna langsgiktig gjeld er panett

knyttet til vognpark, egedelmar og andre eigendalar i det entelte

selskap i konsernet.

NOTE 18 Pantstilling, garantiansvar og liknande

	Morselskap				Konsern			
	2014	2013	2014	2013	2014	2013	2014	2013
Krav med forfall seinare enn ett år:								
Andre langsgiktige krav					20 212	33 637	0	0
Sum					20 212	33 637	0	0
Gjeld:								
Påløpe renter								
Anna langsgiktig gjeld								
Sum					2 079 296	2 287 423	2 308 296	2 539 423
Sum gjeld med løpetid lengre enn 5 år					2 079 296	2 287 423	2 308 296	2 539 423
Sum garantsvarsar, kausjonsvarsar, garanti for trafikkveye o.l.					1 322 681	1 364 653	1 322 681	1 479 653
Bokført verdi av eigedelar som er stilt mot sikring:					165 638	161 322	480 638	476 322
Factoring								
Maskinar, inventar og transportsmatrel					423	1 215	423	1 215
Varelager					41 759	43 247	41 759	97 314
Byringar og tormer					3 297 375	3 613 956	3 835 956	3 835 956
Skip								
Sum					3 399 557	3 549 924	3 656 138	3 934 304

NOTAR 2014

NOTAR 2014

NOTE 20 Anna konserktig gjeld

	Morselskap	Konsern	2014	2013
Kontorbase, sjøskapsla	313 556	279 943	313 556	279 943
Skuldfølgjeløft, lønn og ferieengang	128 100	138 902	129 206	139 542
Pålevert reisekasseforetakene	10 461	14 571	10 461	14 571
Anna konserktig gjeld	36 433	42 470	49 461	41 846
Sum	458 855	475 886	502 694	475 902

NOTE 21 Len- og sosialkostnadar

	Morselskap	Konsern	2014	2013
Len	662 418	772 180	751 895	780 929
Arbeidsgjøværtig	96 392	102 314	110 046	103 546
Pensjonskostnadar	41 242	49 652	45 553	50 575
Andre pengar	23 779	43 132	23 005	42 872
Lenskostnadar	823 831	967 278	930 999	977 424
Antal selskapetee prosjek	1 151	1 254	1 274	1 279

Ordineringen dekkjer gjennom forsikringsselskap og KLP Totalt er det kostnadsfort ein pensjonskostnad på kr 1.242,1 Fjord1 AS. Konsernet sine pensjonsordningat tilfredsstiller krava i lov om obligatorisk tenestepensjon. Det er ikkje yrt lan / stilt trygd til administrerande direktør, styreleiar eller andre nærsånde partar.

Yngre/tillestående personar

	Konsensjet	Konserv/bedriftsforsamling	695
Len	1 010 414	38 389	
Pensjonsutgift inkludert aktuarberegna kostnad for 2014		58 899	

Andre godtgjengingar

Administrerande direktør er tilsett og mottok løn frå F1 Administrasjon AS. Tilsettinga har var frå juli 2014. Det gikk ikkje særskilt vedtak ved endringar ved ansettele eller øvrig til administrerende direktør og styreleider.

Revisor (i tusen kroner)

	Morselskap	Konsern	2014	2013
Lopplagd revisjon (inkludert teknisk bestand med årstekniskap)	2 250	2 307	2 709	2 497
Skater/ødgjøring (inkludert teknisk bestand med årstekniskap)	49	160	49	160
Attestasjonsinntester	35	78	35	78
Andre tenester	145	255	156	339
Tenesteklipp hos revisor	2 749	2 800	2 949	3 074

NOTE 22 Postar sommer samanslegne i rekneskapsen

	Morselskap	Konsern	2014	2013
Andre driftskostnadar	2014	2013	2014	2013
Rutekostnadar	21 816	50 264	21 816	50 264
Skipskostnadar	615 934	587 963	615 934	587 963
Andre driftskostnadar	389 868	267 064	238 740	245 891
Sum andre driftskostnadar	1 027 118	905 291	875 290	884 118

NOTE 23 Nedskrivning finansielle anleggsmidlar

	Morselskap	Konsern	2014	2013
Fjord Invest AS			1 133	974
Andre			969	400
Sum			2 102	1 374
NOTE 24 Anna finansinntekt				

NOTE 28 Anbodskontraktar

	Konsens			
	2014	2013	2014	2013
Nærskrivning av varige driftsmidlar				
Inntektsfort periodesett innleit knytt til varige driftsmidlar (annra driftsmidtar)	55 100 (1 755)	33 531		
Reversering nedskrivning av varige driftsmidler	0	(6 426)		
Sum kostnad knytt til anbodskontraktar	21 400	25 350		

NOTE 31

	Konsens			
	2014	2013	2014	2013
Totalkapitalentabilitet ¹⁰				
Driftsmargin ¹⁰				
Eigenkapitaltaktilitet ¹⁰				
Eigenkapitalrentabilitet ¹⁰				
Likviditetsgrad ¹⁰				
Gjeldendebetingsseve ¹⁰				
Markedsfinansiering ¹⁰				

NOTE 29 Andre opplysningsarter

Fjord1 har rett til kompensasjon for bortfall av trafikkimråder til råbatsstrukture og talassoner utover det som var lagt til grunn i anbodet. Fra og med 2010 er det for ein del kontrakter ikkje gjennomført endelig oppgjer frå oppdragsgiver. For desse kontraktene vert det utbevart ein årlig kompensasjon som blir inntektsfort. Utbevalligane frå oppdragsgiver er få og med 2010 gjort med etterhald. Val av modell som skal leggjist til grunn vil kunne påverke det endelige kompensasjonsnivået.

Selskapet sitt beste estimat er lagt til grunn, dvs at utbevatt rabattkompensasjon er inntektsfortsat.

NOTE 30 Rekneskap for verksemde i konsenset

	Ferie		Passasjerhårt		Catering		Gods	
	2014	2013	2014	2013	2014	2013	2014	2013
Driftsinntekter	1 916 940	1 867 911	99 689	97 483	205 980	208 80	0	2 307
Driftskostnadar	1 750 174	1 797 911	98 066	103 793	172 708	170 708	0	744
Ordinære avskrivningar/ nedskrivningar	1 498 12	219 692	5 633	6 017	2 974	2 659	0	731
Driftsresultat	165 766	70 000	1 623	-6 310	33 810	38 172	0	1 563
Driftsmidlar	23 707	349 063	5 913	22 163	1 829	10 343	0	0
Investeringar	3 422 471	3 680 060	109 738	145 125	8 519	10 593	0	1 209
Bokførte verdi								

Andre forretningsområde

	Reiseliv		Andre forretningsområde / selmineingar		Sum Norge	
	2014	2013	2014	2013	2014	2013
Driftsinntekter	78 070	70 241	48 734	108 921	2 349 413	2 355 743
Driftskostnadar	75 373	59 122	33 980	71 358	2 129 763	2 203 636
Ordinære avskrivningar/ nedskrivningar	1 699	1 023	54 871	27 287	214 989	257 409
Driftsresultat	2 697	11 119	141 754	31 563	219 650	152 107
Driftsmidlar	0	0	3 991	4 746	35 440	386 315
Investeringar	0	790	188 559	106 896	3 729 277	3 954 673
Bokførte verdi						

REVISJONSmelding

EY Statssubskriverte revisorer
Ernst & Young AS
Thomasheira gate 53 D, NO-5020 Bergen
Postboks 81165, NO-5602 Bergen
Bulding: better
working world

Forskeresponsenr: NO 975 389 397 MVA
Tlf: +47 55 21 30 00
Tlx: +47 55 21 30 01
Mobilnummer av den norske teleoperatoren

Til generalforsamling i Fjord1 AS

Melding fra revisor

Frålegg om årstekneskapsen
Vi har revideit årstekneskapsen for Fjord1 AS, som er samansatt av selskapsknekspark og konserntekstkap. Selskapsknekspark og kontantstrømoppsætning for teknikspåret visluta per desember 2014, resultatregnskap og kontantstrømoppsætning for teknikspåret visluta per denne datoen, og ei beskrivning av vesentlige rekkestørprinsipp som er mylt, og andre relevante opplysningar.

Slyter og administrerende direktør sitt ansvar for årstekneskapsen og for at den gir ei rettvisande bilde i samver med teknikspåra sine regler og god teknikapskikk. Norg, og for slik intern kontroll som slyter og administrerende direktør finn nødvendig for å giere det mulig å utarbeide ein årstekneskap som ikke inneholder vesentlig feilmisnaming, korkje som følge av mislig framfør eller feil.

Revisor oppgjør og tilfører

Oppgåva til et, på grunnlag av revisjonen vår, å gi uttrykk for ei meining om denne årstekneskapsen. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonskikk i Norg, medtakna Internasjonal Standards on Auditing. Revisjonsstandardane krever at etterlever etiske krav og planlegg og gjennomfør revisjonen før et oppna tryggende sikkerhet for at årstekneskapsen ikke inneholder vesentlig feilmisnaming.

Ein revisjon inneber utføring av handlingsar for å innhente revisjonsbevis for beløpene og opplysningane i årstekneskapsen. Det vidte handlingsare avengt av revisjons skjønn, mellom anna vurderinga av risikene til at årstekneskapsen innled vesentlig feilmisnaming, atten det skuldaast nisleg framfør eller feil. Ved ei slik risikoverdning tar revisor oversyn over den interne kontrollen som er relevant for selskapet si utarbeidning av ein årstekneskap som gir ei rettvisande bilde. Ettemålet er å utforme revisjonshandlingsar som er formålstreng etter høve, men ikke a gi utrykk for ei meining om effektiviteten av teknikspåret revisjon. Ein revisjon omfatter også ei vurdering av om den teknikspårsprincipa som er mylt, er formålstreng, og om teknikspåsetimata som er tilstrekkelige av ledning, er rimelige, samt ei vurdering av den samme presisenasjonen av årstekneskapsen.

EY Building a better
working world

Vi meiner at innhente revisjonsbevis er tilstrekkelig og formålstreng som grunnlag for konklusjonen vår.

Konklusjon
Vi meiner at årsteknerekspen er avgjøren i samsvar med lo og forskrifter og gir et rettvisende bilde av den finansielle stillingen til selskapet og konsernet i fjord1 AS per 31. desember 2014 og av resultata og kontantstrømene som var vist uta for teknikspåret i samsvar med teknikapskikk i Norg.

Utsagn om andre tilhøve
Konklusjon om årstekneskapsen
Basert på revisjonen vår av årstekneskapsen slik den er skildra ovenfor, meiner vi at opplysningane i årsmeldinga om årstekneskapsen i forsætstanden om at drifta skal hafta fram og framleget om bruk av oversikt og konsekvens med ei teknikspå som er teknikspå i Norg.

Konklusjon om registrering og dokumentasjon
Basert på revisjonen vår av årstekneskapsen slik den er beskriven ovenfor, og kontrollhandlingar vi har funne nøyaktige etter internasjonal standard for attestasjonsopdrag (ISA) 3000 «Attestasjonsopdrag som ikke er revisjon eller forent teknikspå revisjon» og ei samsvar med teknikspå informasjonen vi har sett og administrerende direktør har oppført gitt sli til sorgje for ordentlig og nøyaktig registrering og dokumentasjon av selskapet sine teknikspåopplysninger i samsvar med lov og god teknikapskikk i Norg.

Bergen 9. april 2015
Ernst & Young AS
Fredrik Gableseien
stadsautøvert revisor



FJORD1 IN BRIEF

Ferry traffic In 2014, Fjord had a profit for the year of NOK 11.4 million. The operating income for the year was NOK 456 million. The operating income for 2014 was NOK 3.5 billion down from NOK 2.36 billion in 2013. 2014 was a year of stable production in the main business areas. Focus on cost management for challenging contracts has improved the economic results in 2014. As regards earning a satisfactory profit next year, Fjord will continue its efforts to improve earnings.

Fjordane,
is owned
The Fjord
Safety Fjord will be the first to implement a competence development programme for all of its naval officers that meets international requirements for improved safety. Fjord and Alesund University College entered into the long-term cooperation with the Søforsvarets Sikkerhetsenter ('safety centre') in Malay. This collaboration will ensure that all naval officers in Fjord will receive continuing education and training.

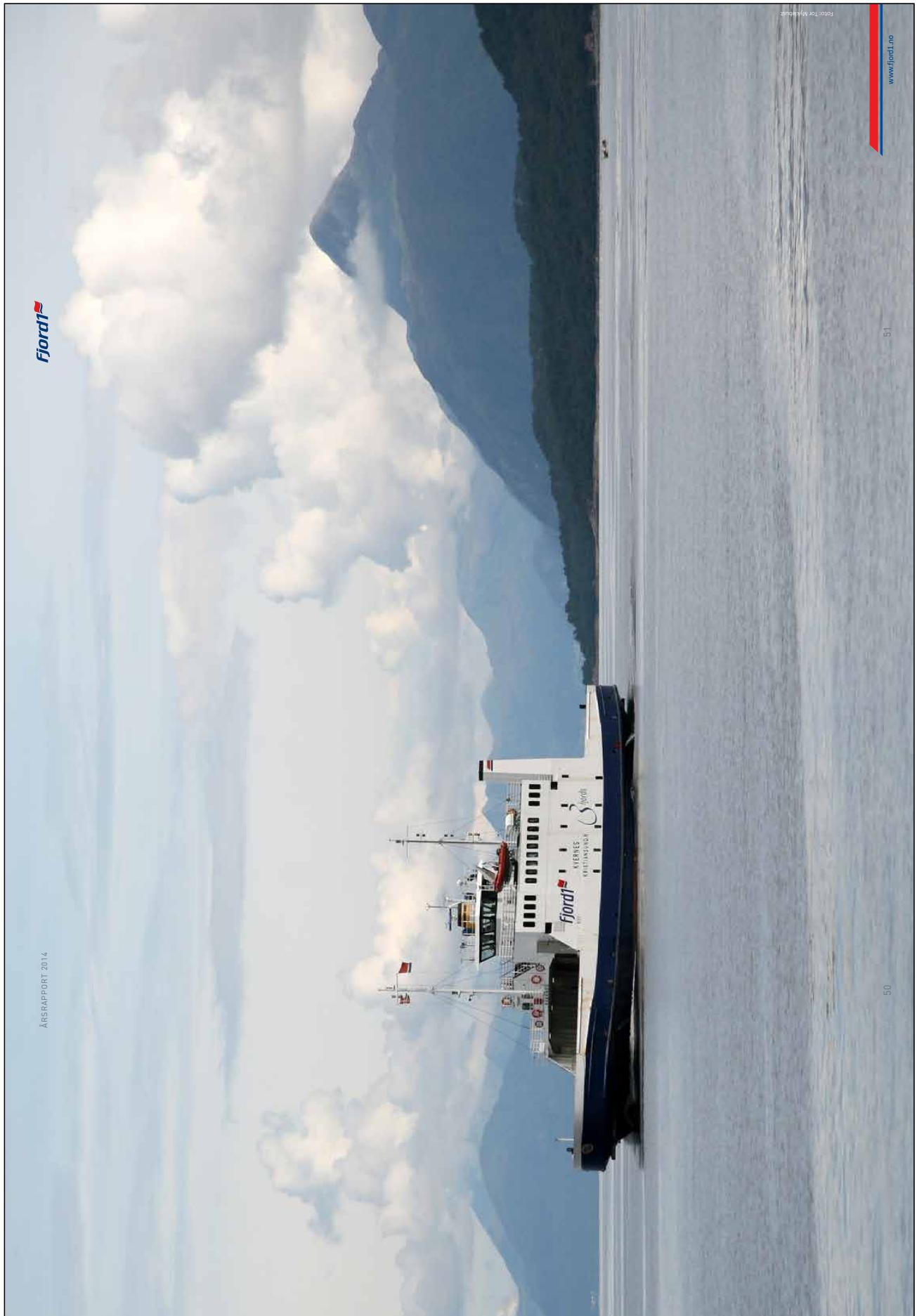
The large transport volume of Fjord1 in 2014 was carried out with a focus on safety, efficiency, quality and the environment, without serious personnel injuries and with minor material losses.

	2014	2013	2012	2011
Income/ cash flow (million NOK)				
Operating income	2 349	2 356	2 387	3 016
Operating profit before depreciation	435	379	310	485
Operating profit	220	152	40	209
Profit before taxes	111	24	-99	98
Net profit	97	27	-57	72
Net cash flow from operating services	341	104	291	
Dividend	50	0	0	49
Balance sheet (million NOK)				
Fixed assets	3 964	4 168	3 893	4 210
Current assets:	454	437	405	561
Total assets	4 418	4 606	4 351	4 771
Equity	1 176	1 137	1 111	1 179
Long term liabilities	2 559	2 542	2 583	2 824
Current liabilities:	683	677	657	767
Total equity and liabilities	4 418	4 606	4 351	4 771
Key financial figures				
Equity ratio ⁽¹⁾	26.6 %	24.7 %	25.5 %	24.7 %
Return on asset ⁽²⁾	4.5 %	3.5 %	1.9 %	4.2 %
Return on equity ⁽³⁾	8.1 %	2.0 %	-5.0 %	6.1 %
Traffic development				
Ferries - passengers	21 500	21 500	21 800	21 413
Ferries - vehicles	10 500	10 500	10 200	10 035

FARTØYOVERSIKT

FARTOYNAMN	BYGGEÅR	PBE	FARTOYNAMN	BYGGEÅR	PBE
Divla	1963	29	Dyna	2005	35
Örnsta	1964	25	Harøy	2006	35
Fjærlandsfjord	1968	21	Lote	2006	124
Goma	1968	29	Bøgensfjord	2006	212
Nårasundet	1968	11	Fanafjord	2007	212
Bolsey	1971	38	Måstrafjord	2007	212
Tingvoll	1972	35	Raunefjord	2007	212
Fanarsæksen	1973	29	Stavangerfjord	2007	212
Veyø	1974	50	Årdal	2008	108
Sjøklystfjord	1975	36	Davik	2009	42
Klemnes	1976	35	Vågøy	2009	42
Auråland	1977	35	Møldefjord	2009	128
Søhør	1977	36	Fannefjord	2010	128
Tustna	1977	30	Korsfjord	2010	128
Aukra	1978	36	Lifjord	2010	115
Eid	1978	35	Noenafjord	2010	120
Nordmøre	1978	52	Romsdalsfjord	2010	128
Sunnfjord	1978	46	Boksafjord	2011	242
Hjelundsfjord	1979	61	Hjelundsfjord	2011	122
Bjørnsund	1979	36	Starfjord	2011	122
Geirangerfjord	1979	51	Eidefjord	2012	50
Spordal	1979	81			
Øyrm	1981	35			
Søskjel	1982	110			
Sogn	1984	64			
Sagfjord	1986	28			
Tafjord	1987	72			
Selle	1988	73			
Romsdal	1988	87			
Gulen	1989	83			
Tresfjord	1991	124			
Svanøy	1992	89			
Ivar Aasen	1997	79	Skagastøl	1970	384
Lærdal	1997	77	Frida (Frysskip)	1978	1
Gulra	2000	120	Framnes (Frysskip)	1978	1
Åfjord	2000	35	Fjordbytt	2000	81
Nordfjord	2001	54	Sylvarnes	2000	70
Eira	2002	100	Vetelefjord	2002	70
Hallogaland	2002	75	Tansøy	2007	96
Jordvin	2002	100	Fjordprins	2011	295
Solndr	2003	99	Voda	2013	48
Julsund	2004				

Fartøjsliste per 31.12.2014

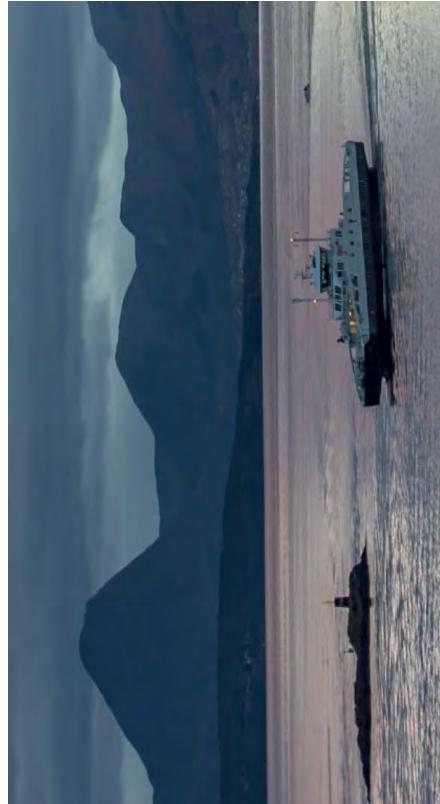




Fjord1 AS

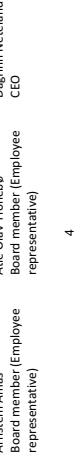
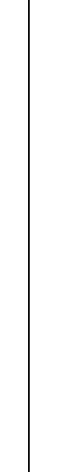
Condensed interim financial statements

Q1 2017



Condensed consolidated statement of profit or loss

	Note	Q1 2017	Q1 2016	Full year 2016
<i>Amounts in NOK thousands</i>				
Revenue	3.13	167 087	253 586	1 223 970
Other income	3	474 117	288 767	1 162 442
Cost of sales	3	96 510	-80 542	-378 407
Personnel expenses	3	-26 594	-218 512	-884 835
Other operating expenses	3	112 977	-110 846	-402 583
Total operating expenses	436 181	-409 601	-1 665 825	
Share of profit/(loss) from joint ventures	3	-3 755	2 947	9 055
Operating profit before depreciation and impairment (EBITDA)	201 269	135 700	729 642	
Depreciation	4	-61 364	-60 266	-240 085
Impairment	4	-	-	-78 582
Total depreciation and impairment	61 364	-60 266	-161 503	
Operating profit (EBIT)	139 905	75 333	568 139	
Share of profit/(loss) from other joint ventures		9 096	3 752	72 540
Interest income		800	1 100	5 692
Interest expense		-14 591	-17 030	-10 484
Other financial items, net	11	-1 836	-1 956	57 737
Net financial income / (expenses)		-6 532	-14 134	30 485
Profit/(loss) before tax	133 374	61 300	598 624	
Income tax (expense) / income	10	-32 010	-15 325	-148 502
Profit/(loss) for the period	101 364	45 375	450 122	
<i>Attributable to:</i>				
Parent company owners	101 204	45 928	449 972	
Non-controlling interest	160	46	150	
Basic earnings per share (NOK)	7	1,01	0,46	4,50
Diluted earnings per share (NOK)	7	1,01	0,46	4,50

Condensed consolidated statement of financial position						
	Amounts in NOK thousands	Note	31.03.2017	31.03.2016	31.12.2016	
Assets						
Non current assets						
Deferred tax assets						
Property, plant and equipment						
Investments in joint ventures and associates						
Other non-current financial assets						
Total non-current assets			2	8 250	8 163	4 186 188
Current assets						
Inventories						
Trade receivables						
Other current receivables						
Cash and cash equivalents						
Total current assets			2	30 145	28 386	55 993
Total assets			4 161 170	3 979 665	4 186 188	
Equity and liabilities						
Equity attributable to owners of the parent						
Share capital						
Share premium						
Retained earnings						
Total equity attributable to owners of the parent			6	90 440	737 144	1 08 299
Non-controlling interests						
Total equity				1 601 364	1 348 068	1 719 223
Non-current liabilities						
Borrowings						
Derivative financial instruments						
Net employee defined benefit liabilities						
Other non-current liabilities						
Deferred tax liabilities				2	-	-
Total non-current liabilities				10	357 798	251 412
Current liabilities						
Borrowings						
Derivative financial instruments						
Trade and other payables						
Current income tax liabilities						
Social security and other taxes						
Other current liabilities						
Total current liabilities				2	594 314	535 741
Total liabilities					2 529 742	1 045 570
Total equity and liabilities					3 087 435	3 127 272
						3 146 315
						4 186 419
					4 652 340	4 479 117
						4 186 419
The Board of Fjord1 AS Florø, 28 June 2017						
 Pål W. Lorentzen Chairman						
 Vidar Grønnevik Board member						
 Verild Sævik Board member						
 Per Sævik Board member						
 Janicke Drivkjepp Board member						
 Atle Olav Trollebø Board member (Employee representative)						
 Arnstein Armas Board member (Employee representative)						
 Dagfinn Nete land CEO						

Condensed consolidated statement of changes in equity

	Attributable to owners of the parent			
	Share capital	Share premium	Retained earnings	Total
Amounts in NOK thousands				Non-controlling interest
Balance at 01.01.2016	250 000	360 924	694 332	1 305 256
Profit/(loss) for the period		449 972	449 972	150
Other comprehensive income for the period		13 995	13 995	13 995
Total comprehensive income for the period	0	0	463 966	464 116
Dividends paid		-50 000	-50 000	-50 000
Transactions with owners		0	-50 000	0
Balance at 31.12.2016	250 000	360 924	1 108 299	1 719 223
				3 881
				1 723 104
Balance at 01.01.2017	250 000	360 924	1 108 299	1 719 223
Adjustment for error in earlier periods		31 039	31 039	31 039
Profit/(loss) for the period		101 204	101 204	160
Other comprehensive income for the period		-102	-102	-102
Total comprehensive income for the period	0	0	101 102	160
Equity contribution from owners		0	0	0
Dividends paid		-250 000	-250 000	-250 000
Other contributions to owners		0	0	0
Transactions with owners		0	-250 000	-250 000
Balance at 31.03.2017	250 000	360 924	990 440	1 601 364
				4 041
				1 605 405

	Amounts in NOK thousands	Note	Q1 2017	Q1 2016	Full year 2016
Operating activities					
Profit before tax			133 374	61 300	598 624
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation and impairment			61 364	60 266	161 503
Interest expense, net			14 591	17 030	99 792
Change in fair value of financial instruments			-10 438	-8 126	-53 433
Non-cash post-employment benefit expense			5 349	-12 387	-1 885
Gain on disposal of property, plant and equipment			-4 713	-7 004	-11 224
Share of profit from associates and joint ventures			-5 341	-6 700	-81 595
Working capital adjustments:					
Trade receivables			4 069	-9 227	-6 955
Inventories			-1 484	2 616	-1 641
Trade payables			5 761	22 150	15 308
Other accruals			33 382	96 103	24 153
Cash generated from operations	235 912	23 316	742 648		
Interest paid, net			-14 591	-17 030	-99 792
Income tax paid			-280	66	-301
Net cash from operating activities	221 041	67 19	642 554		
Investing activities					
Purchases of property, plant and equipment			-127 374	-51 359	-379 654
Purchase of shares incl. joint ventures			10	-	-2 400
Proceeds from dividends from associates			-	-	24 404
Proceeds from sale of property, plant and equipment			100 075	17 382	83 503
Proceeds from non-current receivables			34	274	254
Net cash used in investing activities	-27 254	-33 323	-274 147		
Financing activities					
Proceeds from borrowings			-	-	133 000
Repayment of borrowings			-87 020	-52 567	-255 930
Dividends			-250 000	-	-50 000
Proceeds from other non-current liabilities			-	3 241	-
Net cash used in financing activities	-337 020	-49 326	-172 950		
Net change in cash and cash equivalents	-143 233	-76 130	195 477		
Cash and cash equivalents at start of period			553 993	358 516	358 516
Cash and cash equivalents at end of period			410 759	282 386	553 993

Condensed consolidated statement of cash flows

	Amounts in NOK thousands	Note	Q1 2017	Q1 2016	Full year 2016
Operating activities					
Profit before tax			133 374	61 300	598 624
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation and impairment			61 364	60 266	161 503
Interest expense, net			14 591	17 030	99 792
Change in fair value of financial instruments			-10 438	-8 126	-53 433
Non-cash post-employment benefit expense			5 349	-12 387	-1 885
Gain on disposal of property, plant and equipment			-4 713	-7 004	-11 224
Share of profit from associates and joint ventures			-5 341	-6 700	-81 595
Working capital adjustments:					
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Inventories			-1 484	2 616	-1 641
Trade payables			5 761	22 150	15 308
Other accruals			33 382	96 103	24 153
Cash generated from operations	235 912	23 316	742 648		
Interest paid, net			-14 591	-17 030	-99 792
Income tax paid			-280	66	-301
Net cash from operating activities	221 041	67 19	642 554		
Investing activities					
Purchases of property, plant and equipment			-127 374	-51 359	-379 654
Purchase of shares incl. joint ventures			10	-	-2 400
Proceeds from dividends from associates			-	-	24 404
Proceeds from sale of property, plant and equipment			100 075	17 382	83 503
Proceeds from non-current receivables			34	274	254
Net cash used in investing activities	-27 254	-33 323	-274 147		
Financing activities					
Proceeds from borrowings			-	-	133 000
Repayment of borrowings			-87 020	-52 567	-255 930
Dividends			-250 000	-	-50 000
Proceeds from other non-current liabilities			-	3 241	-
Net cash used in financing activities	-337 020	-49 326	-172 950		
Net change in cash and cash equivalents	-143 233	-76 130	195 477		
Cash and cash equivalents at start of period			553 993	358 516	358 516
Cash and cash equivalents at end of period			410 759	282 386	553 993

Note 1 Accounting Principles

General information

Fjord1 AS and its subsidiaries (together 'the Group') operates passenger ferries and other passenger boats in Norway. The Group's core business is concentrated at sea transportation through its operation of ferries and express passenger boats, in addition to on-board catering operation.

Fjord1 AS is incorporated and domiciled in Norway. The address of its registered office is Strandavegen 15, 6900 Florø, Norway.

These condensed interim financial statements were approved by the Board of Directors for issue on 28 June 2017.

These condensed interim financial statements have been reviewed, but not audited.

Basis for preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS.

Going concern

The Group has adopted the going concern basis in preparing its interim financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing contracts, debt service and obligations under existing new building contracts. Forecasts also take into consideration expected future net income from assets under construction. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

Note 2 Financial risk management, financial assets and financial liabilities

The condensed interim financial statements do not include all financial risk management information and disclosures required in annual financial statements. Thus, they should be read in conjunction with the Group's annual financial statements of 2016. There are no material changes compared to the description in the year-end financial statements.

Financial assets	Assets at FVOCI	Assets at FPL	Assets at amortised cost	Total
First quarter 2017				
Trade and other receivables			104 737	104 737
Available-for-sale financial assets				
Employee loans	7 643		386	386
Other non-current receivables			221	221
Cash and cash equivalents		410 759	410 759	
Total	7 643	-	516 103	523 746
First quarter 2016				
Trade and other receivables				
Available-for-sale financial assets	7 086		206 633	206 633
Other non-current receivables				7 086
Cash and cash equivalents			282 386	282 386
Total	7 086	-	490 096	497 182
Financial liabilities	Derivatives at FVOCI	Derivatives at FPL	Liabilities at amortised cost	Total
First quarter 2017				
Derivative financial instruments				
Borrowings	54 740		1 868 491	1 868 491
Trade and other payables			710 150	710 150
Total	54 740	2 578 641	2 633 381	
First quarter 2016				
Derivative financial instruments				
Borrowings	110 486		2 025 874	2 025 874
Trade and other payables			652 658	652 658
Total	110 486	2 678 532	2 789 018	
Available for sale financial assets				
Available for sale financial assets include the following classes of financial assets:				
At 31 March 2017				
Unlisted equity securities	3 512		3 222	
Equity contribution pension plan membership	4 131		3 764	
Total	7 643	-	7 086	7 086
Recurring fair value measurements				
At 31 March 2017				
Financial liabilities				
Trading derivatives	54 740		54 740	
Financial assets				
Recurring fair value measurements				
At 31 March 2016				
Financial assets				
Available for sale financial assets			7 086	7 086
Financial liabilities				
Trading derivatives	110 486		110 486	

Note 3 Segment information

The Group provides ferry- and passengerboat services, catering and tourism services. Operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Board examines the Group's performance from a type of services perspective. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The Group has four reportable segments:

- Ferry
- Passengerboat
- Catering
- Tourism

No operating segments have been aggregated to form the above reportable segments. Financing (including finance costs, finance income and profit or loss from the interest in Widerøe) and income taxes are managed on a group basis and are not allocated to operating segments.

NO€ in thousands	Ferry	Passenger-boats	Catering	Tourism	Total	Corporate segments and eliminations	Consolidated
First quarter 2017							
Revenue	571 234	24 511	37 848	3 583	637 176	4 029	641 205
External customers	571 234	24 511	37 848	3 583	637 176	4 029	641 205
Expenses							
Operating expenses	(367 073)	(26 481)	(34 847)	(6 706)	(435 107)	(1 073)	(436 180)
Share of profit from associates	204 161	(1 970)	3 001	(6 877)	198 314	2 956	201 271
EBITDA	158 501	(1 304)	(835)	(132)	(60 771)	(592)	(61 364)
Depreciation	145 660	(3 274)	2 166	(7 009)	137 542	2 364	139 906
Segment profit							
First quarter 2016							
Revenue	475 007	24 830	37 266	987	538 090	4 263	542 353
External customers	475 007	24 830	37 266	987	538 090	4 263	542 353
Expenses							
Operating expenses	(348 027)	(23 524)	(35 826)	(1 317)	(408 694)	(907)	(409 601)
Share of profit from associates	294	1 600	1 439	2 323	132 343	2 947	2 947
EBITDA	126 080	1 600	1 439	2 323	132 343	3 356	135 700
Depreciation	(57 285)	(1 450)	(873)	(19)	(59 607)	(659)	(60 265)
Segment profit	69 695	171	567	2 304	72 737	2 697	75 434
Reconciliation to Consolidated profit/(loss) for the period							
Segment profit							
Share of profit from other associates							
Interest income							
Interest expense							
Other financial items, net							
Income tax (expense)							
Group profit							

Note 4 Property, plant and equipment

	Vessels under construction	Periodic maintenance	Vessels under construction	Machinery and equipment	Total
First quarter 2017					
Cost price 01.01.2017	5 935 660	204 880	117 000	128 634	174 537
Additions	31 491	33 309	61 618	9	1 099
Disposals	-141 439	-33 309	-	-	-695
Cost price 31.03.2017	5 825 712	204 880	179 318	128 643	174 941
Accumulated depreciation 01.01.2017	2 268 887	101 160	-	46 377	154 482
Depreciation for the period	48 776	10 157	-	751	1 680
Disposals	-42 215	-33 309	-	-	-695
Accumulated depreciation 31.03.2017	2 275 448	204 880	179 318	128 643	174 941
Accumulated impairment losses 01.01.2017	-	195 738	-	-	-
Impairment loss	-	-	-	-	-
Reversal impairment	-	-	-	-	-
Disposals	-	-	-	-	-3 709
Accumulated impairment losses 31.03.2017	192 029	-	-	-	-192 029
Carrying amount 31.03.2017	3 358 235	126 973	179 318	81 515	19 474
	Vessels under construction	Periodic maintenance	Vessels under construction	Machinery and equipment	Total
First quarter 2016					
Cost price 01.01.2016	5 865 488	200 476	47 705	128 349	169 890
Additions	4 252	14 413	33 318	-	5
Disposals	-45 102	-14 413	-	-1 576	-61 091
Cost price 31.03.2016	5 824 638	200 476	81 023	126 773	169 895
Accumulated depreciation 01.01.2016	2 189 601	109 555	-	41 889	147 548
Depreciation for the period	47 839	9 937	-	864	1 627
Disposals	-34 022	-14 413	-	-1 448	-49 883
Accumulated depreciation 31.03.2016	2 203 417	105 078	-	41 305	149 175
Carrying amount 31.03.2016	3 346 901	95 398	81 023	35 468	20 720
	Vessels under construction	Periodic maintenance	Vessels under construction	Machinery and equipment	Total
First quarter 2016					
Cost price 01.01.2016	139 906	75 434	800	3 752	274 320
Additions	14 413	14 413	-	-	-
Disposals	-34 022	-14 413	-	-41 305	-274 320
Accumulated depreciation 31.03.2016	105 078	-	-	-	-
Carrying amount 31.03.2016	3 346 901	95 398	81 023	35 468	20 720
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Carrying amount 31.03.2016	3 346 901	95 398	81 023	35 468	20 720
	Vessels under construction	Periodic maintenance	Vessels under construction	Machinery and equipment	Total
First quarter 2016					
Cost price 01.01.2016	139 906	75 434	800	3 752	274 320
Additions	14 413	14 413	-		

Note 5 Commitments

5.1 Capital commitments
Significant capital expenditure contracted but not recognised as liabilities has the following agreed payment structure:

	2017 - Remaining period	2018	After 2018	Total
Newbuildings	652 117	1 088 974	511 197	2 252 288
Quay structures/land investments	19 000	-	-	19 000
Total	671 117	1 088 974	511 197	2 271 288

5.2 Non-cancellable operating leases
The Group leases vessel/passenger boats and other equipment from external suppliers. The operating lease contracts has the following terms:

	Annual rent	Expiry
Vessels/passenger boats	60 727	2020
Other equipment	539	2017
Total	61 266	

5.3 Repairs and maintenance

Periodic maintenance is related to major inspections and overhaul costs which occur at regular intervals over the life of a vessel, normally every 5 years. Thus there are commitments for the Group to maintain the vessels' operational ability and compliance with laws and regulations.

Note 6 Dividends

An extraordinary shareholders' meeting on February 17, 2017 declared an extraordinary dividend of NOK 250,000,000 that was paid out to the shareholders on February 19, 2017.

Note 7 Earnings per share

The basic and diluted earnings per share are the same, as there are no convertible bond loan or stock option plans. Earnings per share is calculated as net result allocated to shareholders for the year divided by the weighted average number of outstanding shares.

	Q1 2017	Q1 2016	Full year 2016
Profit/(loss) attributable to equity holders of the company	101 364	45 975	450 122
Weighted average number of ordinary shares in issue	100 000	100 000	100 000
Earnings per share	1,01	0,46	4,50

Note 8 Interests in other entities

There has not been any changes to the Group's ownership in other entities during the interim period.

Note 9 Borrowings

	31.03.2017	31.03.2016	31.12.2016
<i>Amounts in NOK thousands</i>			
Non-current	155 000	1738 816	155 000
Current	1 713 491	287 058	1 800 511
Total	1 868 491	2 025 874	1 955 511
Movements in borrowings are analysed as follows:			
Three months ended 31 March 2017			
Opening amount as at 1 January 2017	1 955 511		
New bank loan raised	0		
Repayments of borrowings	-87 020		
Closing amount as at 31 March 2017	1 868 491		
Three months ended 31 March 2016			
Opening amount as at 1 January 2016	2 078 441		
New bank loan raised	0		
Repayments of borrowings	-52 567		
Closing amount as at 31 March 2016	2 025 874		

The Group has no undrawn borrowing facilities.

The Group was in breach with the change in ownership covenant in its loan agreement as at 31 December, 2016 as there was a change in ownership on October 14, 2016 when HavilaFjord AS purchased additional 26% of the shares in Fjord1 AS, from F1 Holding AS. The Group had not received a waiver from the bank as at December 31, 2016. As a result, all liabilities related to this loan agreement has been classified as current in the condensed consolidated statement of financial position as at December 31, 2016.

On January 4, 2016 the bank gave the Group its written consent that it waived its right to invoke default on the loan. The waiver included a covenant that the Group's existing loan agreements needs to be refinanced before July 31, 2017. As a result, all liabilities related to this loan agreement has been classified as current in the condensed consolidated statement of financial position as at March 31, 2017.

As a subsequent event, the Group received confirmation from the bank on May 19, 2017 that maturity on all loans- and credit facilities has been extended until July 31, 2018.

The Group has not been in breach of any other covenants during the interim period.

Note 10 Income tax

Interim income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

	Q1 2017	Q1 2016	2016
Profit before tax	133 374	61 300	598 624
Tax expense	(32 010)	(15 325)	(148 502)
Average tax rate	24 %	25 %	25 %
Change in deferred tax	(6 401)	(999)	(127 834)
Change in deferred tax asset	(972)	(3 408)	(16 618)
Tax payable	(24 637)	(10 918)	(2 672)
Adjustments prior years tax payable			(156)
Tax effect Group contribution			(1 222)
Tax expense in statement of profit or loss	(32 010)	(15 325)	(148 502)

Note 11 Net financial items

	Q1 2017	Q1 2016	Full year 2016
Other financial items, net			
Change in fair value derivatives	2 607	9 207	52 155
Realized interest swap settlements	(3 229)	(11 112)	4 175
Dividends received from investments in shares			2 061
Currency exchange gains	81	(238)	(1 259)
Currency exchange losses	(1 214)	114	614
Other financial income	(1 836)	(8)	(9)
Total other financial items, net	(1 956)	57 337	

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Note 12 Contingencies

Rebate compensation	
The Group has recognised an income of NOK 87 million in 2016 (2015: NOK 22.2 million) related to received compensation to cover loss of revenue due to changes in the original contract assumptions such as discount and fare structures. The compensation is subject to final negotiations and as a result, the Group may receive additional compensation or may receive a claim on paid out preliminary compensation. Paid out compensation is recognised as revenue in the period the compensation is received, as this represents the Group's estimate of expected consideration for the services. The recognised compensation is not deemed to represent a contingent asset.	
Disputes	
The Company has been involved in a dispute with Negotia (a member organization of the Norwegian Confederation of Vocational Unions) on behalf of their members regarding salary adjustments in 2016, where Negotia has claimed that the certain requirements in relation to the adjustment were not met. The matter was referred to an advisory board, which in April 2017 ruled in favour of the Company.	

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Note 13 Related party transactions

In 2015 the Group was controlled by the county council of Sogn og Fjordane with an ownership share of 59%. The remaining (41%) shares were held by Havilafljord AS. In 2016 Havilafljord AS increased its ownership share to 67% and thus becoming the controlling shareholder. The county council of Sogn og Fjordane held the remaining 33% shares outstanding.

The following transactions were carried out with related parties:

Revenue from related parties		Related party	Relation	Q1 2017		Q1 2016		Full year 2016	
Sogn og Fjordane	Owner	28 472	29 196	98 520					
The fjords DA	Associate	2 681	861	-	29 422				
The Fjords Farøy I DA	Associate	-	-	1 249					

Expenses to related parties		Related party	Relation	Q1 2017		Q1 2016		Full year 2016	
The Fjords DA	Associate	(502)	(1.109)	-	(1.104)	(1.109)	(290)		
H.R.Ach. Pål W Lorentzen	Chairman of the Board	-	-						

Receivables/(Liabilities) to related parties		Related party	Relation	Q1 2017		Q1 2016		Full year 2016	
Sogn og Fjordane	Owner	10 505	866	-	3 974	-			
The fjords DA	Associate	-	-						

Note 14 Subsequent events

Change of ownership and listing og Merkur Market

The county council of Sogn og Fjordane sold all its remaining shares in Fjord 1 AS to Havilafljord AS in May 2017, making Havilafljord AS the owner of 100 % of the shares in Fjord 1 AS. Following this transaction, Havilafljord AS sold 79,5% of its shares through a private placement. The company was listed on Oslo Stock Exchange's Merkur Market on May 24, 2017.

Listing on Oslo Stock Exchange

The company intends to list on Oslo Stock exchange during the third quarter of 2017. Listing on Oslo Stock Exchange requires a change in company structure. Further details follow below.

Transformation of Fjord 1 AS to a public limited liability company ("allmennaksjeselskap")

In connection with the Company's process to apply for listing on Oslo Stock Exchange, the Company will initiate a transformation from a private limited liability company ("aksjeselskap") to a public limited liability company ("allmennaksjeselskap"). The effect of such transformation is that the public limited liability companies act will apply for the Company, which implies, inter alia, that:

- The minimum required share capital is NOK 1,000,000. The company's share capital is NOK 250,000,000 and thus satisfies this requirement.
- Certain requirements in respect of gender representation in the Board. Some adjustments will be required to comply with this requirement.

Invitations to participate in share issues and issues of other financial instruments may be directed to the general public.

- Registration of the company's shares in a central depository is mandatory. The Company's shares are already registered in the Norwegian Securities Depository.
- Shares are generally freely transferable, and as a main rule shareholders do not have any pre-emptive rights in connection with transfers of shares.

Newbuilding contracts

Fjord 1 placed an order of five new ferries in June 2017 with design from Hayard Design & Solutions, for construction at Hayard Ship Technology's shipyard in Leirvik, Sogn og Fjordane. The ferries shall be delivered in 2018 and 2019, and the total contract value is around NOK 1.0 billion.

 <p>EY Building a better working world</p> <p>Statsautoriserte revisorer Ernst & Young AS Thomøhlens gate 53 D, NO-5006 Bergen Postboks 6163, NO-5582 Bergen</p> <p>Foretakeregisteret: NO 976 389 387 MVA Tlf.: +47 24 02 40 00 Fax: +47 55 21 30 01 www.ey.no Medlemmer av Den norske revisorførening</p> <p>Foretakeregisteret NO 976 389 387 MVA Tlf.: +47 24 00 00 00 Fax: +47 55 21 30 01 www.ey.no Medlemmer av Den norske revisorførening</p>	<p>Til styret i Fjord1 AS.</p> <p>Fråsegn om forenkla revisorkontroll av delårsrekneskap</p> <p>Innleiing Vi har gjennomført ein forenkla revisorkontroll av vedlagte balanse for Fjord1 AS pr. 31. mars 2017 og tilhøyrande resultatårsrekneskap og oppstilling over endringar i egenkapital og kontantstrømoppstilling for trelleårsperioden 1. januar 2017 til 31. mars 2017 avslutta per denne datoen og eit samanlegg av viktige rekneskapsprinsipper og andre notar. Leiringa er ansvarleg for å utarbeide delårsrekneskapen i samsvar med lov og forskrifter, herunder for at han gjei eit rettvisande bilde i samsvar med International Financial Reporting Standards som fastsett av EU</p> <p>Omfangset av den forenkla revisorkontrollen</p> <p>Vi har gjennomført vår forenkla revisorkontroll i samsvar med internasjonal standard for forenkla revisorkontroll 2410 "Forenkla revisorkontroll av eit delårsrekneskap, gjennomført av foretakets valgte revisor". Ein forenkla revisorkontroll av eit delårsrekneskap består i dette føresummaðar, primært til personar med ansvar for økonomi og rekneskap, og å gjennomføre analytiske og andre kontrollhandlinger. Ein forenkla revisorkontroll har eit betydeleg mindre omfang enn ei revision utført i samsvar med International Standards on Auditing, og gjev oss følgjeleg ikkje i stand til å oppnå sikkerheit for at vi er blitt oppmørksame på alle vesentlige formold som kunne ha blitt avdekkta i ein revisjon. Vi gjev derfor ikke revisjonstilsyn.</p> <p>Konklusjon Vi har ved vår forenkla revisorkontroll ikkje blitt oppmørksame på noko som gjev oss grunn til å tru at det vedlagte delårsrekneskapet ikkje gjev eit rettvisande bilde av foretakets finansielle stilling per 31. mars 2017 og av resultatet og kontantstrømmene i trelleårsperioden 1. januar 2017 til 31. mars 2017, i samsvar med International Financial Reporting Standards som fastsatt av EU.</p> <p>Bergen, den 29. juni 2017 ERNST & YOUNG AS  Erik Moe statsautorisert revisor</p>
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