



Fjord1 ASA

Condensed interim financial statements

Second quarter and first half 2017



This is Fjord1

Fjord1 ASA Group is a Norwegian group of companies whose main business is to provide high quality ferry services to public authorities and the community. Fjord1 is the largest ferry services provider in Norway. In addition to the Group's involvement in ferries, Fjord1 also has engagements in passenger boats, catering, tourism as well as a significant shareholder in the airline Widerøe.

The Group consists of 1,143 employees, 61 ferries and 4 passenger boats.

Significant events in the first half 2017

22 May 2017 - The county council of Sogn og Fjordane sold all its remaining shares in Fjord1 AS to Havilafjord AS, making Havilafjord AS the owner of 100 % of the shares in Fjord1 AS.

May 2017 - Havilafjord sold 49.5 % of its shareholdings through a private placement.

24 May 2017 - Fjord1 AS was listed on Oslo Stock Exchange's Merkur Market.

9 June 2017 - An order of five new ferries was placed with Havyard Ship Technology. The ferries are scheduled to be delivered in 2018 and 2019 and has a total contract value of approximately NOK 1.0 billion.

Significant after the first half 2017

3 July 2017 - Statens Vegvesen extends the contract period for the contract Indre Sogn with one year, so that the contract will run until 31 December 2019.

7 July 2017 - An extraordinary general meeting resolved, in accordance with the Board's proposal, that Fjord1 AS is converted from a Norwegian private limited liability company ("AS") to a Norwegian public limited liability company ("ASA").

04 August 2017 - Fjord 1 AS changes the company name to Fjord1 ASA.

15 August 2017 - Fjord1 ASA was listed on Oslo Stock Exchange.

Key financial figures

NOK in thousands	Q2 2017	Q2 2016	YTD 17	YTD 16	Full year 2016
Total revenue	731,530	604,155	1,372,735	1,146,508	2,386,412
EBITDA	247,368	172,338	448,637	308,038	729,642
EBIT	183,705	113,479	323,610	188,913	568,139
Profit/(loss)	138,065	95,552	239,429	141,527	450,122
EBITDA margin	34 %	29 %	33 %	27 %	31 %

NOK in thousands	30.06.2017	30.06.2016	31.12.2016
Total assets	4,804,930	4,549,018	4,869,419
Cash and cash equivalents	368,343	298,437	553,993
Interest bearing debt	1,816,011	1,973,307	1,955,511
Equity	1,743,361	1,450,456	1,723,104
Equity ratio	36 %	32 %	35 %

Second quarter 2017

Total revenue for the period Q2 2017 was NOK 731.5 million, compared to NOK 604.2 million in Q2 2016. The increase in revenue was both due to higher volumes and better margins in the contracts.

The improvement in revenue and margins resulted in an increase in EBITDA from NOK 172.4 million in Q2 2016 to NOK 247.4 million in Q2 2017. The EBITDA margin increased from 29 % in Q2 2016 to 34 % in Q2 2017 as a result of these improvements.

Interest bearing debt has decreased from NOK 1,973.3 million at 30 June 2016 to NOK 1,816.0 at 30 June 2017 as a result of scheduled repayments of debt to Nordea. The equity ratio has increased from 32 % at 30 June 2016 to 36 % at 30 June 2017 which is significantly within the financial covenant of 25 % in the Group's loan facility agreement.

First half 2017

Total revenue for the period first half 2017 was NOK 1,372.7 million, compared to NOK 1,146.5 million in first half 2016. The increase in revenue was both due to higher volumes and better margins in the contracts. The tourist segment also shows an improvement in the turnover due to that the Group has been renting out more vessels than in the same period in 2016.

The improvement in revenue and margins resulted in an increase in EBITDA from NOK 308.0 million in first half 2016 to NOK 448.6 million in first half 2017. The EBITDA margin increased from 27 % in first half 2016 to 33 % in first half 2017 as a result of these improvements.

Outlook

Norway's coast has a geography which remains highly dependent on ferries to cross fjords and to reach islands. 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.

The Group has stable contracts in the following accounting period, and do not see any significant risks and uncertainties in third quarter 2017 other than normal operational risks as inherent in the type of business and market Fjord1 operates in.

Fjord1 is scheduled to take delivery of three ferries in the fourth quarter 2017, where two 120 PCE ferries will be operated on Anda-Lote and one 130 PCE ferry will be operated on Hufthamar-Krokeide. Fjord1 sees a move towards investment in environmentally friendly technology.

Declaration from the Board of Directors and the CEO

Pursuant to the Norwegian Securities Trading Act §5-6, we hereby declare that to the best of our knowledge the financial statements for the period 1 January to 30 June 2017 are prepared in accordance with International Accounting Standard 34, "Interim financial reporting", and that the information provided gives a true and fair view of the company's assets, liabilities, profit and loss and overall financial position.

To the best of our knowledge, we declare that this first half report gives a true and fair view of the significant events in the accounting period and their effects on these interim financial statements, and that the most significant risks and uncertainties facing the Group during the following accounting period. This half year report includes a description of all significant transactions with related parties.

Florø, 28 August 2017

Vegard Sævik
Chairman of the Board

Per Sævik
Board Member

Siri Beate Hatlen
Board Member

Frederik Wilhelm Mohn
Board Member

Janicke Driveklepp
Board Member

Atle Olav Trollebø
Board Member

Geir Offerdal
Board Member

Dagfinn Neteland
CEO

Condensed consolidated statement of profit or loss
Unaudited

<i>Amounts in NOK thousands</i>	Note	Q2 2017	Q2 2016	YTD 17	YTD 16	Full year 2016
Revenue	3,12	248 610	327 349	415 697	580 935	1 223 970
Other income	3	482 920	276 806	957 037	565 574	1 162 442
Cost of sales	3	-137 224	-102 363	-233 834	-182 605	-378 407
Personnel expenses	3	-231 615	-226 727	-458 209	-445 239	-884 835
Other operating expenses	3	-122 306	-100 074	-235 283	-210 920	-402 583
Total operating expenses		-491 145	-429 164	-927 326	-838 765	-1 665 825
Share of profit/(loss) from joint ventures	3	6 983	-2 653	3 228	294	9 055
Operating profit before depreciation and impairment (EBITDA)		247 368	172 338	448 637	308 038	729 642
Depreciation	4	-63 663	-58 859	-125 027	-119 125	-240 085
Impairment	4	-	-	-	-	78 582
Total depreciation and impairment		-63 663	-58 859	-125 027	-119 125	-161 503
Operating profit (EBIT)		183 705	113 479	323 610	188 913	568 139
Share of profit/(loss) from other joint ventures		8 496	25 621	17 592	29 374	72 540
Interest income		1 402	2 342	2 202	3 442	5 692
Interest expense		-16 673	-11 815	-31 264	-28 845	-105 484
Other financial items, net	10	4 734	-2 240	2 898	-4 196	57 737
Net financial income / (expenses)		-2 041	13 909	-8 573	-225	30 485
Profit/(loss) before tax		181 664	127 388	315 038	188 688	598 624
Income tax (expense) / income	9	-43 599	-31 836	-75 609	-47 161	-148 502
Profit/(loss) for the period		138 065	95 552	239 429	141 527	450 122
<i>Attributable to:</i>						
Parent company owners		137 932	95 506	239 136	141 435	449 972
Non-controlling interest		133	46	293	92	150
Basic earnings per share (NOK)	6	1,38	0,96	2,39	1,42	4,50
Diluted earnings per share (NOK)	6	1,38	0,96	2,39	1,42	4,50

Condensed consolidated statement of financial position

Unaudited

<i>Amounts in NOK thousands</i>	<i>Note</i>	30.06.2017	30.06.2016	31.12.2016
Assets				
Non current assets				
Deferred tax assets	9	20 356	34 538	21 328
Ships	4	3 758 245	3 487 405	3 692 555
Other tangible fixed assets	4	108 374	107 609	102 312
Investments in joint ventures and associates		365 529	330 423	361 709
Other non-current financial assets	2	8 462	4 319	8 284
Total non-current assets		4 260 966	3 964 293	4 186 188
Current assets				
Inventories		16 430	13 690	14 690
Trade receivables	2	89 748	88 184	78 660
Other current receivables	2	69 443	184 414	35 888
Cash and cash equivalents	2	368 343	298 437	553 993
Total current assets		543 964	584 725	683 231
Total assets		4 804 930	4 549 018	4 869 419
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital		250 000	250 000	250 000
Share premium		360 924	360 924	360 924
Retained earnings	6	1 128 263	835 709	1 108 299
Total equity attributable to owners of the parent		1 739 187	1 446 633	1 719 223
Non-controlling interests		4174	3 823	3 881
Total equity		1 743 361	1 450 456	1 723 104
Non-current liabilities				
Borrowings	8	1 610 887	1 718 464	155 000
Derivative financial instruments	2	19 254	55 901	42 403
Net employee defined benefit liabilities	2	16 841	20 762	14 605
Other non-current liabilities	2	-	478	-
Deferred tax liabilities	9	401 397	283 248	382 276
Total non-current liabilities		2 048 379	2 078 853	594 284
Current liabilities				
Borrowings	8	205 124	254 843	1 800 511
Derivative financial instruments	2	25 739	40 511	22 775
Trade and other payables	2	109 810	127 222	110 075
Current income tax liabilities		27 031	11 153	2 675
Social security and other taxes		72 891	72 996	90 269
Other current liabilities	2	572 595	512 985	525 726
Total current liabilities		1 013 190	1 019 710	2 552 031
Total liabilities		3 061 569	3 098 563	3 146 315
Total equity and liabilities		4 804 930	4 549 018	4 869 419

Condensed consolidated statement of comprehensive income
Unaudited

<i>Amounts in NOK thousands</i>	Note	Q2 2017	Q2 2016	YTD 17	YTD 16	Full year 2016
Profit/(loss) for the period		138 065	95 552	239 429	141 527	450 122
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						1 363
Actuarial loss on post employment benefit obligations		(109)	3 058	(211)	(59)	12 632
Total		-109	3 058	-211	-59	13 995
Total other comprehensive income for the year, net of tax		-109	3 058	-211	-59	13 995
Total comprehensive income for the period		137 956	98 610	239 218	141 468	464 117
<i>Attributable to:</i>						
Parent company owners		137 823	98 564	238 925	141 376	463 967
Non-controlling interest		133	46	293	92	150

Condensed consolidated statement of changes in equity

Unaudited

<i>Amounts in NOK thousands</i>	Attributable to owners of the parent				Non-controlling interest	Total equity
	Share capital	Share premium	Retained earnings	Total		
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
Other comprehensive income for the period			13 995	13 995		13 995
Total comprehensive income for the period	0	0	463 966	463 966	150	464 116
Dividends paid			-50 000	-50 000		-50 000
Transactions with owners	0	0	-50 000	-50 000	0	-50 000
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	3 881	1 723 104
Adjustment for error in earlier periods			31 039	31 039		31 039
Profit/(loss) for the period			239 136	239 136	293	239 429
Other comprehensive income for the period			-211	-211		-211
Total comprehensive income for the period	0	0	238 925	238 925	293	239 218
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	0	-250 000	-250 000	0	-250 000
Balance at 30.06.2017	250 000	360 924	1 128 263	1 739 187	4 174	1 743 361
Balance at 01.01.2016	250 000	360 924	694 332	1 305 256	3 731	1 308 987
Profit/(loss) for the period			141 435	141 435	92	141 527
Other comprehensive income for the period			-59	-59		-59
Total comprehensive income for the period	0	0	141 376	141 376	92	141 468
Dividends paid				0		0
Transactions with owners	0	0	0	0	0	0
Balance at 30.06.2016	250 000	360 924	835 707	1 446 633	3 823	1 450 456

Condensed consolidated statement of cash flows
Unaudited

<i>Amounts in NOK thousands</i>	<i>Note</i>	Q2 2017	Q2 2016	YTD 17	YTD 16	Full year 2016
Operating activities						
Profit before tax		181 664	127 388	315 038	188 688	598 624
<i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i>						
Depreciation and impairment	4	63 663	58 859	125 027	119 125	161 503
Interest expense, net		16 673	11 815	31 264	28 845	99 792
Change in fair value of financial instruments	2	-9 747	-14 074	-20 185	-22 200	-53 433
Non-cash post-employment benefit expense		-3 113	-3 079	2 236	-15 466	-1 885
Gain on disposal of property, plant and equipment		-	-3 387	-4 713	-10 391	-11 224
Share of profit from associates and joint ventures		-15 479	-22 968	-20 820	-29 668	-81 595
<i>Working capital adjustments:</i>						
Trade receivables	2	-15 157	-7 252	-11 088	-16 479	-6 955
Inventories		-256	-3 257	-1 740	-641	-1 641
Trade payables	2	-6 026	10 305	-265	32 455	15 308
Other accruals		-37 358	-53 266	-3 963	-149 501	24 153
Cash generated from operations		174 865	101 084	410 790	124 768	742 648
Interest paid, net		-16 673	-11 815	-31 264	-28 845	-99 792
Income tax paid		0	0	-280	66	-301
Net cash from operating activities		158 192	89 270	379 246	95 989	642 554
Investing activities						
Purchases of property, plant and equipment	4	-164 919	-65 233	-292 293	-116 592	-379 654
Purchase of shares incl. joint ventures		-	-	-	-	-2 400
Proceeds from dividends from associates		17 000	-	17 000	-	24 404
Proceeds from sale of property, plant and equipment		3	43 500	100 075	61 082	83 503
Proceeds from non-current receivables		(212)	3 844	-178	4 098	-
Net cash used in investing activities		-148 128	-17 889	-175 396	-51 412	-274 147
Financing activities						
Proceeds from borrowings	8	-	-	-	-	133 000
Repayment of borrowings	8	-52 480	-52 567	-139 500	-105 134	-255 930
Dividends		-	0	-250 000	-	-50 000
Proceeds from other non-current liabilities		-	-2 763	-	478	-
Net cash used in financing activities		-52 480	-55 330	-389 500	-104 656	-172 930
Net change in cash and cash equivalents		-42 416	16 051	-185 650	-60 079	195 477
Cash and cash equivalents at start of period		410 759	282 386	553 993	358 516	358 516
Cash and cash equivalents at end of period		368 343	298 437	368 343	298 437	553 993

Note 1 Accounting Principles

General information

Fjord1 ASA 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 ASA 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 August 2017.

These condensed interim financial statements have been not been 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.

Accounting principles

The accounting policies adopted are consistent with those of the previous financial year except that income tax expense is recognised in each interim period using the expected weighted average annual income tax rate for the full financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Use of estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016, except for income taxes and post-employment benefits.

Income tax expense and deferred income tax liability is calculated by applying a weighted average of tax rates across jurisdictions, while in annual financial statements income tax expense and deferred income tax liability is calculated by applying the tax rate for each individual jurisdiction to measures of income for each jurisdiction.

Present value of defined benefit obligations and the fair value of plan assets at the end of each interim reporting period is estimated by extrapolation of the latest actuarial valuation, while in the annual financial statements this estimate is based on an updated actuarial valuation.

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 FVPL	Assets at amortised cost	Total
Second quarter 2017				
Trade and other receivables			159 191	159 191
Available-for-sale financial assets	7 643			7 643
Employee loans			386	386
Other non-current receivables			221	221
Cash and cash equivalents			368 343	368 343
Total	7 643	-	528 141	535 784

	Assets at FVOCI	Assets at FVPL	Assets at amortised cost	Total
Second quarter 2016				
Trade and other receivables			272 598	272 598
Available-for-sale financial assets	4 318			4 318
Other non-current receivables				
Cash and cash equivalents			298 437	298 437
Total	4 318	-	571 035	575 354

Financial liabilities

	Derivatives at FVPL	Liabilities at amortised cost	Total
Second quarter 2017			
Derivative financial instruments	44 993		44 993
Borrowings		1 816 011	1 816 011
Trade and other payables		682 405	682 405
Total	44 993	2 498 416	2 543 409

	Derivatives at FVPL	Liabilities at amortised cost	Total
Second quarter 2016			
Derivative financial instruments	96 412		96 412
Borrowings		1 973 307	1 973 307
Trade and other payables		640 207	640 207
Total	96 412	2 613 514	2 709 926

Available for sale financial assets

Available for sale financial assets include the following classes of financial assets:

	Q2 2017	Q2 2016
Unlisted equity securities	3 512	3 422
Equity contribution pension plan membership	4 131	896
Total	7 643	4 318

Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale financial assets			7 643	7 643
Financial liabilities				
Trading derivatives		44 993		44 993
Recurring fair value measurements At 30 June 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale financial assets			7 086	7 086
Financial liabilities				
Trading derivatives		96 412		96 412

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.

Second quarter 2017

NOK in thousands	Ferry	Passenger- boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	615 902	25 434	51 694	8 445	701 476	30 053	731 530
Total revenue	615 902	25 434	51 694	8 445	701 476	30 053	731 530
Expenses							
Operating expenses	(392 804)	(21 936)	(39 508)	(11 099)	(465 347)	(25 798)	(491 145)
Share of profit from associates	-	-	-	6 983	6 983	-	6 983
EBITDA	223 098	3 498	12 186	4 329	243 112	4 255	247 367
Depreciation	(60 571)	(1 306)	(828)	4	(62 702)	(960)	(63 663)
Segment profit	162 527	2 192	11 358	4 333	180 410	3 295	183 704

Year to date 2017

NOK in thousands	Ferry	Passenger- boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	1 187 136	49 945	89 542	12 029	1 338 653	34 082	1 372 735
Total revenue	1 187 136	49 945	89 542	12 029	1 338 653	34 082	1 372 735
Expenses							
Operating expenses	(759 877)	(48 417)	(74 355)	(17 805)	(900 454)	(26 871)	(927 325)
Share of profit from associates	-	-	-	3 228	3 228	-	3 228
EBITDA	427 259	1 528	15 188	(2 549)	441 426	7 211	448 637
Depreciation	(119 072)	(2 610)	(1 663)	(128)	(123 473)	(1 553)	(125 027)
Segment profit	308 187	(1 082)	13 525	(2 677)	317 953	5 658	323 610

Second quarter 2016

NOK in thousands	Ferry	Passenger- boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	518 503	25 096	49 983	7 794	601 376	2 779	604 155
Total revenue	518 503	25 096	49 983	7 794	601 376	2 779	604 155
Expenses							
Operating expenses	(380 361)	(23 303)	(38 889)	(7 568)	(450 121)	20 957	(429 164)
Share of profit from associates	-	(294)	-	(2 359)	(2 653)	-	(2 653)
EBITDA	138 142	1 499	11 094	(2 132)	148 602	23 736	172 338
Depreciation	(56 076)	(1 447)	(861)	(64)	(58 448)	(411)	(58 859)
Segment profit	82 066	52	10 233	(2 196)	90 154	23 325	113 479

Year to date 2016

NOK in thousands	Ferry	Passenger- boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	993 510	49 926	87 249	8 781	1 139 466	7 043	1 146 508
Total revenue	993 510	49 926	87 249	8 781	1 139 466	7 043	1 146 508
Expenses							
Operating expenses	(728 388)	(46 827)	(74 716)	(8 884)	(858 815)	20 050	(838 765)
Share of profit from associates				294	294	-	294
EBITDA	265 122	3 099	12 533	191	280 945	27 093	308 038
Depreciation	(113 361)	(2 877)	(1 734)	(83)	(118 055)	(1 070)	(119 125)
Segment profit	151 761	222	10 799	108	162 890	26 023	188 913

Reconciliation to Consolidated profit/(loss) for the period	Q2 2017	YTD 2017	Q2 2016	YTD 2016
Segment profit	183 704	323 610	113 479	188 913
Share of profit from other associates	8 496	17 592	25 622	29 374
Interest income	1 402	2 202	2 342	3 442
Interest expense	(16 673)	(31 264)	(11 815)	(28 845)
Other financial items, net	4 734	2 898	(2 240)	(4 196)
Income tax (expense)	(43 599)	(75 609)	(31 836)	(47 161)
Group profit	138 065	239 430	95 552	141 527

Note 4 Property, plant and equipment

		Periodic	Vessels under		Machinery and	
Second quarter 2017	Vessels	maintenance	construction	Property	equipment	Total
Cost price 01.01.2017	5 935 660	204 880	117 700	128 634	174 537	6 561 411
Additions	61 661	40 357	178 662	3 151	8 462	292 293
Disposals	-141 439	-40 357	-	-	-695	-182 491
Cost price 30.06.2017	5 855 882	204 880	296 362	131 785	182 304	6 671 213
Accumulated depreciation 01.01.2017	2 268 887	101 060	-	46 377	154 482	2 570 806
Depreciation for the period	99 021	20 279	-	1 976	3 751	125 027
Disposals	-42 215	-40 182	-	-	-871	-82 907
Accumulated depreciation 30.06.2017	2 325 693	81 157	-	48 353	157 362	2 612 926
Accumulated impairment losses 01.01.2017	195 738	-	-	-	-	195 738
Impairment loss	-	-	-	-	-	-
Reversal impairment	-	-	-	-	-	-
Disposals	-3 709	-	-	-	-	-3 709
Accumulated impairment losses 30.06.2017	192 029	-	-	-	-	192 029
Carrying amount 30.06.2017	3 338 159	123 724	296 362	83 432	24 942	3 866 619

		Periodic	Vessels under		Machinery and	
Second quarter 2016	Vessels	maintenance	construction	Property	equipment	Total
Cost price 01.01.2016	5 865 488	200 476	47 705	128 349	169 890	6 411 908
Additions	34 125	19 732	58 379	158	4 198	116 592
Disposals	-104 511	-19 732	-	-1 576	-	-125 819
Cost price 30.06.2016	5 795 102	200 476	106 084	126 931	174 088	6 402 680
Accumulated depreciation 01.01.2016	2 189 601	109 555	-	41 889	147 548	2 488 593
Depreciation for the period	93 960	19 744	-	2 038	3 383	119 125
Disposals	-53 191	-19 732	-	-1 448	-	-74 371
Accumulated depreciation 30.06.2016	2 230 370	109 567	-	42 479	150 931	2 533 347
Accumulated impairment losses 01.01.2016	274 320	-	-	-	-	274 320
Impairment loss	-	-	-	-	-	-
Reversal impairment	-	-	-	-	-	-
Accumulated impairment losses 30.06.2016	274 320	-	-	-	-	274 320
Carrying amount 30.06.2016	3 290 412	90 909	106 084	84 452	23 157	3 595 013

<i>Useful life</i>	<i>10-30 years</i>	<i>5 years</i>	<i>0-33 years</i>	<i>3-10 years</i>
<i>Depreciation method</i>	<i>Straight line</i>	<i>Straight line</i>	<i>Straight line</i>	<i>Straight line</i>

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	944 296	1 151 227	1 456 096	3 551 619
Quay structures/land investments		-	-	-
Total	944 296	1 151 227	1 456 096	3 551 619

5.2 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	

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 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. The company was transformed from a private liability company to a public liability company the 07 July. As part of this transformation, a share split was performed. The new number of shares is 100 000 000 compared to 100 000 shares outstanding as at 31.12.2016. The new number of shares is used when calculating earnings per share.

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	Full year 2016
Profit/(loss) attributable to equity holders of the company	138 065 000	95 551 863	239 429 093	141 526 930	450 121 571
Weighted average number of ordinary shares in issue	100 000 000	100 000 000	100 000 000	100 000 000	100 000 000
Earnings per share	1,38	0,96	2,39	1,42	4,50

Note 7 Interests in other entities

There has not been any changes to the Group's ownership in other entities during the interim period.

Note 8 Borrowings

<i>Amounts in NOK thousands</i>	30.06.2017	30.06.2016	31.12.2016
Non-current	1 610 887	1 718 464	155 000
Current	205 124	254 843	1 800 511
Total	1 816 011	1 973 307	1 955 511

Movements in borrowings are analysed as follows:

Six months ended 30 June 2017

Opening amount as at 1 January 2017	1 955 511
New bank loan raised	0
Repayments of borrowings	-139 500
Closing amount as at 30 June 2017	1 816 011

Six months ended 30 June 2016

Opening amount as at 1 January 2016	2 078 441
New bank loan raised	0
Repayments of borrowings	-105 134
Closing amount as at 30 June 2016	1 973 307

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 Havilaffjord 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 June 30, 2017.

The Group received confirmation from the bank on May 19, 2017 that maturity on all loans- and credit facilities have been extended until July 31, 2018.

The Group has not been in breach of any other covenants during the interim period.

Note 9 Income tax

Interim income tax expense is recognised based on management's estimate of the weighted average annual incometax rate expected for the full financial year.

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	Full year 2016
Profit before tax	181 664	127 388	315 038	188 688	598 624
Tax expense	(43 599)	(31 836)	(75 609)	(47 161)	(148 502)
<i>Average tax rate</i>	24 %	25 %	24 %	25 %	25 %
Change in deferred tax	(43 599)	(31 836)	(50 000)	(32 835)	(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	(43 599)	(31 836)	(75 609)	(47 161)	(148 502)

Note 10 Net financial items

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	Full year 2016
Other financial items, net					
Change in fair value derivatives	9 312	12 611	11 919	21 818	52 155
Realized interest swap settlements	(5 747)	(13 488)	(8 976)	(24 600)	
Dividends received from investments in shares	-	-			4 175
Currency exchange gains	-	23		104	2 061
Currency exchange losses	-	(81)		(319)	(1 259)
Other financial income	-	829		943	614
Other financial expenses	1 169	(2 134)	(45)	(2 142)	(9)
Total other financial items, net	4 734	(2 240)	2 898	(4 196)	57 737

Note 11 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 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.

Note 12 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 Havilafjord AS. In 2016 Havilafjord 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. In May 2017 Sogn og Fjordane sold all its remaining shares through a private placement.

The following transactions were carried out with related parties:

Revenue from related parties

Related party	Relation	Q2 2017	YTD 2017	Q2 2016	YTD 2016	Full year 2016
Sogn og Fjordane *	Owner	29 260	57 740	29 175	58 371	98 520
The Fjords DA	Associate	7 845	10 526	1 201	2 062	29 422
The Fjords Fartøy I DA	Associate	-		930		1 249
Havyard Production & Series sp.z.o	Owner	24	30	8		29
Havyard MMC AS	Owner	1	2	0		1

Expenses to related parties

Related party	Relation	Q2 2017	YTD 2017	Q2 2016	YTD 2016	Full year 2016
The Fjords DA	Associate	(1 063)	(1 063)	-	(1 109)	(1 104)
H.R.Adv. Pål W Lorentzen	Chairman of the Board	-		-		(250)
Havyard Ship Technology As	Owner	(74 067)	(96 341)	(4)		4
Havila AS	Owner	(3)	(11)			37

*In May 2017 Sogn og Fjordane sold all its remaining shares through a private placement.

Receivables/(Liabilities) to related parties

Related party	Relation	30.06.2017	30.06.2016	31.12.2016
Sogn og Fjordane	Owner	10 505	866	-
The Fjords DA	Associate	6 240	13 628	3 974
The Fjords Fartøy I DA		-	969	-
Havyard Ship Technology AS	Owner	(333)		
Havyard Production & Sercie sp z o	Owner	(25)	(27)	(32)
Havyrad NNC AS	Owner	(3)	(5)	(6)

Note 13 Subsequent events

Change of ownership and listing on Merkur Market

The county council of Sogn og Fjordane sold all its remaining shares in Fjord1 AS to Havilafjord AS in May 2017, making Havilafjord AS the owner of 100 % of the shares in Fjord1 AS. Following this transaction, Havilafjord 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 was listed on the Oslo Stock exchange during the third quarter of 2017. Listing on Oslo Stock Exchange required a change in company structure.

Extraordinary General Meeting

An extraordinary general meeting was held July 7, 2017.

Transformation to public limited liability company ("allmennaksjeselskap")

The General meeting resolved, in accordance with the Board's proposal, that Fjord1 AS is converted from a Norwegian private limited liability company to a Norwegian public limited liability company, see further information below.

Election of Board of Directors

In accordance with the board's proposal, the General meeting elected the following shareholder elected board members: Vegard Sævik (Chairman of the board), Per Rolf Sævik (Boardmember), Jannicke Westlie Driveklepp (Boardmember), Fredrik Wilhelm Mohn (Boardmember), and Siri Beatie Hatlen (Boardmember). In addition there are two directors and two observers to the board, elected among the employees.

Proxy to purchase own shares- Share plan for employees and senior executives

A Share plan for employees and senior executives has been established. The General meeting resolved the following on proxy to the board to purchase own shares

- i) The Board of directors is authorized pursuant to the Norwegian Public Limited Liability Companies Act section 9-4 to acquire shares in the Company ("own Shares") on behalf of the Company with an aggregate nominal value up to NOK 2 250 000.*
- ii) When Acquiring own shares, the compensation per share cannot be lower than NOK 2.50 or exceed NOK 100.*
- iii) Shares acquired by proxy can only be used for sale or transfer to employees in the company group in connection with the share plan for the company group's employees and the incentive plan for the senior executives. If the company has acquired more shares than what becomes necessary under the plans, the shares may be sold in the market or be cancelled through a decrease of the share capital. The Board determines the methods by which own shares can be acquired or disposed of.*
- iv) The proxy shall be valid from the resolution date until the ordinary General meeting in 2018.*

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 was transformed from a private limited liability company ("aksjeselskap") to a public limited liability company ("allmennaksjeselskap"). The effect of the transformation was 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 were required to comply with this requirement, thus a new Board of Directors was elected in the extraordinary general meeting June 7, 2017.

- 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

Fjord1 placed an order of five new ferries in June 2017 with design from Havyard Design & Solutions, for construction at Havyard 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.

Note 14 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.