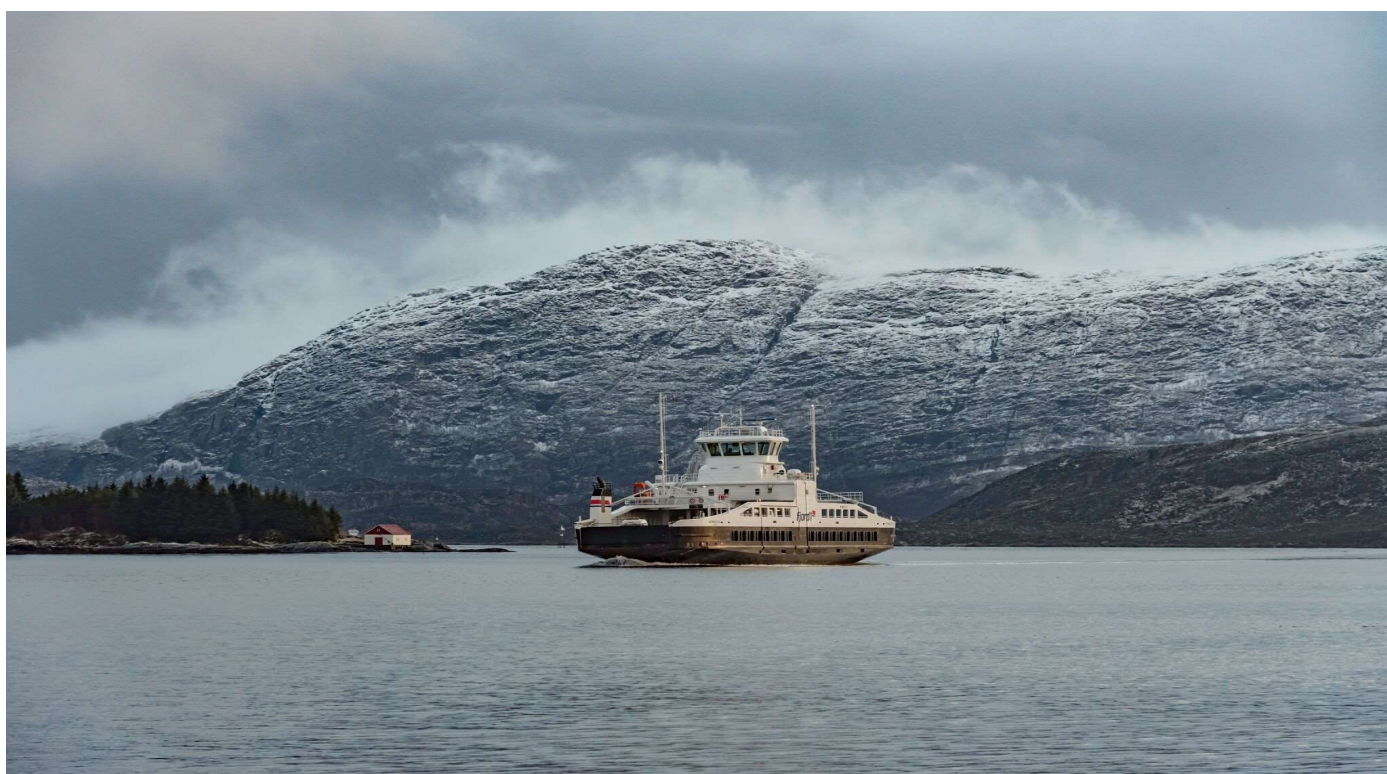




Fjord1 ASA

Condensed interim financial statements

Q2 2018



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 as at 30 June 2018 of 1,219 employees, 65 ferries and 4 passenger boats.

Significant events in the first half 2018

In the beginning of the year, there was start-up of the first fully electrical operation in Norway, Anda-Lote. There was also a start-up of two new connections in "Hordaland Rutepakke 1".

In January, Fjord1 was awarded the contract "Nordmørspakken" for the period between 01.01.2020 to 31.12.2030. "Nordmørspakken" is a contract for operating four ferry connections in Nordmøre.

Fjord1 has signed several contracts for newbuildings in the first half of the year 2018. In February, there was signed a contract with the Turkish shipyard Cemre on delivery of 2 newbuildings with an 80 PCE capacity. In March 2018, there was signed a contract with the Norwegian shipyard Havyard on delivery of 5 newbuildings with a 50 PCE capacity. In April, there was signed a contract with the Turkish shipyard Tersan on delivery of a newbuilding with a 120 PCE capacity.

Three newbuildings have been delivered during the first half of 2018. MF "Møkstrafjord" and MF "Horgefjord", delivered from Tersan, is with a 130/120 PCE capacity and accommodates 299 passengers. Both newbuildings have started operating the connections in "Hordaland Rutepakke 1". MF "Husavik" was delivered from Havyard to Fjord1 in June. MF "Husavik" has a 45 PCE capacity and 146 passengers, and has started operating in "Hordaland Rutepakke 1".

A financing term sheet agreement has been signed with DNB and Nordea with a bank facility of MNOK 4,458.

A dividend of MNOK 270 was distributed in June.

Significant after the first half 2018

A term sheet is signed with GIEK for the financing of newbuildings contracted by Norwegian shipyards.

There has been a tender competition on the contract "Indre Sogn". Fjord1 did not receive renewal of the connection Festøya-Solavågen included in this contract.

Key financial figures

NOK in thousand	Q2 2018	Q2 2017	YTD 18	YTD 17	Full year 2017
Total revenue	785 650	727 215	1 505 478	1 368 419	2 794 136
EBITDA	259 079	247 368	476 897	448 637	985 254
EBIT	185 931	183 705	333 326	323 610	732 602
Profit/(loss)	122 697	138 065	229 378	239 429	602 633
EBTIDA margin	33 %	34 %	32 %	33 %	35 %

NOK in thousand	30.06.2018	30.06.2017	31.12.2017
Total assets	6 094 010	4 549 018	5 525 512
Cash an cash equivalents	446 082	298 437	474 294
Interest bearing debt	2 506 782	1 973 307	1 817 977
Equity	2 026 652	1 450 456	2 067 734
Equity ration	33 %	32 %	39 %

Second quarter 2018

Total revenue for the period Q2 2018 was NOK 785.7 million, compared to NOK 727.2 million in Q2 2017. The increase was primarily due to start-up of new contracts in 2018.

The increase in EBITDA from NOK 247.4 million in Q2 2017 to NOK 259.1 million in Q2 2018. The EBITDA margin is 33 % in Q2 2018 compared to 34 % in Q2 2017.

Interest bearing debt has increased from NOK 1,505.5 million at 30 June 2017 to NOK 2,206.8 at 30 June 2018 as a result of new loans regarding the purchase of new buildings. The equity ratio has increased from 32 % at 30 June 2017 to 33 % at 30 June 2018.

First half 2018

Total revenue for the period first half 2018 was NOK 1,372.7 million, compared to NOK 1,368.4 million in first half 2017. The increase was primarily due to start-up of new contracts in 2018.

The improvement in revenue and margins resulted in an increase in EBITDA from NOK 448.1 million in first half 2017 to NOK 476.9 million in Q2 2018. The EBITDA margin in the first half of 2018 decreased marginally compared to the first half 2017 due to start-up costs in the new contracts.

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 2018 other than normal operational risks as inherent in the type of business and market Fjord1 operates in.

Fjord1 is scheduled to take delivery of five ferries in the fourth quarter 2018, where two 50 PCE ferries will be operated on Brekstad- Våset, two 120 PCE ferries on Hareid –Sulesund, and one on 120 PCE ferry will be operated on Halhjem - Våge.

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 2018 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 21 august 2018

Vegard Sævik
Chairman of the Board

Per Sævik
Board Member

Siri Beate Hatlen
Board Member

Frederik Wilhelm Mohn
Board Member

Siri Hatland
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 2018	Q2 2017	YTD 2018	YTD 2017	Full year 2017
Revenue	3,12	772 799	709 902	1 483 978	1 338 282	2 748 150
Other income	3	12 851	17 313	21 499	30 138	45 985
Total revenue		785 650	727 215	1 505 478	1 368 419	2 794 136
		-				
Cost of sales	3	(144 937)	(137 224)	(272 034)	(233 834)	(433 547)
Personnel expenses	3	(250 652)	(231 615)	(496 649)	(458 209)	(946 354)
Other operating expenses	3	(138 086)	(117 991)	(264 495)	(230 968)	(449 621)
Total operating expenses		(533 675)	(486 830)	(1 033 177)	(923 010)	(1 829 523)
Share of profit/(loss) from joint ventures and associated companies	3	7 104	6 983	4 597	3 228	20 641
Operating profit before depreciation and impairment (EBITDA)		259 079	247 368	476 897	448 637	985 254
Depreciation	4	(73 148)	(63 663)	(143 571)	(125 027)	(252 652)
Impairment	4	-	-			-
Total depreciation and impairment		(73 148)	(63 663)	(143 571)	(125 027)	(252 652)
Operating profit (EBIT)	3	185 931	183 705	333 326	323 610	732 602
Share of profit/(loss) from other joint ventures and associated companies		12 089	8 496	13 439	17 592	42 963
Interest income		(564)	1 402	205	2 202	4 692
Interest expense		(24 075)	(22 420)	(48 227)	(37 011)	(82 865)
Other financial items, net	10	(8 300)	10 481	4 884	8 645	18 135
Net financial income / (expenses)		(20 850)	(2 041)	(29 700)	(8 573)	(17 075)
Profit/(loss) before tax		165 081	181 664	303 627	315 038	715 527
Income tax (expense) / income	9	(42 384)	(43 599)	(74 249)	(75 609)	(112 895)
Profit/(loss) for the period		122 697	138 065	229 378	239 429	602 632
<i>Attributable to:</i>						
Parent company owners		122 478	137 932	229 131	239 136	602 148
Non-controlling interest		219	133	247	293	484
Basic earnings per share (NOK)	6	1,22	1,38	2,29	2,39	6,02
Diluted earnings per share (NOK)	6	1,22	1,38	2,29	2,39	6,02

Condensed consolidated statement of financial position

Unaudited

<i>Amounts in NOK thousands</i>	Note	30.6.18	30.6.17	31.12.17
Assets				
Non current assets				
Deferred tax assets	9	18 327	20 356	18 327
Property, plant and equipment	4	4 919 857	3 866 619	4 181 387
Investments in joint ventures and associates	7	411 241	365 529	408 581
Other non-current financial assets	2	6 505	8 462	6 205
Total non-current assets		5 355 930	4 260 966	4 614 499
Current assets				
Inventories		23 427	16 430	16 508
Trade receivables	2	126 680	89 748	86 099
Other current receivables	2	141 891	69 443	63 012
Cash and cash equivalents	2	446 082	368 343	474 294
Total current assets		738 080	543 964	639 913
Total assets		6 094 010	4 804 930	5 254 412
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		1 411 257	1 128 263	1 452 645
Total equity attributable to owners of the parent		2 022 181	1 739 187	2 063 568
Non-controlling interests		4 470	4 174	4 166
Total equity		2 026 652	1 743 361	2 067 734
Non-current liabilities				
Borrowings	8,2	2 149 639	1 610 887	1 687 692
Derivative financial instruments	2	5 727	19 254	12 147
Net employee defined benefit liabilities		20 522	16 841	23 671
Other non-current liabilities		427	-	
Deferred tax liabilities	9	524 945	401 397	450 696
Total non-current liabilities		2 701 260	2 048 379	2 174 206
Current liabilities				
Borrowings	8,2	357 143	205 124	130 285
Derivative financial instruments	2	15 376	25 739	26 607
Trade and other payables	2	237 827	109 810	164 895
Current income tax liabilities	9	37 501	27 031	40 055
Social security and other taxes		77 320	72 891	93 896
Other current liabilities	2	640 933	572 595	556 734
Total current liabilities		1 366 099	1 013 190	1 012 472
Total liabilities		4 067 360	3 061 569	3 186 678
Total equity and liabilities		6 094 010	4 804 930	5 254 412

Condensed consolidated statement of comprehensive income

Unaudited

<i>Amounts in NOK thousands</i>	Note	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017	Full year 2017
Profit/(loss) for the period		122 697	138 065	229 377	239 429	602 632
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		-				(3 059)
Actuarial gain/(loss) on post employment benefit obligations		(230)	(109)	(460)	(211)	(4 745)
Total		(230)	(109)	(460)	(211)	(7 804)
Total other comprehensive income for the year, net of tax		(230)	(109)	(460)	(211)	(7 804)
Total comprehensive income for the period		122 467	137 956	228 918	239 218	594 827
<i>Attributable to:</i>						
Parent company owners		122 248	137 823	228 671	238 925	594 343
Non-controlling interest		219	133	247	293	484

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 01.01.2017	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	-	-	238 925	238 925	293	239 218
Equity contribution from owners	-	-	-	-	-	-
Dividends paid	-	-	(250 000)	(250 000)	-	(250 000)
Other contributions to owners	-	-	-	-	-	-
Transactions with owners	-	-	(250 000)	(250 000)	-	(250 000)
Balance at 30.06.17	250 000	360 924	1 128 263	1 739 187	4 174	1 743 361
Profit/(loss) for the period	-	-	331 973	331 973	191	332 164
Other comprehensive income for the period	-	-	(7 593)	(7 593)	-	(7 593)
Total comprehensive income for the period	-	-	324 380	324 380	191	324 571
Equity contribution from owners	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Other contributions to owners	-	-	-	-	(198)	(198)
Transactions with owners	-	-	-	-	(198)	(198)
Balance at 31.12.2017	250 000	360 924	1 452 643	2 063 567	4 167	2 067 734
Balance at 01.01.2018	250 000	360 924	1 452 643	2 063 567	4 167	2 067 734
Profit/(loss) for the period	-	-	229 131	229 131	247	229 378
Other comprehensive income for the period	-	-	(460)	(460)	-	(460)
Total comprehensive income for the period	-	-	228 671	228 671	247	228 919
Equity contribution from owners	-	-	-	-	-	-
Dividends paid	-	-	(270 000)	(270 000)	-	(270 000)
Other contributions to owners	-	-	-	-	-	-
Transactions with owners	-	-	(270 000)	(270 000)	-	(270 000)
Balance at 30.06.18	250 000	360 924	1 411 314	2 022 238	4 414	2 026 652

Condensed consolidated statement of cash flows
Unaudited

<i>Amounts in NOK thousands</i>	<i>Note</i>	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Full year 2017
Operating activities						
Profit before tax		165 081	181 664	303 627	315 038	715 527
<i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i>						
Depreciation and impairment	4	73 148	63 663	143 571	125 027	252 652
Interest expense, net		27 799	16 673	51 183	31 264	62 219
Change in fair value of financial instruments	2	3 100	(9 747)	(17 651)	(20 185)	(26 424)
Non-cash post-employment benefit expense		(1 804)	(3 113)	(3 379)	2 236	2 552
Gain on disposal of property, plant and equipment		28	-	28	(4 713)	(4 713)
Share of profit from associates and joint ventures		-19 193	(15 479)	(18 036)	(20 820)	(63 604)
<i>Working capital adjustments:</i>						
Trade receivables	2	1 500	(15 157)	(40 581)	(11 088)	(7 439)
Inventories		(1 825)	(256)	(6 920)	(1 740)	(1 818)
Trade payables	2	3 171	(6 026)	72 932	(265)	54 820
Other accruals		(39 470)	(37 358)	(34 062)	(3 976)	9 784
Cash generated from operations		211 535	174 865	450 712	410 777	993 556
Interest paid, net		(9 443)	(16 673)	(25 195)	(31 264)	(64 205)
Income tax paid		-	-	(2 554)	(280)	(2 672)
Net cash from operating activities		202 092	158 192	422 963	379 233	926 679
Investing activities						
Purchases of property, plant and equipment	4	(494 289)	(164 919)	(883 069)	(292 293)	(738 174)
Purchase of shares incl. joint ventures		(1 931)	-	(1 931)	10	(16 160)
Proceeds from dividends from associates		17 000	17 000	17 000	17 000	25 503
Proceeds from sale of property, plant and equipment		1 000	3	1 000	100 078	103 566
Net proceeds/(investments) from other non-current financial assets		(218)	-	(301)	-	6 598
Proceeds from non-current receivables		-	(212)	-	(178)	(178)
Net cash used in investing activities		-478 437	-148 128	-867 300	-175 383	-618 845
Financing activities						
Proceeds from borrowings	8	264 000	-	1 318 426	-	985 250
Repayment of borrowings	8	-	(52 480)	(832 727)	(139 500)	(1 122 783)
Dividends		(270 000)	-	(270 000)	(250 000)	(250 000)
Proceeds from short-term borrowings		200 000	-	200 000	-	-
Proceeds from other non-current liabilities		0	-	427	-	-
Net cash used in financing activities		194 000	(52 480)	416 126	(389 500)	(387 533)
Net change in cash and cash equivalents		-82 346	(42 416)	(28 211)	(185 649)	(79 699)
Cash and cash equivalents at start of period		528 429	410 759	474 294	553 993	553 993
Cash and cash equivalents at end of period		446 083	368 342	446 082	368 343	474 293

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 21 August 2018.

These condensed interim financial statements have 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 2017, 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.

In addition, Fjord1 implemented the new revenue recognition standard IFRS 15 Revenue from contract with customers from 1 January 2018. The standard has been implemented in accordance with the fully retrospective transitional approach, which means that the effect of implementing the new standard is recorded as a change in shareholder equity as of 1 January 2017, and the comparable periods for 2017 in the income statement have been updated accordingly. The implementation of IFRS 15 has not had a material impact on total reported revenues, expenses, assets or liabilities, except that income from contracts for provision of ferry services previously presented as other income in the income statement are reclassified to revenue.

The Group has also implemented IFRS 9 Financial instruments, however this has not had any significant impact on the Group's consolidated financial statements.

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 2017, 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 2017. 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 2018				
Trade and other receivables			268 571	268 571
Available-for-sale financial assets	6 062			6 062
Employee loans			162	162
Other non-current receivables			281	281
Cash and cash equivalents			446 082	446 082
Total	6 062	-	715 096	721 158

	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

Financial liabilities

	Derivatives at FVPL	Liabilities at amortised cost	Total
Second quarter 2018			
Derivative financial instruments	21 103		21 103
Borrowings		2 506 782	2 506 782
Trade and other payables		878 760	878 760
Total	21 103	3 385 542	3 406 645

	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

Available for sale financial assets

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

	Q2 2018	Q2 2017
Unlisted equity securities	1 181	3 512
Equity contribution pension plan membership	4 881	4 131
Total	6 062	7 643

Recurring fair value measurements At 30 June 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale financial assets			6 062	6 062

Financial liabilities

Trading derivatives		21 103		21 103
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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
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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 2018

NOK in thousands	Ferry	Passenger- boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	696 565	25 296	51 942	7 680	781 484	4 166	785 650
Inter-segment	-	-	-	-	-	-	-
Total revenue	696 565	25 296	51 942	7 680	781 484	4 166	785 650
Expenses							
Operating expenses	(450 731)	(26 789)	(42 031)	(12 135)	(531 686)	(1 990)	(533 675)
Share of profit from associates	-	1 063	-	6 356	7 419	(317)	7 104
EBITDA	245 834	(429)	9 911	1 900	257 216	1 860	259 079
Depreciation	(70 150)	(1 357)	(878)	(232)	(72 616)	(532)	(73 148)
Segment profit	175 685	(1 786)	9 034	1 668	184 600	1 328	185 931

YTD 2018

NOK in thousands	Ferry	Passenger- boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	1 344 432	51 586	90 754	10 742	1 497 514	7 964	1 505 478
Inter-segment	-	-	-	-	-	-	-
Total revenue	1 344 432	51 586	90 754	10 742	1 497 514	7 964	1 505 478
Expenses							
Operating expenses	(884 061)	(51 786)	(79 594)	(14 010)	(1 029 451)	(3 726)	(1 033 177)
Share of profit from associates	-	1 524	-	3 071	4 595	-	4 597
EBITDA	460 371	1 324	11 160	(197)	472 659	4 238	476 899
Depreciation	(137 893)	(2 651)	(1 721)	(241)	(142 506)	(1 066)	(143 571)
Segment profit	322 478	(1 327)	9 439	(437)	330 153	3 172	333 327

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	7 663	709 140
Inter-segment	-	-	-	-	-	-	-
Total revenue	615 902	25 434	51 694	8 445	701 476	7 663	709 140
Expenses							
Operating expenses	(392 804)	(21 936)	(39 508)	(11 099)	(465 347)	(3 408)	(468 755)
Share of profit from associates	-	-	-	6 983	6 983	-	6 983
EBITDA	223 098	3 498	12 186	4 329	243 112	4 255	247 368
Depreciation	(60 571)	(1 306)	(828)	4	(62 701)	(960)	(63 663)
Segment profit	162 527	2 192	11 358	4 333	180 411	3 295	183 705

YTD 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	11 692	1 350 345
Inter-segment	-	-	-	-	-	-	-
Total revenue	1 187 136	49 945	89 542	12 029	1 338 653	11 692	1 350 345
Expenses							
Operating expenses	(759 877)	(48 417)	(74 355)	(17 805)	(900 454)	(4 481)	(904 934)
Share of profit from associates	-	-	-	3 228	3 228	-	3 228
EBITDA	427 259	1 528	15 187	(2 548)	441 427	7 211	448 639
Depreciation	(119 072)	(2 610)	(1 663)	(128)	(123 473)	(1 553)	(125 027)
Segment profit	308 187	(1 082)	13 524	(2 676)	317 954	5 658	323 612

Reconciliation to Consolidated profit/(loss) for the period	Q2 2018	YTD Q2 18	Q2 2017	YTD Q2 17
Segment profit	185 931	333 326	183 705	323 610
Share of profit from other associates	12 089	13 439	8 496	17 592
GAAP differences			-	
Impairment			-	
Interest income	(564)	205	1 402	2 202
Interest expense	(24 075)	(48 227)	(16 673)	(31 264)
Other financial items, net	(8 300)	4 884	4 734	2 898
Income tax (expense)	(42 384)	(74 249)	(43 599)	(75 609)
Group profit	122 696	229 378	138 065	239 430

Note 4 Property, plant and equipment

Second quarter 2018	Vessels	Periodic maintenance	Vessels under construction	Property	Machinery and equipment	Total
Cost price 01.01.2018	5 899 137	210 987	679 639	135 912	186 295	7 111 970
Additions	519 381	54 399	458 699	60 405	325	1 093 209
Transfer from vessels under construction			-210 138			-210 138
Disposals	-16 056	-		-	-339	-16 395
Cost price 30.06.2018	6 402 462	265 386	928 200	196 317	186 281	7 978 646
Accumulated depreciation 01.01.2018	2 433 527	93 473	-	50 209	161 347	2 738 556
Depreciation for the period	113 978	22 152	-	3 821	3 621	143 572
Disposals	-15 029				-339	-15 368
Accumulated depreciation 30.06.2018	2 532 476	115 625	-	54 030	164 629	2 866 760
Accumulated impairment losses 01.01.2018	192 029	-	-	-	-	192 029
Impairment loss		-	-	-	-	-
Reversal impairment		-	-	-	-	-
Disposals		-	-	-	-	-
Accumulated impairment losses 30.06.2018	192 029	-	-	-	-	192 029
Carrying amount 30.06.2018	3 677 957	149 761	928 200	142 287	21 652	4 919 857

Second quarter 2017	Vessels	Periodic maintenance	Vessels under construction	Property	Machinery and 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	-83 268
Accumulated depreciation 30.06.2017	2 325 693	81 157	-	48 353	157 362	2 612 564
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	3 866 620

<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:

	2018	2019	After 2019	Total
Newbuildings	1 007 162	2 290 995		3 298 157
Quay structures/land investments*	225 447	291 568	-	517 015
Total	1 232 609	2 582 563	-	3 815 172

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	69 720	2020
Vessel	10 725	2018
Other equipment	426	2020
Total	80 871	

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 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 31.12.2016. The new number of shares is used when calculating earnings per share.

	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Full year 2017
Profit/(loss) attributable to equity holders of the company	122 478 330	137 932 000	229 130 681	239 135 683	602 148 085
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	1,22	1,38	2,29	2,39	6,02

Note 7 Interests in other entities

The joint venture-company The Fjords DA has increased its equity, and the Fjord1 ASA Group has paid in its 50 % stake, which amounts to NOK 1,625,000.

WF Holding AS paid a dividend to Fjord1 ASA of NOK 17,000,000 for the year 2017, which apply to Fjord1 ASA's 34 % stake in WF Holding.

Note 8 Borrowings

<i>Amounts in NOK thousands</i>	30.06.2018	30.06.2017	31.12.2017
Non-current bank loan	1 206 857	1 610 887	702 442
Non-current bond loan	1 000 000	-	1 000 000
Capitalised arrangement fee	(57 218)		(14 750)
Current bank loan	357 143	205 124	130 285
Total	2 506 782	1 816 011	1 817 977

Movements in borrowings are analysed as follows:

Six months ended 30 June 2018

Opening amount as at 1 January 2018	1 817 977
New facility loan raised	1 564 000
Arrangement fee	(42 468)
Repayments of borrowings	(832 727)
Closing amount as at 30 June 2018	2 506 782

Six months ended 30 June 2017

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

The Group has in February 2018 secured a NOK 4,458 million loan facility with DNB and Nordea, of which a total amount of NOK 1.564 million has been utilised. Current bank loan includes a NOK 200 million short term RCF (Revolving Credit Facility)

Financial covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- NIBD/EBITDA at maximum 4.25
- Equity ratio above 25%

The bond loan agreement include the following financial covenants:

- Minimum equity ratio of 22.5% for the six quarter period starting 1 January 2019 or 25% at any other point in time
- Minimum liquidity of NOK 75 million

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.

	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017	Full year 2017
Profit before tax	165 081	181 664	303 627	315 038	715 527
Tax expense	(42 384)	(43 599)	(74 250)	(75 609)	(112 895)
<i>Average tax rate</i>	26 %	24 %	24 %	24 %	16 %
Change in deferred tax liabilities	(42 384)	(43 599)	(74 250)	(50 000)	(99 459)
Change in deferred tax asset				(972)	(3 001)
Tax payable				(24 637)	(41 474)
Adjustments prior years tax expense				-	31 039
Tax effect Group contribution	-	-			
Tax expense in statement of profit or loss	(42 384)	(43 599)	(74 250)	(75 609)	(112 895)

Note 10 Net financial items

	Q2 2018	Q2 2017	Full year 2017
Other financial items, net			
Change in fair value derivatives	(3 068)	9 312	17 592
Dividends received from investments in shares	-	-	5 819
Currency exchange gains	118	-	1 022
Currency exchange losses	(57)	-	(1 506)
Fee and contingency commission for bank- and bond loans	(5 033)	-	-
Other financial income	33	-	250
Other financial expenses	(338)	1 169	(5 043)
Total other financial items, net	(8 300)	10 481	18 134

Note 11 Contingencies

Rebate compensation

The Group has recognised an income of NOK 23,2 million YTD 2018 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.

Note 12 Related party transactions

The following transactions were carried out with related parties:

Revenue from related parties

Related party	Relation	Q2 2018	YTD Q2 2018	Q2 2017	YTD Q2 2017	Full year 2017
The Fjords DA	Associate	12 319	17 193	7 845	10 526	28 938
The Fjords Fartøy I DA	Associate					
The Fjords Fartøy II DA	Associate	115	460			345

Expenses to related parties

Related party	Relation	Q2 2018	YTD Q2 2018	Q2 2017	YTD Q2 2017	Full year 2017
The Fjords DA	Associate	(348)	(348)	(1 063)	(2 063)	(1 063)
Havyard Ship Technology AS	Owner	(202 478)	(242 231)	(74 067)	(96 342)	(155 651)
Norwegian Electric Systems AS	Owner	(8 784)	(23 915)			-

Expenses related to Havyard Ship Technology AS and Norwegian Electric Systems AS largely related to investing in the construction of new vessels.

Receivables/(Liabilities) to related parties

Related party	Relation	30.06.2018	31.12.2017
The Fjords DA	Associate	9 644	1 541
The Fjords Fartøy II DA	Associate	-	144
Havyard Ship Technology AS	Owner	(4 286)	(752)
Norwegian Electric Systems AS	Owner	-	

Note 13 Subsequent events

Signed Term sheet with GIEK

A term sheet is signed with GIEK for the financing of newbuildings contracted by Norwegian shipyards.