



Fjord1 ASA

Condensed interim financial statements

Q3 2017



## Condensed consolidated statement of profit or loss

### Unaudited

<i>Amounts in NOK thousands</i>	<b>Note</b>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>YTD 17</b>	<b>YTD 16</b>	<b>Full year 2016</b>
Revenue	3,12	273 099	401 749	688 796	982 683	1 223 970
Other income	3	488 572	287 360	1 445 610	852 934	1 162 442
Cost of sales	3	-121 266	-119 215	-355 100	-301 821	-378 407
Personnel expenses	3	-250 148	-219 284	-708 357	-664 523	-884 835
Other operating expenses	3	-101 219	-94 740	-336 502	-305 661	-402 583
<b>Total operating expenses</b>		<b>-472 633</b>	<b>-433 240</b>	<b>-1 399 958</b>	<b>-1 272 005</b>	<b>-1 665 825</b>
Share of profit/(loss) from joint ventures	3	13 238	11 458	16 466	11 752	9 055
<b>Operating profit before depreciation and impairment (EBITDA)</b>		<b>302 277</b>	<b>267 326</b>	<b>750 914</b>	<b>575 364</b>	<b>729 642</b>
Depreciation	4	-66 642	-59 326	-191 668	-178 451	-240 085
Impairment	4				-	78 582
<b>Total depreciation and impairment</b>		<b>-66 642</b>	<b>-59 326</b>	<b>-191 668</b>	<b>-178 451</b>	<b>-161 503</b>
<b>Operating profit (EBIT)</b>		<b>235 635</b>	<b>208 000</b>	<b>559 245</b>	<b>396 913</b>	<b>568 139</b>
Share of profit/(loss) from other joint ventures		3 860	14 415	21 451	43 788	72 540
Interest income		1 180	3 140	3 382	6 582	5 692
Interest expense		-15 669	-50 568	-46 933	-79 413	-105 484
Other financial items, net	10	-2 243	31 683	655	27 487	57 737
<b>Net financial income / (expenses)</b>		<b>-12 872</b>	<b>-1 330</b>	<b>-21 445</b>	<b>-1 555</b>	<b>30 485</b>
<b>Profit/(loss) before tax</b>		<b>222 763</b>	<b>206 670</b>	<b>537 800</b>	<b>395 357</b>	<b>598 624</b>
Income tax (expense) / income	9	-53 463	-51 667	-129 072	-98 828	-148 502
<b>Profit/(loss) for the period</b>		<b>169 300</b>	<b>155 002</b>	<b>408 729</b>	<b>296 529</b>	<b>450 122</b>
<i>Attributable to:</i>						
Parent company owners		169 137	154 956	408 273	296 398	449 972
Non-controlling interest		163	46	456	131	150
Basic earnings per share (NOK)	6	1,69	1,55	4,09	2,97	4,50
Diluted earnings per share (NOK)	6	1,69	1,55	4,09	2,97	4,50

## Condensed consolidated statement of comprehensive income

### Unaudited

<i>Amounts in NOK thousands</i>	<b>Note</b>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>YTD 17</b>	<b>YTD 16</b>	<b>Full year 2016</b>
Profit/(loss) for the period		169 300	155 002	408 729	296 529	450 122
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
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	-320	2 999	12 632
<b>Total</b>		<b>-109</b>	<b>3 058</b>	<b>-320</b>	<b>2 999</b>	<b>13 995</b>
<b>Total other comprehensive income for the period, net of tax</b>		<b>-109</b>	<b>3 058</b>	<b>-320</b>	<b>2 999</b>	<b>13 995</b>
<b>Total comprehensive income for the period</b>		<b>169 191</b>	<b>158 061</b>	<b>408 409</b>	<b>299 528</b>	<b>464 117</b>
<i>Attributable to:</i>						
Parent company owners		169 028	158 015	407 953	299 397	463 967
Non-controlling interest		163	46	456	131	150

## Condensed consolidated statement of financial position

### Unaudited

<i>Amounts in NOK thousands</i>	<b>Note</b>	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>31.12.2016</b>
<b>Assets</b>				
<b>Non current assets</b>				
Deferred tax assets	9	27 787	26 524	21 328
Ships	4	3 839 195	3 514 165	3 692 555
Other tangible fixed assets	4	106 486	105 002	102 312
Investments in joint ventures and associates		374 124	356 295	361 709
Other non-current financial assets	2	8 435	4 252	8 284
<b>Total non-current assets</b>		<b>4 356 027</b>	<b>4 006 239</b>	<b>4 186 188</b>
<b>Current assets</b>				
Inventories		14 716	12 653	14 690
Trade receivables	2	107 736	75 121	78 660
Other current receivables	2	47 632	9 767	35 888
Cash and cash equivalents	2	586 180	505 002	553 993
<b>Total current assets</b>		<b>756 264</b>	<b>602 544</b>	<b>683 231</b>
<b>Total assets</b>		<b>5 112 290</b>	<b>4 608 781</b>	<b>4 869 419</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital		250 000	250 000	250 000
Share premium		360 924	360 924	360 924
Retained earnings	6	1 297 290	943 731	1 108 299
<b>Total equity attributable to owners of the parent</b>		<b>1 908 214</b>	<b>1 554 655</b>	<b>1 719 223</b>
Non-controlling interests		4 337	3 862	3 881
<b>Total equity</b>		<b>1 912 551</b>	<b>1 558 517</b>	<b>1 723 104</b>
<b>Non-current liabilities</b>				
Borrowings	8	1 542 675	1 731 322	155 000
Derivative financial instruments	2	17 716	53 447	42 403
Net employee defined benefit liabilities	2	9 226	13 919	14 605
Other non-current liabilities	2	293	-	-
Deferred tax liabilities	9	360 989	266 175	382 276
<b>Total non-current liabilities</b>		<b>1 930 898</b>	<b>2 064 864</b>	<b>594 284</b>
<b>Current liabilities</b>				
Borrowings	8	220 857	210 668	1 800 511
Derivative financial instruments	2	30 251	34 906	22 775
Trade and other payables	2	139 514	79 985	110 075
Current income tax liabilities	9	128 249	72 899	2 675
Social security and other taxes		47 896	50 055	90 269
Other current liabilities	2	702 073	536 888	525 726
<b>Total current liabilities</b>		<b>1 268 840</b>	<b>985 401</b>	<b>2 552 031</b>
<b>Total liabilities</b>		<b>3 199 739</b>	<b>3 050 265</b>	<b>3 146 315</b>
<b>Total equity and liabilities</b>		<b>5 112 290</b>	<b>4 608 781</b>	<b>4 869 419</b>

## 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		
<b>Balance at 01.01.2016</b>	<b>250 000</b>	<b>360 924</b>	<b>694 332</b>	<b>1 305 256</b>	<b>3 731</b>	<b>1 308 987</b>
Profit/(loss) for the period			449 972	<b>449 972</b>	150	<b>450 122</b>
Other comprehensive income for the period			13 995	<b>13 995</b>		<b>13 995</b>
Total comprehensive income for the period	0	0	463 966	<b>463 966</b>	150	<b>464 116</b>
Dividends paid			-50 000	<b>-50 000</b>		<b>-50 000</b>
Transactions with owners	0	0	-50 000	<b>-50 000</b>	0	<b>-50 000</b>
<b>Balance at 31.12.2016</b>	<b>250 000</b>	<b>360 924</b>	<b>1 108 299</b>	<b>1 719 223</b>	<b>3 881</b>	<b>1 723 104</b>
<b>Balance at 01.01.2017</b>	<b>250 000</b>	<b>360 924</b>	<b>1 108 299</b>	<b>1 719 223</b>	<b>3 881</b>	<b>1 723 104</b>
Adjustment for error in earlier periods			31 039	<b>31 039</b>		<b>31 039</b>
Profit/(loss) for the period			408 273	<b>408 273</b>	456	<b>408 729</b>
Other comprehensive income for the period			-320	<b>-320</b>		<b>-320</b>
Total comprehensive income for the period	0	0	407 953	<b>407 953</b>	456	<b>408 409</b>
Equity contribution from owners			0	<b>0</b>		<b>0</b>
Dividends paid			-250 000	<b>-250 000</b>		<b>-250 000</b>
Other contributions to owners			0	<b>0</b>		<b>0</b>
Transactions with owners	0	0	-250 000	<b>-250 000</b>	0	<b>-250 000</b>
<b>Balance at 30.09.2017</b>	<b>250 000</b>	<b>360 924</b>	<b>1 297 291</b>	<b>1 908 215</b>	<b>4 337</b>	<b>1 912 551</b>
<b>Balance at 01.01.2016</b>	<b>250 000</b>	<b>360 924</b>	<b>694 332</b>	<b>1 305 256</b>	<b>3 731</b>	<b>1 308 987</b>
Profit/(loss) for the period			296 398	<b>296 398</b>	131	<b>296 529</b>
Other comprehensive income for the period			2 999	<b>2 999</b>		<b>2 999</b>
Total comprehensive income for the period	0	0	299 397	<b>299 397</b>	131	<b>299 528</b>
Dividends paid			-50 000	<b>-50 000</b>		<b>-50 000</b>
Transactions with owners	0	0	-50 000	<b>-50 000</b>	0	<b>-50 000</b>
<b>Balance at 30.09.2016</b>	<b>250 000</b>	<b>360 924</b>	<b>943 731</b>	<b>1 554 655</b>	<b>3 862</b>	<b>1 558 517</b>

**Condensed consolidated statement of cash flows**  
**Unaudited**

<i>Amounts in NOK thousands</i>	<i>Note</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>YTD 17</b>	<b>YTD 16</b>	<b>Full year 2016</b>
<b>Operating activities</b>						
Profit before tax		222 763	206 670	537 800	395 357	598 624
<i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i>						
Depreciation and impairment	4	66 642	59 326	191 668	178 451	161 503
Interest expense, net		14 489	47 428	45 753	76 273	99 792
Change in fair value of financial instruments	2	2 974	-8 058	-17 212	-30 258	-53 433
Non-cash post-employment benefit expense		-7 759	-2 765	-5 523	-18 231	-1 885
Gain on disposal of property, plant and equipment		-	739	-4 713	-9 652	-11 224
Share of profit from associates and joint ventures		-17 098	-25 872	-37 918	-55 540	-81 595
<i>Working capital adjustments:</i>						
Trade receivables	2	-17 988	13 063	-29 076	-3 416	-6 955
Inventories		1 714	1 037	-26	396	-1 641
Trade payables	2	29 704	-47 237	29 439	-14 782	15 308
Other accruals		126 245	175 609	122 269	26 240	24 153
<b>Cash generated from operations</b>		<b>421 685</b>	<b>419 939</b>	<b>832 463</b>	<b>544 839</b>	<b>742 648</b>
Interest paid, net		-14 489	-47 428	-45 753	-76 273	-99 792
Income tax paid		-	-	-280	-66	-301
<b>Net cash from operating activities</b>		<b>407 196</b>	<b>372 512</b>	<b>786 430</b>	<b>468 500</b>	<b>642 554</b>
<b>Investing activities</b>						
Purchases of property, plant and equipment	4	-146 192	-103 330	-438 485	-219 922	-379 654
Purchase of shares incl. joint ventures		-4 341	-	-4 331	-	-2 400
Proceeds from dividends from associates		8 503	0	25 503	0	24 404
Proceeds from sale of property, plant and equipment		488	19 112	100 566	80 194	83 503
Net proceeds/(investments) from other non-current financial assets		4 368	67	4 190	4 165	-
Net proceeds from other non-current financial liabilities		293	-478	293	-478	-
<b>Net cash used in investing activities</b>		<b>-136 881</b>	<b>-84 629</b>	<b>-312 263</b>	<b>-136 041</b>	<b>-274 147</b>
<b>Financing activities</b>						
Proceeds from borrowings	8	-	66 000	-	66 000	133 000
Repayment of borrowings	8	-52 479	-97 317	-191 979	-202 451	-255 930
Dividends		-	-50 000	-250 000	-50 000	-50 000
Proceeds from other non-current liabilities		-	-	-	478	-
<b>Net cash used in financing activities</b>		<b>-52 479</b>	<b>-81 317</b>	<b>-441 979</b>	<b>-185 973</b>	<b>-172 930</b>
<b>Net change in cash and cash equivalents</b>		<b>217 837</b>	<b>206 565</b>	<b>32 187</b>	<b>146 486</b>	<b>195 477</b>
<b>Cash and cash equivalents at start of period</b>		<b>368 343</b>	<b>298 437</b>	<b>553 993</b>	<b>358 516</b>	<b>358 516</b>
<b>Cash and cash equivalents at end of period</b>		<b>586 180</b>	<b>505 002</b>	<b>586 180</b>	<b>505 002</b>	<b>553 993</b>

## 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 27 November 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
<b>Third quarter 2017</b>				
Trade and other receivables			155 368	155 368
Available-for-sale financial assets	7 848			7 848
Employee loans			386	386
Other non-current receivables			201	201
Cash and cash equivalents			586 180	586 180
<b>Total</b>	<b>7 848</b>	<b>-</b>	<b>742 134</b>	<b>749 982</b>

	Assets at FVOCI	Assets at FVPL	Assets at amortised cost	Total
<b>Third quarter 2016</b>				
Trade and other receivables			84 888	84 888
Available-for-sale financial assets	3 422			3 422
Other non-current receivables			830	830
Cash and cash equivalents			505 002	505 002
<b>Total</b>	<b>3 422</b>	<b>-</b>	<b>590 720</b>	<b>594 143</b>

### Financial liabilities

	Derivatives at FVPL	Liabilities at amortised cost	Total
<b>Third quarter 2017</b>			
Derivative financial instruments	47 967		47 967
Borrowings		1 763 532	1 763 532
Trade and other payables		841 587	841 587
<b>Total</b>	<b>47 967</b>	<b>2 605 119</b>	<b>2 653 086</b>

	Derivatives at FVPL	Liabilities at amortised cost	Total
<b>Third quarter 2016</b>			
Derivative financial instruments	88 353		88 353
Borrowings		1 941 990	1 941 990
Trade and other payables		616 873	616 873
<b>Total</b>	<b>88 353</b>	<b>2 558 863</b>	<b>2 647 216</b>

### Available for sale financial assets

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

	Q3 2017	Q3 2016
Unlisted equity securities	7 848	3 422
<b>Total</b>	<b>7 848</b>	<b>3 422</b>

	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements At 30 September 2017</b>				
<b>Financial assets</b>				
Available for sale financial assets			7 848	7 848
<b>Financial liabilities</b>				
Trading derivatives		47 967		47 967
<b>Recurring fair value measurements At 30 September 2016</b>				
<b>Financial assets</b>				
Available for sale financial assets			3 422	3 422
<b>Financial liabilities</b>				
Trading derivatives		88 353		88 353



### 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.

#### Third quarter 2017

NOK in thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
<b>Revenue</b>							
External customers	661 969	24 214	56 869	6 682	749 734	11 938	761 671
<b>Total revenue</b>	<b>661 969</b>	<b>24 214</b>	<b>56 869</b>	<b>6 682</b>	<b>749 734</b>	<b>11 938</b>	<b>761 671</b>
<b>Expenses</b>							
Operating expenses	-394 061	-22 342	-39 294	-1 005	-456 702	-15 284	-471 986
Share of profit from associates	0	995	0	12 244	13 239	-1	13 238
<b>EBITDA</b>	<b>267 908</b>	<b>2 867</b>	<b>17 575</b>	<b>17 920</b>	<b>306 271</b>	<b>-3 347</b>	<b>302 923</b>
Depreciation	-64 005	-1 625	-874	-138	-66 642		-66 642
<b>Segment profit</b>	<b>203 903</b>	<b>1 242</b>	<b>16 701</b>	<b>17 783</b>	<b>239 629</b>	<b>-3 347</b>	<b>236 282</b>

#### Year to date 2017

NOK in thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
<b>Revenue</b>							
External customers	1 849 105	74 159	146 411	18 711	2 088 386	46 020	2 134 405
<b>Total revenue</b>	<b>1 849 105</b>	<b>74 159</b>	<b>146 411</b>	<b>18 711</b>	<b>2 088 386</b>	<b>46 020</b>	<b>2 134 405</b>
<b>Expenses</b>							
Operating expenses	-1 153 938	-70 759	-113 649	-18 810	-1 357 156	-42 155	-1 399 311
Share of profit from associates		995		15 472	16 467		16 467
<b>EBITDA</b>	<b>695 167</b>	<b>4 395</b>	<b>32 762</b>	<b>15 372</b>	<b>747 697</b>	<b>3 865</b>	<b>751 561</b>
Depreciation	-183 077	-4 235	-2 537	-266	-190 115	-1 553	-191 668
<b>Segment profit</b>	<b>512 090</b>	<b>160</b>	<b>30 225</b>	<b>15 107</b>	<b>557 582</b>	<b>2 312</b>	<b>559 894</b>

#### Third quarter 2016

NOK in thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
<b>Revenue</b>							
External customers	563 813	25 652	57 108	8 492	655 066	34 043	689 109
<b>Total revenue</b>	<b>563 813</b>	<b>25 652</b>	<b>57 108</b>	<b>8 492</b>	<b>655 066</b>	<b>34 043</b>	<b>689 109</b>
<b>Expenses</b>							
Operating expenses	-313 471	-22 069	-40 830	-4 337	-380 707	-52 533	-433 240
Share of profit from associates	0	1 546	0	9 912	11 458	0	11 458
<b>EBITDA</b>	<b>250 342</b>	<b>5 129</b>	<b>16 278</b>	<b>14 067</b>	<b>285 817</b>	<b>-18 490</b>	<b>267 326</b>
Depreciation	-56 968	-1 499	-857	-3	-59 326		-59 326
<b>Segment profit</b>	<b>193 375</b>	<b>3 631</b>	<b>15 420</b>	<b>14 065</b>	<b>226 490</b>	<b>-18 490</b>	<b>208 000</b>

Year to date 2016

NOK in thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
<b>Revenue</b>							
External customers	1 557 323	75 578	144 357	17 273	1 794 532	41 086	1 835 618
<b>Total revenue</b>	<b>1 557 323</b>	<b>75 578</b>	<b>144 357</b>	<b>17 273</b>	<b>1 794 532</b>	<b>41 086</b>	<b>1 835 618</b>
<b>Expenses</b>							
Operating expenses	-1 041 859	-68 896	-115 546	-13 221	-1 239 522	-32 483	-1 272 005
Share of profit from associates		1 546		10 206	11 752	0	11 752
<b>EBITDA</b>	<b>515 464</b>	<b>8 228</b>	<b>28 811</b>	<b>14 258</b>	<b>566 762</b>	<b>8 603</b>	<b>575 365</b>
Depreciation	-170 329	-4 376	-2 591	-86	-177 381	-1 070	-178 451
<b>Segment profit</b>	<b>345 136</b>	<b>3 853</b>	<b>26 219</b>	<b>14 173</b>	<b>389 380</b>	<b>7 533</b>	<b>396 914</b>

Reconciliation to Consolidated profit/(loss) for the period	Q3 2017	YTD 2017	Q3 2016	YTD 2016
Segment profit	236 282	559 894	208 000	396 914
Share of profit from other associates	3 860	21 452	14 415	43 789
Interest income	1 180	3 382	3 140	6 582
Interest expense	-15 669	-46 933	-50 568	-79 413
Other financial items, net	-2 243	655	31 683	27 487
Income tax (expense)	-54 110	-129 719	-51 667	-98 828
<b>Group profit</b>	<b>169 300</b>	<b>408 729</b>	<b>155 002</b>	<b>296 529</b>

## Note 4 Property, plant and equipment

		Periodic	Vessels		Machinery	
	Vessels	maintenance	under	Property	and	Total
Third quarter 2017			construction		equipment	
Cost price 01.01.2017	5 935 660	204 880	117 700	128 634	174 537	6 561 411
Additions	94 588	53 564	277 465	3 379	9 488	438 484
Disposals	-141 439	-47 457	-	-	-817	-189 713
<b>Cost price 30.09.2017</b>	<b>5 888 809</b>	<b>210 987</b>	<b>395 165</b>	<b>132 013</b>	<b>183 208</b>	<b>6 810 182</b>
Accumulated depreciation 01.01.2017	2 268 887	101 060	-	46 377	154 482	2 570 806
Depreciation for the period	153 753	29 244	-	2 993	5 679	191 669
Disposals	-42 215	-46 992	-	-	-796	-90 003
<b>Accumulated depreciation 30.09.2017</b>	<b>2 380 425</b>	<b>83 312</b>	<b>-</b>	<b>49 370</b>	<b>159 365</b>	<b>2 672 472</b>
Accumulated impairment losses 01.01.2017	195 738	-	-	-	-	195 738
Impairment loss	-	-	-	-	-	-
Reversal impairment	-	-	-	-	-	-
Disposals	-3 709	-	-	-	-	-3 709
<b>Accumulated impairment losses 30.09.2017</b>	<b>192 029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192 029</b>
<b>Carrying amount 30.09.2017</b>	<b>3 316 354</b>	<b>127 676</b>	<b>395 165</b>	<b>82 643</b>	<b>23 843</b>	<b>3 945 681</b>

  

		Periodic	Vessels		Machinery	
	Vessels	maintenance	under	Property	and	Total
Third quarter 2016			construction		equipment	
Cost price 01.01.2016	5 865 488	200 476	47 705	128 349	169 890	6 411 908
Additions	57 248	19 732	138 142	158	4 642	219 922
Disposals	-129 159	-19 732	-	-1 576	-	-150 467
<b>Cost price 30.09.2016</b>	<b>5 793 577</b>	<b>200 476</b>	<b>185 847</b>	<b>126 931</b>	<b>174 532</b>	<b>6 481 362</b>
Accumulated depreciation 01.01.2016	2 189 601	109 555	-	41 889	147 548	2 488 593
Depreciation for the period	140 834	29 402	-	3 076	5 139	178 451
Disposals	-58 245	-19 732	-	-1 191	-	-79 168
<b>Accumulated depreciation 30.09.2016</b>	<b>2 272 190</b>	<b>119 225</b>	<b>-</b>	<b>43 774</b>	<b>152 687</b>	<b>2 587 876</b>
Accumulated impairment losses 01.01.2016	274 320	-	-	-	-	274 320
Impairment loss	-	-	-	-	-	-
Reversal impairment	-	-	-	-	-	-
<b>Accumulated impairment losses 30.09.2016</b>	<b>274 320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>274 320</b>
<b>Carrying amount 30.09.2016</b>	<b>3 247 067</b>	<b>81 251</b>	<b>185 847</b>	<b>83 157</b>	<b>21 845</b>	<b>3 619 167</b>

  

Useful life	10-30 years	5 years	0-33 years	3-10 years
Depreciation method	Straight line	Straight line	Straight line	Straight line

## 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	801 396	1 366 477	1 392 025	3 559 898
Quay structures/land investments		-	-	-
<b>Total</b>	<b>801 396</b>	<b>1 366 477</b>	<b>1 392 025</b>	<b>3 559 898</b>

### 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
<b>Total</b>	<b>61 266</b>	

### 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 limited liability company to a public limited liability company on 7 July 2017. 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 December 2016. The new number of shares is used when calculating earnings per share.

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	Full year 2016
Profit/(loss) attributable to equity holders of the company	169 136 600	155 002 285	408 728 693	296 529 035	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	1,69	1,55	4,09	2,97	4,50

## **Note 7 Interests in other entities**

The Group has increased its ownership in Geiranger Fjordservice AS in Q3 2017. Fjord1 ASA purchased additional 695 shares in the Company in July 2017 at a price of NOK 4,340,000. The total number of shares in Geiranger Fjordservice as at 30 September 2017 owned by Fjord1 ASA was 1,089 out of a total of 3,843 shares in the company. Thus, Fjord1 ASA has an ownership share in Geiranger Fjordservice AS of 28.34 % as at 30 September 2017.

## Note 8 Borrowings

<i>Amounts in NOK thousands</i>	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>31.12.2016</b>
Non-current	1 542 675	1 731 322	155 000
Current	220 857	210 668	1 800 511
<b>Total</b>	<b>1 763 532</b>	<b>1 941 990</b>	<b>1 955 511</b>

Movements in borrowings are analysed as follows:

### **Nine months ended 30 September 2017**

Opening amount as at 1 January 2017	1 955 511
New bank loan raised	0
Repayments of borrowings	-191 979
<b>Closing amount as at 30 Sept 2017</b>	<b>1 763 532</b>

### **Nine months ended 30 September 2016**

Opening amount as at 1 January 2016	2 078 441
New bank loan raised	66 000
Repayments of borrowings	-202 451
<b>Closing amount as at 30 September 2016</b>	<b>1 941 990</b>

The Group has no undrawn borrowing facilities.

The Group is compliant with all covenants as of 30 September 2017.

At 31 December 2016, non-current borrowings with change of control clauses in the loan agreement were classified as current liabilities as the Group were yet to obtain consent from the lenders regarding the change in ownership when Havilafjord AS on 14 October 2016 purchased additional 26% of the shares in Fjord1 AS from F1 Holding AS.

## Note 9 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.

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	Full year 2016
Profit before tax	222 763	206 670	537 800	395 357	598 624
Tax expense	(53 463)	(51 667)	(129 072)	(98 828)	(148 502)
<i>Average tax rate</i>	24 %	25 %	24 %	25 %	25 %
Change in deferred tax	40 324	18 092	(9 490)	(14 809)	(127 834)
Change in deferred tax asset	7 431	(8 014)	6 459	(11 422)	(16 618)
Tax payable	(101 218)	(61 746)	(126 040)	(72 598)	(2 672)
Adjustments prior years tax payable					(156)
Tax effect Group contribution					(1 222)
<b>Tax expense in statement of profit or loss</b>	<b>(53 463)</b>	<b>(51 667)</b>	<b>(129 072)</b>	<b>(98 828)</b>	<b>(148 502)</b>



## Note 10 Net financial items

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	Full year 2016
<b>Other financial items, net</b>					
Change in fair value derivatives	(3 741)	6 045	8 178	27 863	52 155
Net realized interest swap settlements*	(1 065)	24 599	(10 041)	-	-
Dividends received from investments in shares	5 819	-	5 819	-	4 175
Currency exchange gains		-		104	2 061
Currency exchange losses		-		(319)	(1 259)
Other financial income	250	3 804	250	4 747	614
Other financial expenses	(3 507)	(2 765)	(3 552)	(4 907)	(9)
<b>Total other financial items, net</b>	<b>(2 243)</b>	<b>31 683</b>	<b>655</b>	<b>27 487</b>	<b>57 737</b>

## 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

The following transactions were carried out with related parties:

### Sales to related parties

Related party	Relation	Q3 2017	YTD 2017	Q3 2016	YTD 2016	Full year 2016
The Fjords DA	Associate	15 311	25 837	11 127	13 189	29 422
The Fjords Fartøy I DA	Associate	-	-	319	-	1 249

### Purchases from related parties

Related party	Relation	Q3 2017	YTD 2017	Q3 2016	YTD 2016	Full year 2016
The Fjords DA	Associate	-	(1 063)	-	(1 109)	(1 104)
Havyard Ship Technology As	Owner	(31 428)	(126 400)	(4)	-	4

### Receivables/(Liabilities) to related parties

Related party	Relation	30.09.2017	30.09.2016	31.12.2016
The Fjords DA	Associate	9 984	1 780	3 974
The Fjords Fartøy I DA	Associate	-	-	-
Havyard Ship Technology AS	Owner	(1)	-	-

## Note 13 Subsequent events

### **Placement of new senior unsecured bonds**

With reference to press release on 10 November, 2017, Fjord1 ASA has successfully completed a NOK 1 000 million senior unsecured bond issue with maturity in November 2022. The new bonds will have a floating coupon rate of 3 month NIBOR plus 3.5 percent. An application will be made for the bonds to be listed on Oslo Børs.

The terms of the bond agreement was approved by the Board of Directors on 22 November 2017.