Second quarter 2019
Financial statement

CEO Letter

Closing of the Cargotec transaction took finally place 31 July 2019. This event represents a new important crossroad in the history of the company, initiated by a subsequent change of name to Nekkar ASA

> *Due to the Cargotec transaction, the accounts are presented in accordance with IFRS 5, hence the "Consolidated Statement of Comprehensive Income" represents the continued business (Nekkar ASA, Syncrolift AS and Intellilift AS), while discontinued business (the activity transferred to Cargotec), is presented on a separate line as "Profit/loss from discontinued business". Closing of the transaction took place 31 July and will be accounted for in 3Q 2019.*

Continued Business (Syncrolift AS, Intellilift AS and Nekkar ASA)

The reported EBITDA for the continued business was MNOK 3 for 2Q 2019, which was on the same level as per 2Q 2018. Syncrolift continued to perform well and delivered an EBITDA of MNOK 7 in the quarter. The activity level in Syncrolift remains high with an order backlog of MNOK 620 at the end of the second quarter. Revenue in the quarter was MNOK 47 compared to MNOK 53 in 2Q 2018. The decline is mainly due to delays in some projects that will not affect long term profit margins within the Syncrolift-projects.

The healthy order backlog of MNOK 620 is 17% higher than June 2018 and is expected to secure high activity well into 2022. The market activity for new projects is high.

Nekkar Total (Includes both continued and discontinued business)

Nekkar reported an EBITDA of MNOK 19 for 2Q 2019 compared to MNOK 25 in 2Q 2018. The EBITDA decline was influenced by overcapacity caused by low activity in the Business units CBT, OFF and RCN, in addition to timing effects within the Syncrolift business.

Total order intake in the quarter was MNOK 581, which showed a decline of MNOK 140 compared to 2Q 2018.

Closing of the MacGregor / Cargotec Transaction

Following the approval from the Chinese competition authorities, announced 15 July 2019, closing of the TTS- MacGregor transaction took place 31 July 2019. The preliminary purchase price was based on estimated figures as per 31 July. Final settlement will be based on actual financials as per closing date.

The transaction will be recorded in the 3Q financial report, however based on preliminary figures the transaction value is, net of expenses, estimated to NOK 5.7 per share based on the total number of shares after the bond conversion.

Following completion, all bank debt and overdraft facilities were settled, and notice on conversion and redemption of the company's convertible bond loan, MNOK 86, was issued and delivered to the Bond Trustee. MNOK 84 will be converted to shares and MNOK 2 will be repaid to the respective bondholders. Following conversion, Nekkar ASA will have 105.010.078 shares.

Proposed dividends

The Board of Directors will propose a dividend of NOK 4.0 per share, representing a total distribution of MNOK 420. The distribution will be made as repayment of issued equity. The proposed dividend is subject to approval by the extraordinary general meeting, to be held 19 September 2019.

It is the Board of Directors' opinion that the Company, after the payment of dividends, still have sufficient equity and liquidity. The dividend is expected to be distributed by the end of September 2019.

Toril Eidesvik, CEO

NEKKAR Board Report

USE OF ALTERNATIVE PERFORMANCE MEASURES (APM's) IN THE REPORT

Nekkar is using and referring to Alternative Performance Measures throughout the report. Appendix 2, End Notes, provides definitions of the APM's. Headlines and tables with numbers in square brackets refer to the APM definition with the corresponding number in Appendix 2.

FINANCIAL PERFORMANCE – CONTINUED BUSINESS [4]

- 2Q 2019 revenue was MNOK 53, which is on the same level as per 2Q 2018.
- 2Q 2019 EBITDA was MNOK 3 and equal the performance in 2Q 2018.
- At the end of 2Q 2019, the order backlog of the Syncrolift business was MNOK 620 which will secure high activity levels well into 2022. EPS is NOK 0,02.

NEKKAR	2Q		1H		Full year
MNOK	2019	2018	2019	2018	2018
Revenue	53	53	104	114	220
EBITDA	3	3	1	8	17
EBITDA margin	5,6 %	5,4 %	1,0 %	6,6 %	7,8 %
EBIT	2	3	0	7	15
Order intake	6	176	88	186	388
Order backlog	620	529	620	529	629
EPS (NOK)	0,02	0,03	-0,04	0,07	0,14

FINANCIAL PERFORMANCE – NEKKAR [1] (Includes continued and discontinued businesses)

- 2Q 2019 revenue of MNOK 577 was an increase of MNOK 111 compared to 2Q 2018. The revenue growth was caused by timing effects in project execution as delayed percentage of completion from projects in 1Q 2019 was recovered in 2Q 2019.
- 2Q 2019 EBITDA of MNOK 19 was a MNOK 6 decline compared to the 2Q 2018 EBITDA of MNOK 25. The declining EBITDA was influenced by overcapacity due to low activity in CBT, RCN and MPG along with timing effects within the Syncrolift business related to delays on customers' side.
- The backlog has increased by 15% in 2Q 2019 compared 2Q 2018 but 2Q 2019 has seen a slight decrease of 3% compared to 1Q 2019

Nekkar (Total)	2Q		1H		Full year
MNOK	2019	2018	2019	2018	2018
Revenue	577	466	1 029	947	2063
EBITDA *	19	25	25	40	80
EBITDA - Adjusted for restructuring	19	25	25	40	117
EBITDA margin	3,3 %	5,5 %	2,4 %	4,2 %	3,9 %
Operational EBITDA margin	3,3 %	5,5 %	2,4 %	4,2 %	5,4 %
EBIT	10	16	6	21	34
Order intake	581	721	1 367	1 116	2625
Order backlog **	3075	2 677	3075	2 677	2930
EPS*** (NOK)	0,40	0,11	0,44	0,19	-0,33

* 2018 EBITDA includes MNOK 24 in bad debt provision related to an old contract.
** Order backlog includes 50% of backlog from equity consolidated investments in China.
*** EPS is based on result as stated in consolidated financial statement in 2Q19 report.

NEKKAR Board Report

TOTAL ASSETS AND NET INTEREST-BEARING DEBT [2]

Total assets at the end of 2Q 2019 was MNOK 2 349, a decrease of MNOK 67 compared to year end 2018. See note 8 for additional information regarding assets and liabilities for discontinued business. The equity ratio at the end of 2Q 2019 was 21.8%. Including the convertible bond loan, the equity ratio was 25.5%.

Following completion of the McGregor transaction, all bank debt and overdraft facilities were settled while MNOK 84 of the company's convertible bond loan (total MNOK 86) has been converted to shares and MNOK 2 will be repaid in full.

ORDER INTAKE AND BACKLOG

Continued Business [4]

The order intake for 2Q 2019 was MNOK 6 and MNOK 88 for 1H 2019

The order backlog at the end of 2Q 2019 decreased by MNOK 41 from 1Q 2019 to MNOK 620. Despite the small decline, the order backlog will ensure high activity levels for the Syncrolift business well into 2022.

NEKKAR Total [5]

The order intake for the Group New Build was MNOK 446 for 2Q 2019 compared to MNOK 577 in 2Q 2018.

The book to bill for New Build (excluding sales from SER) in 2Q 2019 was 0,9 compared to 1,4 in 2Q 2018.

The order backlog* at the end of 2Q 2019 was MNOK 3 075 compared to MNOK 2 677 in 2Q 2018. The increase was driven by growth in order backlog for BU EGY, BU CBT and BU SYS.

Revenues from BU SER is not included in the Group's reported order backlog.

*including 50% of the order backlog of MNOK 535 (268), from equity consolidated investments in China.

EFFECT FROM CHANGES IN ACCOUNTING PRINCIPLES

The implementation of IFRS 16, which was made effective as of 1 January 2019, does not have material impact on the continued business as the number of leased assets and facilities, and their duration, are limited. Nekkar have used the modified retrospective approach at the date of initial application, 1 January 2019, with no restatement of comparable periods. Leased assets and facilities in discontinued businesses have been calculated at MNOK 75, representing a 5% increase of assets and liabilities at the implementation date. Additional information of the financial impact of the IFRS 16 implementation is presented in Note 1 and Note 9.

The implementation of IFRS 15, which was made effective as of 1 January 2018, has no material impact on continued business (no change in revenue recognition). However, IFRS 15 has material impact on the revenue recognition for the discontinued business (going from over-time to point-in-time revenue recognition). Additional information is presented in Note 2.

The implementation of IFRS 9 effective as of 1 January 2018 has no impact on neither continued nor discontinued business.

Agreed structure in the asset sale agreement and finance debt agreements require operational reporting based on the relevant IFRS standards as per 30.06.2017. As such the board are monitoring the business based on both APM basis, combined with the IFRS changes implemented in 2018 and 2019.

NEKKAR Board Report

SHIPYARD SOLUTIONS

BU SYS delivered revenues of MNOK 47 and EBITDA of MNOK 7 in 2Q 2019 compared to revenues of MNOK 53 and EBITDA of MNOK 14 in 2Q 2018. The decline is mainly due to delays on the customers' side in some projects that will not affect long term profit margins, as well as investments into new business activities (services and fast docking), and strengthening of the organization.

The order book in Syncrolift is healthy, and the activity levels are expected to remain high going forward based on the strong order book, high utilization of resources, and a strong market.

SHIPYARD SOLUTIONS (BU SYS)	2Q		1H		Full year
MNOK	2019	2018	2019	2018	2018
Revenue	47	53	97	114	218
EBITDA	7	14	12	22	42
EBIT	7	14	12	22	41
Order backlog	620	529	620	529	629

OUTLOOK

Continued Business [4]

For BU SYS, the outlook is solid with new contracts of MNOK 88 awarded during 1H 2019. The ongoing business is performing well, and the order backlog will ensure high activity in coming years. The market activity for new projects is high.

NEKKAR [5]

Following completion of the Cargotec Transaction, the Group is in the process of establishing its new strategic direction. NEKKAR will utilize its extensive industrial experience and network as part of the new strategy. The business unit Shipyard Solutions will continue to be an important segment for the company, while potential new business areas will be concentrated around digital solutions and sustainable ocean-based technologies.

As part of the new strategic direction, there will be proposed changes to the Board of Directors to secure relevant industry experience which will support the company's ambitions to grow and develop new business areas. NEKKAR expects to present its new strategy within the coming months.

The Board of Directors will propose a dividend of NOK 4.0 per share, representing a total distribution of MNOK 420. The proposed distribution will be made as repayment of issued equity and is subject to approval by the extraordinary general meeting, to be held 19 September 2019.

The dividend is expected to be distributed by the end of September 2019.

FINANCIAL ACCOUNTS
CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME (OCI)

NEKKAR

(NOK 1 000)		Unaudited	Unaudited	Unaudited	Unaudited	Audited
CONTINUED BUSINESS	**Note**	**YTD 30.06.2019**	**YTD 30.06.2018**	**2Q 2019**	**2Q 2018**	**31.12.18**
Revenue from projects	2	103 626	114 110	53 416	53 241	220 310
Total operating revenue		**103 626**	**114 110**	**53 416**	**53 241**	**220 310**
Raw materials and consumables used		68 501	74 022	33 807	31 379	142 108
Other operating costs		33 827	32 552	16 461	18 963	61 201
Result from JV (- is income)		-	-	-	-	-
EBITDA		**1 297**	**7 536**	**3 148**	**2 899**	**17 001**
Depreciation	8	1 364	774	695	390	1 887
Operating profit (EBIT)		**-67**	**6 763**	**2 453**	**2 509**	**15 113**
Financial income		3 897	5 101	1 594	2 791	15 126
Financial expense		7 483	5 927	1 920	3 420	16 935
Net finance		**-3 586**	**-826**	**-325**	**-629**	**-1 808**
Profit/loss before tax		**-3 653**	**5 937**	**2 128**	**1 880**	**13 305**
Tax	6	17	250	7	-906	1 490
Profit/loss from continued business		**-3 670**	**5 687**	**2 121**	**2 787**	**11 814**
DISCONTINUED BUSINESS						
Profit/loss from discontinued business	8	**49 616**	**6 614**	**34 574**	**7 092**	**-26 758**
Profit/loss for the period		**45 946**	**12 300**	**36 695**	**9 879**	**-14 944**
Attributable to equity holders of the company	4	38 452	16 655	35 098	9 655	-28 593
Attributable to non-controlling interests		7 494	-4 355	1 598	224	13 649
NET RESULT FOR THE YEAR						
Net result for the period		45 946	12 300	36 695	9 879	-14 944
Currency effects		**-14 915**	**-56 286**	**-3 358**	**-36 140**	**-15 588**
Total comprehensive income		**31 031**	**-43 986**	**33 337**	**-26 261**	**-30 532**
Attributable to equity holders of the company		26 173	-39 771	23 459	-26 703	-44 737
Attributable to non-controlling interests		4 858	-4 215	9 878	442	14 205
Earnings per share (NOK)	4	0,44	0,19	0,40	0,11	-0,32
Diluted earnings per share (NOK)		0,36	0,16	0,33	0,09	-0,33
Earnings per share - Continued Business (NOK)	4	-0,04	0,07	0,02	0,03	0,14
Diluted earnings per share - Continued Business (NOK)		-0,03	0,05	0,02	0,03	0,11

FINANCIAL ACCOUNTS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NEKKAR

(NOK 1 000)		Unaudited YTD 30.06.2019	Unaudited YTD 30.06.2018	Audited 31.12.2018
Intangible assets	6	46 909	25 217	25 020
Tangible assets		15 313	8 557	13 611
Total fixed assets		62 252	33 774	38 631
Inventories		1 163	596	596
Total receivables		94 246	157 730	111 216
Bank deposits/cash	7	386 021	227 364	349 445
Assets held for sale	8	1 805 149	1 845 960	1 916 148
Total current assets		2 286 579	2 231 650	2 377 405
Total assets		**2 348 831**	**2 265 424**	**2 416 036**
Share capital	3	9 687	9 547	9 579
Other equity		379 212	352 683	348 123
Non-controlling interests		176 085	147 167	156 528
Total equity		564 984	509 398	514 230
Provisions		-	-	-
Long term interest bearing debt	7	-	-	-
Long term liabilities		-	-	-
Current interest bearing debt	7	270 945	313 345	287 445
Current liabilities		273 611	190 354	257 724
Liabilities held for sale	8	1 239 291	1 252 327	1 356 637
Total current liabilities		1 783 847	1 756 027	1 901 806
Total liabilities		1 783 847	1 756 027	1 901 806
Total equity and liabilities		**2 348 831**	**2 265 424**	**2 416 036**

FINANCIAL ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NEKKAR

(NOK 1 000)	Share capital	Treasury shares	Share premium	Other equity	Shareholders equity	Non controlling interest	Total equity
Equity as of 1.1.2019	**9 580**	**-1**	**151 725**	**196 399**	**357 703**	**156 528**	**514 230**
Comprehensive income	-	-	-	26 173	26 173	4 858	31 031
Share option cost	-	-	-	125	125		125
New shares issued	108	-	4 791		4 900		4 900
Treasury shares changes	-		-	-	-	-	-
Acquisitions new subsidiaries	-	-	-	-	-	14 699	14 699
Dividend to non-controlling interest	-	-	-	-	-		-
Equity Closing balance 30.06.2019	**9 688**	**-1**	**156 516**	**222 697**	**388 900**	**176 085**	**564 984**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NEKKAR

(Amounts in NOK 1000)	2QYTD 2019	2QYTD 2018 [Restated]*	Audited 2018
Cash flow from operating activities			
Profit (loss) before tax	2 128	1 880	13 305
Adjustments for:			
Depreciation / impairment	1 365	774	1 887
Net Finance	-676	-81	3 263
Share based payment	125	501	531
Income tax paid	-17	250	-1 509
Change in net current assets	97 290	-5 322	108 563
A. Net cash flow from operating activities	**100 214**	**-1 998**	**126 040**
Cash flow from investment activities			
Acquisition of Subsidiary - net of Cash aqcuired	-28 797	-	-
Acquisition of fixed assets	-1 732	-1 235	-7 783
Disposal of discontinued operation, net of cash-value disposed	-35 985	-6 327	22 608
B. Net cash flow from investment activities	**-66 514**	**-7 562**	**14 825**
Cash flow from financing activities			
Proceeds from issuance of share capital	4 900	1 000	2 400
Disbursement on short-term/ long-term debt	-17 400	-26 000	-52 400
Acquisitions of NCI	14 699	-	-
Net Finance	676	81	-3 263
C. Net cash flow from financing activities	**2 875**	**-24 919**	**-53 264**
Net change in cash and cash equivalents (A+B+C)	36 576	-34 479	87 602
Cash and cash equivalents at the start of the period	349 445	261 843	261 843
Cash and cash equivalents at the end of the period	**386 021**	**227 364**	**349 445**

Numbers reflect the operation in continued business. *2Q 2018 numbers are restated.

Notes

NOTE 1. GENERAL INFORMATION

Reporting entity

As per 31 July 2019, following the completion of the transaction between TTS Group ASA and Cargotec Oyj, TTS Group ASA changed its name to Nekkar ASA.

Nekkar ASA is registered and domiciled in Norway, and the head office is located in Bergen.

Due to the Cargotec transaction, the accounts are presented in accordance with IFRS 5, non-current assets held for sale and discontinued operations. Hence the "Consolidated Statement of Comprehensive Income" represents the "continued business" (Nekkar ASA, Syncrolift AS and Intellilift AS), whilst "discontinued business "(the activity transferred to Cargotec through the completed transaction), is presented on a separate line as "Profit/loss from discontinued business". For the "Consolidated statement of Financial Position", assets, and liabilities relating to the activity expected to be transferred to Cargotec, are presented on a separate line as "Assets held for sale" and "Liabilities held for sale". In the notes to the 2Q Report, the focus is on continued business. For further information, please see note 2 and 8 to the report.

Jointly controlled and associated companies are accounted for using the equity method. 50/50 owned companies, controlled via agreement are fully consolidated.

The Board of Directors approved the consolidated financial statements for the year 2018 on the 29 April 2019. The annual report 2018 is available at the company website www.nekkar.com.

Basis of preparation

Nekkar's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The unaudited consolidated financial statements for 2Q 2019 have been prepared in accordance with IAS 34 Interim Financial Statements. The interim accounts do not include all the information required for a full financial statement and should therefore be read in connection with the consolidated financial statements of 2018.

The Group has initially adopted IFRS 16 Leases from 1 January 2019 (Ref. note 9). The change in accounting policies are reflected in the Group's consolidated financial statements as at 30 June 2019, and for the year ending 31 December 2019.

Except for the changes outlined above, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

This condensed consolidated 2Q interim report for 2019 was approved by the Board of Directors on 27 August 2019.

Judgements estimates and assumptions

The preparation of the interim report requires the use of judgments, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual future outcome may differ from these estimates.

The consolidated interim financial statements are prepared on the same basis as the consolidated financial statements for the financial year that ended 31 December 2018 with respect to the key assessments made by management regarding the application of the Group's accounting principles, and the key sources of estimation uncertainty.

IFRS 5 Non-current assets held for sale and discontinued business

On 8 February 2018 Nekkar ASA announced that it entered into an asset sale agreement with Cargotec Oyj, and the company therefore decided to present the accounts in accordance with IFRS 5. The criteria for classifying relevant assets and businesses as "held for sale and discontinued business" were met during 4Q 2017. The purpose of IFRS 5 is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued business.

Notes

A discontinued business is a component of the Group's business, operations and cash flows which can be clearly distinguished from the rest of the Group and which;

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to re-sale

The classification of a discontinued business occurs at the time of disposal or when the business meets the criteria to be classified as held-for-sale, if this instance occurs earlier.

Post-closing of the Cargotec transaction, Nekkar ASA will continue in a new strategic direction, focusing the business around BU SYS along with new business areas. Hence all assets and liabilities which is not part of or related to BU SYS are classified as held for sale. The financial position and results are presented separately.

When assets meet the criteria for the assets held for sale classification, the asset value are measured at the lower of the carrying amount and fair value less costs to sell. Depreciation ceases of such assets. Fair value is a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the assets and transfer the liabilities which would take place between market participants at the measurement date under current market conditions.

Please see further information in note 2 and 8 for the reclassification of assets and liabilities held for sale, and the presentation of revenue and costs for discontinued business.

IFRS 15 Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. The Group adopted IFRS 15 using the modified retrospective implementation method, with the effect of initially applying this standard recognized at the date of initial application (1 January 2018). It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time, or over time – requires judgement. For further information, see Annual report 2018 – Accounting Principles, section 2.20.

New standards, amendments and interpretations adopted by Nekkar:

IFRS 16 Leases, effective as of 1 January 2019

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new standard requires lessees to account for all leases, exemption for short term leases and leases of low value assets, under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will have to recognize a liability based on future lease payments and an asset representing the right to use the underlying asset during the lease term ("Right-of-use assets"). Further, the lessee will be required to separately recognize the interest expense on the lease liability and the deprecation expense of the right-of-use asset.

Effective 1 January 2019, Nekkar adopted IFRS 16 using the modified retrospective approach with no restatement of comparable figures for 2018, which are still presented in accordance with IAS 17. Nekkar recognized the cumulative effect of initially applying the new standard as an adjustment to the opening balance sheet. Right-of-use assets will initially be reflected at an amount equal to the corresponding lease liability.

In accordance with the transition requirements of IFRS 16, Nekkar recognized a lease liability for leases previously classified as operating leases in accordance with IAS 17. Nekkar measured the lease liabilities at the present value of the remaining lease payments. When an implicit interest rate is not available, Nekkar have used the incremental borrowing rate at 1 January 2019 when calculating the present value of lease payments. The right-of-use assets are measured at an amount equal to the lease liability at 1 January 2019, adjusted by the amount of any prepaid or accrued lease payments.

The incremental borrowing rate differ from 2,75% to 7,50% depending on the asset description and location of which the asset is acquired.

Nekkar has applied the following practical expedients to leases previously classified as operating leases at the date of initial application of IFRS 16:

- Exemption for short-term leases (defined as 12 months or less)
- Exemption for leases of low value assets
- Excluded any initial direct costs from the measuring of the right-of-use assets

IFRS 16 does not contain detailed transition requirements for leases previously classified as finance leases when the modified retrospective approach is applied. For leases that Nekkar classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 was determined to be the carrying amount of the leased asset and liability at the date of the initial implementation of IFRS 16.

On transition to IFRS 16, Nekkar recognized MNOK 1 as right-of-use assets corresponding to the discounted value of lease liabilities in the continued business at 1 January 2019. In the discontinued business right-of-use assets were calculated at MNOK 75 at 1 January 2019.

Reference is made to note 9 for further details on accounting policies following the implementation of IFRS 16.

NOTE 2. SEGMENT INFORMATION

NEKKAR will, prior to closing of the Cargotec transaction report on the following segments:

Continued business:

- Shipyard Solutions (BU SYS)
- Nekkar ASA and Intellilift AS (Other)

BU SYS includes ship lift and transfer systems, as well as complete production lines to the yard industry. Product range includes ship lift system, ship transfer systems and service activity.

Discontinued business (transaction with Cargotec Oyj effective as per 31.7.2019)**:**

- RoRo/Cruise/Navy (BU RCN)
- Container/Bulk/Tank (BU CBT)
- Offshore (BU OFF)
- Multipurpose/General cargo (BU MPG)
- Services (BU SER)

BU RCN delivers complete cargo handling solutions to RoRo, PCTC, cruise and navy vessels, including terminal loading and passenger systems. Product range includes external and internal ramps, covers and doors, liftable decks, passenger gangways and link span systems.

BU CBT delivers complete cargo handling solutions to the container, tanker and bulk vessels. Product range includes 10-40 t winches, 15-50 t cranes and specialized hatch covers designs.

BU OFF delivers support solutions to the offshore based oil industry and the supporting service industry. Product range includes 15-50 t offshore cranes, 40-400 t active heave compensated cranes, mooring winches, internal and external covers and doors.

BU MPG delivers supporting solutions to the vessels which are designed to operate in the multipurpose or general cargo market, requiring specialized operating capabilities. Product range includes 40-2500 t heavy lift cranes and Leg Encircling Cranes (LEC cranes).

BU SER includes service and after sales for all segments within Nekkar. This enables Nekkar to offer service and after sale worldwide for the full range of its products.

Notes

The table below summarizes revenue and EBITDA from the segments in NEKKAR Total [5], Continued Business [4] and Discontinued Business [6] in accordance with IFRS 5 and bridges the adoption effect from IFRS 15 and IFRS 16.

[4]Continued business - Revenue:	2Q19				2Q18				2018
	Revenue	IFRS 15 Adjustments on Revenue	IFRS 16 Adjustments on Revenue	Revenue without adoption of IFRS 15/16	Revenue	IFRS 15 Adjustments on Revenue	IFRS 16 Adjustments on Revenue	Revenue without adoption of IFRS 15/16	Revenue without adoption of IFRS 15/16
BU SYS	50 061	-	-	50 061	53 341	-	-	53 341	220 277
Other	3 355	-	-	3 355	-100	-	-	-100	32
Total Continued [4]	**53 416**	**-**	**-**	**53 416**	**53 241**	**-**	**-**	**53 241**	**220 310**

[4] Continued business - EBITDA:	2Q19				2Q18				2018
	EBITDA	IFRS 15 Adjustments on EBITDA	IFRS 16 Adjustments on EBITDA	EBITDA without adoption of IFRS 15/16	EBITDA	IFRS 15 Adjustments on EBITDA	IFRS 16 Adjustments on EBITDA	EBITDA without adoption of IFRS 15/16	EBITDA without adoption of IFRS 15/16
BU SYS	7 106	-	146	6 960	13 858	-	-	13 858	41 677
Other	-3 958	-	-	-3 958	-10 959	-	-	-10 959	-24 677
Total Continued [4]	**3 148**	**-**	**146**	**3 002**	**2 899**	**-**	**-**	**2 899**	**17 001**

[6] Discontinued business - Revenue:	2Q19				2Q18				2018
	Revenue	IFRS 15 Adjustments on Revenue	IFRS 16 Adjustments on Revenue	Revenue without adoption of IFRS 15/16	Revenue	IFRS 15 Adjustments on Revenue	IFRS 16 Adjustments on Revenue	Revenue without adoption of IFRS 15/16	Revenue without adoption of IFRS 15/16
BU RCN	146 743	52 352	-	94 391	34 715	-25 382	-	60 097	345 652
BU CBT	209 830	-	-	209 830	132 284	-	-	132 284	684 698
BU MPG	205 708	152 863	-	52 845	-	-25 467	-	25 467	118 197
BU OFF	14 964	-19 926	-	34 890	120 335	84 239	-	36 096	129 502
BU SER	134 421	-	-	134 421	144 043	-	-	144 043	543 618
OTHER	370	-	-	370	15 130	-	-	15 130	23 251
Total Discontinued [6]	**712 036**	**185 289**	**-**	**526 747**	**446 507**	**33 390**	**-**	**413 117**	**1 844 918**

[6]Discontinued businesses - EBITDA:	2Q19				2Q18				2018
	EBITDA	IFRS 15 Adjustments on EBITDA	IFRS 16 Adjustments on EBITDA	EBITDA without adoption of IFRS 15/16	EBITDA	IFRS 15 Adjustments on EBITDA	IFRS 16 Adjustments on EBITDA	EBITDA without adoption of IFRS 15/16	EBITDA without adoption of IFRS 15/16
BU RCN	9 735	11 634	755	-2 654	-5 526	-5 017	-	-509	-11 332
BU CBT	7 594	-	1 632	5 962	-3 541	-	-	-3 541	20 292
BU MPG	16 225	17 242	575	-1 591	-6 260	-2 257	-	-4 003	-26 591
BU OFF	-5 270	6 196	252	-11 718	12 605	8 932	-	3 673	-14 192
BU SER	20 416	-	842	19 575	20 190	-	-	20 190	76 380
OTHER	6 761	-	182	6 579	6 733	-	-	6 733	18 192
Total Discontinued [6]	**55 463**	**35 072**	**4 239**	**16 152**	**24 201**	**1 658**	**-**	**22 543**	**62 749**

Revenue Continued	53 416	-	-	53 416	53 241	-	-	53 241	220 310
Revenue Discontinued	712 036	185 289	-	526 747	446 507	33 390	-	413 117	1 844 918
Total NEKKAR [5]	**765 452**	**185 289**	**-**	**580 163**	**499 748**	**33 390**	**-**	**466 358**	**2 065 228**

EBITDA Continued	3 148	-	146	3 002	2 899	-	-	2 899	17 001
EBITDA Discontinued	55 313	35 072	4 089	16 152	24 201	1 658	-	22 543	62 749
Total NEKKAR [5]	**58 461**	**35 072**	**4 235**	**19 154**	**27 100**	**1 658**	**-**	**25 442**	**79 750**

Notes

[4]Continued business - Revenue:	2Q19				2Q18				2018
	Revenue	IFRS 15 Adjustments on Revenue	IFRS 16 Adjustments on Revenue	Revenue without adoption of IFRS 15/16	Revenue	IFRS 15 Adjustments on Revenue	IFRS 16 Adjustments on Revenue	Revenue without adoption of IFRS 15/16	Revenue without adoption of IFRS 15/16
BU SYS	50 061	-	-	50 061	53 341	-	-	53 341	220 277
Other	3 355	-	-	3 355	-100	-	-	-100	32
Total Continued [4]	**53 416**	**-**	**-**	**53 416**	**53 241**	**-**	**-**	**53 241**	**220 310**

[4] Continued business - EBITDA:	2Q19				2Q18				2018
	EBITDA	IFRS 15 Adjustments on EBITDA	IFRS 16 Adjustments on EBITDA	EBITDA without adoption of IFRS 15/16	EBITDA	IFRS 15 Adjustments on EBITDA	IFRS 16 Adjustments on EBITDA	EBITDA without adoption of IFRS 15/16	EBITDA without adoption of IFRS 15/16
BU SYS	7 106	-	146	6 960	13 858	-	-	13 858	41 677
Other	-3 958	-	-	-3 958	-10 959	-	-	-10 959	-24 677
Total Continued [4]	**3 148**	**-**	**146**	**3 002**	**2 899**	**-**	**-**	**2 899**	**17 001**

[6] Discontinued business - Revenue:	2Q19				2Q18				2018
	Revenue	IFRS 15 Adjustments on Revenue	IFRS 16 Adjustments on Revenue	Revenue without adoption of IFRS 15/16	Revenue	IFRS 15 Adjustments on Revenue	IFRS 16 Adjustments on Revenue	Revenue without adoption of IFRS 15/16	Revenue without adoption of IFRS 15/16
BU RCN	146 743	52 352	-	94 391	34 715	-25 382	-	60 097	345 652
BU CBT	209 830	-	-	209 830	132 284	-	-	132 284	684 698
BU MPG	205 708	152 863	-	52 845	-	-25 467	-	25 467	118 197
BU OFF	14 964	-19 926	-	34 890	120 335	84 239	-	36 096	129 502
BU SER	134 421	-	-	134 421	144 043	-	-	144 043	543 618
OTHER	370	-	-	370	15 130	-	-	15 130	23 251
Total Discontinued [6]	**712 036**	**185 289**	**-**	**526 747**	**446 507**	**33 390**	**-**	**413 117**	**1 844 918**

[6]Discontinued businesses - EBITDA:	2Q19				2Q18				2018
	EBITDA	IFRS 15 Adjustments on EBITDA	IFRS 16 Adjustments on EBITDA	EBITDA without adoption of IFRS 15/16	EBITDA	IFRS 15 Adjustments on EBITDA	IFRS 16 Adjustments on EBITDA	EBITDA without adoption of IFRS 15/16	EBITDA without adoption of IFRS 15/16
BU RCN	9 735	11 634	755	-2 654	-5 526	-5 017	-	-509	-11 332
BU CBT	7 594	-	1 632	5 962	-3 541	-	-	-3 541	20 292
BU MPG	16 225	17 242	575	-1 591	-6 260	-2 257	-	-4 003	-26 591
BU OFF	-5 270	6 196	252	-11 718	12 605	8 932	-	3 673	-14 192
BU SER	20 416	-	842	19 575	20 190	-	-	20 190	76 380
OTHER	6 761	-	182	6 579	6 733	-	-	6 733	18 192
Total Discontinued [6]	**55 463**	**35 072**	**4 239**	**16 152**	**24 201**	**1 658**	**-**	**22 543**	**62 749**

Revenue Continued	53 416	-	-	53 416	53 241	-	-	53 241	220 310
Revenue Discontinued	712 036	185 289	-	526 747	446 507	33 390	-	413 117	1 844 918
Total NEKKAR [5]	**765 452**	**185 289**	**-**	**580 163**	**499 748**	**33 390**	**-**	**466 358**	**2 065 228**

EBITDA Continued	3 148	-	146	3 002	2 899	-	-	2 899	17 001
EBITDA Discontinued	55 313	35 072	4 089	16 152	24 201	1 658	-	22 543	62 749
Total NEKKAR [5]	**58 461**	**35 072**	**4 235**	**19 154**	**27 100**	**1 658**	**-**	**25 442**	**79 750**

NOTE 3. SHARE CAPITAL

As per 30 June 2019 Nekkar ASA has issued 88.074.470 shares, each with a face value of NOK 0.11, and a share capital of total NOK 9.688.192. Nekkar issued, through conversion of bonds, 985.915 new shares in 1Q 2019, with an increase in the share capital of NOK 108.451, and increase in share premium capital of NOK 4.791.549.

As per 30 June 2019 senior employees' hold a total of 760.000 share options with a strike price of NOK 3.43. The options were awarded in 2Q 2017, and prolonged in the general meeting at 28 June 2019. The options expire in June 2020.

Nekkar ASA holds 6 632 treasury shares.

At 30 June 2019 there are 17.312.877 conversion rights related to the subordinated convertible bond with a conversion price of 4.97.

In August 2019 Nekkar ASA have received conversion instructions from debtholders representing MNOK 84,2 (98% of total). Consequently 16.935.608 new shares will be issued and made available to the shareholders on, or around 29 August 2019. Following the conversion Nekkar ASA will have 105.010.078 shares. Additional information on shareholders and bondholders are available in Appendix 1.

Notes

NOTE 4. EARNINGS PER SHARE

Earnings per share (EPS) is based upon the weighted average number of shares outstanding during the period. Diluted EPS includes the effect of the assumed conversion of potentially dilutive instruments. Instruments that have a positive intrinsic value have been included in dilution effects.

Earnings per share	**YTD 30.06.2019**	**YTD 30.06.2018**	**31.12.2018**
Net income available to shareholders - Continued Business	-3 670	5 687	11 814
Effect of dilution	-	-	-
Diluted net income available to shareholders	-3 670	5 687	11 814
Net income available to shareholders [Total]	38 452	16 655	-28 593
Effect of dilution	-	-	-
Diluted net income available to shareholders	38 452	16 655	-28 593
Weighted average number of shares outstanding	88 074	86 907	87 089
Effect of dilution	18 074	19 399	19 217
Diluted numbers of shares*	106 148	106 306	106 306
Earnings per share (NOK) continued business	-0,04	0,07	0,14
Diluted earnings per share (NOK) continued business*	-0,03	0,05	0,11
Earnings per share (NOK)	0,44	0,19	-0,33
Diluted earnings per share (NOK)	0,36	0,16	-0,27

*The weighted-average number of ordinary shares (diluted) is only relevant for continued business.

Sales expenditures of MNOK 4,2 related to the expected Cargotec transaction has been allocated in 1H 2019, of which MNOK 2,5 during 2Q. During 2017 and 2018 sales expenditures of MNOK 26,8 was allocated as part of the profit from discontinued business.

Closing share price at Oslo Stock Exchange

30 June 2019	NOK 6,08
31 March 2019	NOK 6,22
31 December 2018	NOK 6,42
30 September 2018	NOK 6,54
30 June 2018	NOK 6.30
31 March 2018	NOK 6.34
31 December 2017	NOK 4.20

Notes

NOTE 5. RELATED PARTIES

Note 20 and the accounting principles presented in the 2018 Annual Report, Consolidated Financial Statements Section 2.2, describe the principles related to elimination of transactions between group subsidiaries. Eliminated transactions have no significance for the financial position and profit for the period.

The Group has carried out various transactions with subsidiaries and joint ventures. All the transactions have been carried out as part of the ordinary operations and at arm's length principles. The material part of related party transactions is in the discontinued business.

Please see note 8 for further information on classification, elimination and presentation of continued vs. discontinued business.

During 2Q Nekkar AS, a fully owned subsidiary of Nekkar ASA, purchased 51% of the shares in Intellilift AS, a company registered and domiciled in Norway and located in Kristiansand. 21% of the shares was acquired from Skeie Consultants AS. Skeie Consultants AS holds 0,3% of the shares in Nekkar ASA.

NOTE 6. INTANGIBLE ASSETS

Goodwill

On 1 April 2019, Nekkar ASA acquired 51% of the voting shares in Intellilift AS ("Intellilift") for MNOK 15.3. Intellilift was established in 2016 and is based in Kristiansand. The company specializes in robotization and electrification through innovative technology and design.

The acquisition is accounted for using IFRS 3, and Intellilift is included in the consolidated figures for continued business from the acquisition date, 1 April 2019. As part of the preliminary purchase price allocation, MNOK 19,2 is accounted for as goodwill following the transaction. The Group has elected to measure the non-controlling interest in Intellilift at fair value.

Other intangible assets

Other intangible assets related to IP-rights amounts to MNOK 8,3 MNOK, of which MNOK 2,5 MNOK have been acquired as part of the Intellilift transaction.

Deferred tax assets

Nekkar can be liable for tax in more than one jurisdiction due to the global nature of its business. A loss in one jurisdiction may not be offset against taxable income in another jurisdiction. Thus, the Group may pay tax in one or more jurisdictions, even though it might have an overall loss or have tax losses exceeding taxable profit at the consolidated level.

Deferred income tax reflects the impact of temporary differences between the amount of assets and liabilities recognized for financial purposes, and such amounts recognized for tax purposes. The net recognized deferred tax consist of the following components:

(NOK 1000)	**30.06.2019**	**30.06.2018**	**31.12.2018**
Gross deferred tax asset	19 373	18 939	18 939
Gross deferred tax liability	-	-	-
Net deferred tax asset (+) / liability (-)	19 373	18 939	18 939

Recognized deferred tax asset relates to tax losses in Norwegian companies. The criteria applied to estimates for the utilization of tax losses against future taxable profit are unchanged in 2Q 2019.

Tax cost recognized in continued business [4] as per 30 June 2019 relates to withholding taxes paid on sales fees received from a joint venture company in China.

Notes

NOTE 7. FINANCIAL RISK MANAGEMENT

The Group's objectives and principles of financial risk management are consistent with what is stated in the consolidated financial statements for the fiscal year 2018. In accordance with the company's financing agreements, covenant calculations which apply in 2019 are based on IFRS accounting principles as per 31 December 2017.

On 11 December 2018, the bondholders agreed to an extension of the subordinated debt until 18 July 2019. The General Assembly approved the extension on 14 December 2018. An additional four-month extension was agreed at 17 June 2019, and approved by the General assembly at 27 June 2019. The parties agreed on an extension fee of 0.20%. The extension include an amendment related to the Cargotec Closing Notice, which were released 31 July 2019. Other terms and conditions remained unchanged.

During 1Q one bondholder converted bonds worth of MNOK 4,9 into 985.915 new shares, no conversions were made in 2Q. As per 30 June 2019 the conversion price of the convertible bond loan is 4.97 per share. The remaining nominal value of the bond debt per 30 June 2019 was MNOK 86,045 giving rights to 17.312.877 new shares if all rights are exercised.

Within 16 August 2019 Nekkar ASA received conversion instructions from bondholders representing MNOK 84,2, consequently 16.935.608 new shares will be issued and made available to the shareholders around 29 August 2019. Remaining bond debt of MNOK 1,9 will be repaid ultimo August 2019.

On 13 December 2018, Nekkar entered into an extension of its financing agreements with Nordea and DNB moving the expiry date from 1 January 2019 to 1 July 2019. Additional extension was established during 2Q. The parties agreed to an extension fee of MNOK 0.6. Other terms and conditions remained unchanged.

On 31 July the company’s debt have been settled as part of the completion of the asset sales agreement between Nekkar ASA and Cargotec. The lenders have approved the transaction and have received repayment in full. Liens and securities have been released post-closing.

The credit facilities as per 30 June 2019 were in total MNOK 1 073, consisting of:

- MNOK 173, term loan facility (DNB) (Installment of MNOK 6.25 per quarter in 2019)
- MNOK 100, term loan facility (Nordea) (Installment of MNOK 6.25 per quarter in 2019)
- MNOK 200, multi-currency overdraft facility (Nordea)
- MNOK 600, guarantee facility (Nordea MNOK 465, DNB MNOK 135)

At the end of 2Q 2019, NEKKAR had drawn MNOK 128 of the MNOK 173 loan facility with DNB, and MNOK 141 of the total MNOK 300 debt facilities with Nordea.

Following the asset sale, a short-term guarantee facility of MNOK 350 has been agreed with Nordea. As per 31 July 2019 the net cash position (excl. bond loan) in Nekkar ASA was MNOK 520.

Information on debt in discontinued business.

As per 30 June TTS Korea had drawn MNOK 27 of a total frame of MNOK 32 related to its credit facility with Kookmin Bank in Korea. The debt is included in the liabilities held for sale.

As per 31 July companies within Cargotec have stepped into the NIBD position of discontinued businesses.

Notes

NOTE 8 DISCONTINUED BUSINESS [6] - DISPOSAL GROUP HELD FOR SALE

Reference is made to note 1 and 12 in the 2018 Annual Report with regard to the basis for reclassification of held-for-sale and discontinued business.

During Q4 2017 TTS Group reclassified major parts of the business, the disposal group, as discontinued business. The basis for this reclassification was the Cargotec agreement announced 8 February 2018. TTS Group ASA continue under the name Nekkar ASA in a new strategic direction, initially concentrating the business around BU SYS and Intellilift AS. The transaction is an asset sale. Accordingly, the majority of the group's assets and liabilities is presented as a disposal group held for sale.

Approvals from German and South Korean competition authorities were announced 6 November 2018 and 27 December 2018 respectively. Approvals from Chinese competition authorities were received on 15 July 2019, and the transaction, based on preliminary figures, was completed 31 July 2019. Final settlement will be based on financials as per 31 July 2019 and is expected to be completed within 2H 2019.

The disposal group is classified as held-for-sale/ discontinued business. The comparative consolidated statement of profit or loss and OCI have been amended to show the discontinued business separately from continued business.

The principles for the reclassification to discontinued business has been as follows;

- All revenue and expenses from legal entities included in the Disposal Group have been reclassified.
- Revenue and cost directly attributable to activities in the disposal group but performed within the legal entities that forms the basis for continued business, are allocated to discontinued business.
- Revenue and cost directly attributable to activities in the continued business but performed within the legal entities that forms the basis for the discontinued business, are allocated to continued business.
- Since transactions between continued business and discontinued business are expected to cease when the transaction with Cargotec is completed, intercompany transactions are eliminated.
- Intercompany interest related to cash pool arrangement is not eliminated based on the accounting of the cash pool arrangement.
- Interest from bank loans and bond loan have been allocated to the disposal group since these loans have funded these businesses, and that the loans will be repaid as part of the transaction.
- All assets and liabilities from the legal entities included in the disposal group have been reclassified.
- Since transactions between continued and discontinued businesses are expected to cease when the transaction with Cargotec is completed, all intercompany balances are eliminated.
- Due to the terms in the asset sale agreement, the group's financing through the Cash Pool arrangement, Cash pool balances have not been eliminated between continued and discontinued business because each company will be responsible for settling the cash pool receivables/liabilities post transaction.

NEKKAR - Discontinued Business

(NOK 1 000)	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Results of discontinued business	**YTD 30.06.2019**	**YTD 30.06.2018**	**2Q 2019**	**2Q 2018**	**31.12.18**
Revenue	1 118 841	781 381	712 035	446 507	1 639 976
Expenses 1)	1 062 353	774 308	668 578	440 297	1 649 365
Results from operating activities	56 488	7 074	43 457	6 210	-12 061
Income tax	6 872	460	5 526	-882	14 698
Results from operating activities, net on tax	49 616	6 614	37 931	7 092	-26 759
Gain on sale of discontinued business					
Income tax on gain on sale of discontinued business					
Profit (loss) from discontinued business, net of tax	49 616	6 614	37 931	7 092	-26 759
Basic earnings (loss) per share	0,56	0,08	0,43	0,08	-0,31
Diluted earnings (loss) per share	0,47	0,08	0,36	0,08	-0,25

1) Depreciation YTD 30.06.2019 was reversed by 18 011 and depreciation FY 2018 was reversed by 43 998 in accordance with IFRS 5

Notes

NEKKAR - Discontinued Business

Assets and liabilities of disposal group held for sale

At 30 June 2019, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

(NOK 1 000)	Unaudited 30.06.2019	Unaudited 30.06.2018	Audited 31.12.2018
Intangible assets	617 986	637 112	650 927
Tangible assets	228 107	84 468	122 497
Financial assets	36 983	37 063	34 679
Inventories	112 366	149 513	101 742
Trade and other receivables	588 094	705 400	764 454
Bank deposits/cash	221 614	232 404	241 849
Assets held for sale	1 805 149	1 845 960	1 916 148
Provisions	36 018	46 410	44 544
Long term interest bearing debt	-	209	-
Current interest bearing debt	557 887	385 925	530 656
Current liabilities	645 386	819 783	781 437
Liabilities held for sale	1 239 291	1 252 327	1 356 637

NOTE 9 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 16 Leases
IFRS 16 Leases was adopted by Nekkar on 1 January 2019. Nekkar implemented the new standard using the modified retrospective approach with no restatement of comparable figures for 2018. Nekkar has entered various operating leases which mainly comprise office facilities and storage facilities.

Identifying a lease
At the inception of a contract, Nekkar performs an assessment to determine whether the contract is, or contains, a lease. The new standard defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time, in exchange for consideration. To determine if a contract gives the right to control the use of an identified asset, Nekkar assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- Nekkar has the right to obtain substantially all the economic benefits from use of the asset
- Nekkar has the right to direct he use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

Separation of lease and non-lease components
In general, the lease contracts in Nekkar does not involve a significant amount of additional services and components. As such, any additional services included within the leasing contracts does in general not represent a considerable portion of the total contract value. For leasing contracts where the non-lease component is viewed as relatively small, Nekkar have used the practical expedient in the new standard and treated these contracts as a single lease component.

Recognition of leases and exemptions
At the lease commencement date, Nekkar recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following applied exemptions:
- Short-term leases (defined as 12 months or less)

Notes

- Low value assets

Nekkar recognizes these lease payments as other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability
The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when Nekkar is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if Nekkar is reasonably certain not to exercise that option.

The discount factor used to measure the present value of the lease liability is based on either the implicit interest rate of the lease (if observable), or the incremental borrowing rate of Nekkar.

The lease liabilities from continued businesses are included as long-term interest-bearing debt. Lease liabilities from discontinued businesses are presented as part of liabilities held-for-sale in the consolidated statement of financial position.

Measuring the right-of-use asset
Right-of-use assets are initially measured at cost which mainly corresponds to the amount of initial measurement of the lease liabilities. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Nekkar applies depreciation requirements in IAS 16 in depreciating the right-of-use assets, except that the right-of-use assets are depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use assets.

Right-of-use assets in continued businesses are presented as tangible assets. Right-of-use assets in discontinued businesses are included in assets -held-for-sale in the consolidated statement of financial position.

IFRS 16 EFFECTS ON CONDENSED CONSOLIDATED STATETEMENT OF PROFIT & LOSS

(NOK 000)	30.06.2019	IFRS 16 effects	30.06.19 - (IAS 17)	30.06.2018 (IAS 17)
Total operation revenue	103 626	-	103 626	114 110
Raw materials	68 501	-	68 501	74 022
Other operating cost	33 827	- 296	34 123	32 552
EBITDA	1 297	296	1 001	7 536
Depreciation	1 364	300	1 064	774
Operating income (EBIT)	- 67	- 4	- 63	6 762
Financial income	3 897	-	3 897	5 101
Financial cost	7 483	4	7 479	5 927
Net finance	- 3 586	- 4	- 3 582	- 826
Profit/loss before tax	**- 3 653**	**- 8**	**- 3 645**	**5 936**
Tax	17	-	17	250
Profit/loss from continued business	**- 3 670**	**- 8**	**- 3 662**	**5 686**
Profit/loss from discontinued business [1)]	49 616	- 2 521	52 137	6 614
Profit loss/ for the period	45 954	- 2 529	48 483	12 300
Total comprehensive income	**31 031**	**- 2 529**	**33 560**	**- 43 986**

1) Profit and loss effects from IFRS 16 in discontinued operations in 1H were a reduction of opex by 9,1 MNOK, increased interest cost of MNOK 1,2 and increased depreciation of 12,2 MNOK. Currency effects decreased the lease liability by MNOK 1,8.

Notes

IFRS 16 EFFECTS ON CONDENSED CONSOLIDATED STATETEMENT OF FINANCIAL POSITION				
(NOK 000)	**30.06.2019**	**IFRS 16 effects**	**30.06.19 - (IAS 17)**	**30.06.2018 (IAS 17)**
Intangible assets	46 909	-	46 909	25 217
Tangible assets [1)]	15 313	900	14 413	8 557
Total fixed assets	62 252	900	61 352	33 774
Inventories	1 163	-	1 163	596
Total receivables	94 246	-	94 246	157 730
Bank deposits/ cash	386 021	-	386 021	227 364
Assets held for sale [2)]	1 805 149	94 817	1 710 332	1 845 960
Total current assets	2 286 579	94 817	2 191 762	2 231 650
Total assets	**2 348 831**	**95 717**	**2 253 114**	**2 265 424**
Total equity	564 984	- 2 529	567 513	509 398
Provisions	-	-	-	-
Long term interest bearing debt [1)]	-	-	-	-
Long term liabilities	-	-	-	-
Current interest bearing debt [1)]	270 945	900	270 045	313 345
Current liabilities	273 611	-	273 611	190 354
Liabilities held for sale [2)]	1 239 291	97 346	1 141 945	1 252 327
Total current liabilities	1 783 847	98 246	1 685 601	1 756 027
Total liabilities	1 783 847	98 246	1 685 601	1 756 027
Total equity and liabilities	**2 348 831**	**95 717**	**2 253 114**	**2 265 424**

1) Lease liabilities in continued businesses have been classified as short term based on the remaining duration of the lease contracts. Implementation of IFRS 16 increased the right of use facility assets by MNOK 1,2. Interest bearing lease liability increased by MNOK 1,2. No new long term lease contracts have been
2) Right of use assets and lease liabilities in discontinued businesses is presented as an adjustment of the assets and liabilities held for sale. Implementation of IFRS 16 increased the right of use facility assets by MNOK 74,7, of which MNOK 72,6 relates to facilities and MNOK 2,1 to equipment. Interest bearing lease liability increased by MNOK 74,7. During 1H 2019 new lease contractsgive basis for an increase in right of use assets corresponing to MNOK 32,3. As per 30.06

NOTE 10. SUBSEQUENT EVENTS

Companies within the discontinued businesses of Nekkar were awarded news contract for roro-equipment. Total value of the orders was approximately MNOK 135. The contracts were signed at shipyards in Europe and China and deliveries are expected to take place in 2020 - 2022.

On 15 July Nekkar were informed that the Chinese competition authorities had approved the TTS- MacGregor transaction. On 31 July 2019 the transaction was completed based on preliminary figures. Following completion, all bank debt and overdraft facilities were settled. Final settlement of the purchase price will be based on financials as of 31 July 2019 according to timeline and procedures provided in the transaction agreement. Completion is expected to be finalized within 2H 2019.

Initial purchase price, based on preliminary figures and net of expenses, was estimated at NOK 6,8 per share on an undiluted basis, and NOK 5,7 per share on fully diluted basis. As of 31 July 2019 net cash (excl convertible bond) in Nekkar ASA was NOK 520, and MNOK 740 on consolidated basis (incl. cash in BU SYS and Intellilift, of which a large part include prepayments from customers related to ongoing projects).

Additional information, and financial effects will follow in the 3Q report.

Within 16 August Nekkar ASA received instructions from bondholders representing MNOK 84,2 out of MNOK 86,1 which decided to exercise their conversion rights. The conversion will increase the number of shares in Nekkar

Notes

ASA from 88.074.470 by 16.935.608 into a new total of 105.010.078 shares. Following the conversion MP Pensjon MK will hold 6,3% of the shares in Nekkar ASA.

Additional information on subsequent events is available at www.newsweb.no – ticker NKR.

Appendix

APPENDIX 1. SHARE AND BOND HOLDERS

Major Shareholders per 30.06.2019		Shares	Share portion
SKEIE TECHNOLOGY AS	**)	22 655 763	25,72 %
RASMUSSENGRUPPEN AS		11 512 506	13,07 %
BARRUS CAPITAL AS		5 803 500	6,59 %
VINTERSTUA AS		4 945 000	5,61 %
SKEIE CAPITAL INVESTMENT AS	**)	4 203 361	4,77 %
DNB MARKETS Aksjehandel/-analyse		3 470 704	3,94 %
GMC JUNIOR INVEST AS		1 825 000	2,07 %
PIMA AS		1 758 195	2,00 %
FIRST PARTNERS HOLDING 16 AS		1 495 275	1,70 %
ITLUTION AS		1 475 261	1,68 %
Avanza Bank AB	NOM	1 212 197	1,38 %
TRAPESA AS		1 206 351	1,37 %
SALT VALUE AS		1 082 625	1,23 %
Skandinaviska Enskilda Banken AB	NOM	1 060 554	1,20 %
TIGERSTADEN INVEST AS		1 000 000	1,14 %
TIGERSTADEN AS		937 500	1,06 %
LEOVILLE AS		800 000	0,91 %
Espedal & Co AS		743 557	0,84 %
AVANT AS		700 000	0,79 %
SKANDINAVISKA ENSKILDA BANKEN		686 000	0,78 %
SKEIE CONSULTANTS AS	***)	300 000	0,34 %
SKEIE TRYM	*)	323 140	0,37 %
SKEIE ALPHA INVEST AS	*)	250 000	0,28 %
OTHER		18 627 981	21,1 %
Shares pr 30.06.2019	****)	88 074 470	100,0 %

*) Shares owned or controlled by Trym Skeie and companies directly or indirectly controlled by him holds 583.140 shares representing 0,65 % of total shares.

**) Shares owned or controlled by the Skeie family and companies directly or indirectly controlled by them holds 26.859.124 shares representing 30,50% of total share

***) Shares owned or controlled by Bjarne Skeie and companies directly or indirectly controlled by him holds 300.000 shares representing 0,34% of total shares.

****) Within 16 August 2019 Nekkar ASA received instructions to convert bonds, worth of NOK 84.170.000, into 16.935.608 new shares. New shares are released on 27. August 2019. The new total number of shares is 105.010.078.

As part of the conversion, MP Pensjon PK have converted bonds, worth of NOK 33.000.000, into 6.639.839 new shares, corresponding to 6,3% of Nekkar ASA.

Companies controlled by members of the Skeie familiy have converted bonds, worth of NOK 32.945.000, into 6.628.770 shares. Following the conversion, companies and members of the Skeie familiy will hold 34.361.034 shares corresponding to 32,72% of Nekkar ASA, of which shares owned by Trym Skeie or companies directly controlled by him will hold 1.377.608 shares corresponding to 1,31% of Nekkar ASA.

Senior management in Nekkar ASA holds 760.000 share options which expire latest 30.06.2020.

Appendix

Bondholders as per. 30.06.2019		Conversion rights	Share portion if fully diluted
MP PENSJON PK	*)	6 639 839	6,3 %
SKEIE TECHNOLOGY AS	*)	3 912 475	3,7 %
RBC INVESTOR SERVICES BANK S.A.	*)	1 750 503	1,7 %
SKEIE CONSULTANTS AS	*)	1 207 243	1,1 %
SKEIE ALPHA EQUITY AS	*)	804 829	0,8 %
SKEIE CAPITAL INVESTMENT AS	*)	704 225	0,7 %
Other	**)	2 293 763	2,2 %
	***)	17 312 878	16,4 %

*) Within 16 August 2019 Nekkar ASA received instructions to convert bonds into shares. New shares corresponding to the number of conversion rights will be released on, or about 29. August 2019

**) Within 16 August 2019 Nekkar ASA received instructions from bondholders to convert bonds, worth of NOK 9.525.000 into 1.916.496 new shares. New shares are released on 27. August 2019

***) Within 16 August 2019 Nekkar ASA received instructions to convert bonds, worth of NOK 84.170.000, into 16.935.608 new shares. New shares are released on 27. August 2019. Bondholders representing bonds worth of NOK 1.875.000 will be repaid on 29. August 2019.

APPENDIX 2. END NOTES

[1] These are non-GAAP figures. Revenue recognition in BU RCN, BU MPG and BU OFF based on IAS 11 principles, as stated in SPA with Cargotec Oyj. Information on IFRS 15 adjusted numbers included in note 11.

[2] Net-Interest Bearing Debt (NIBD) = Bank deposits less interest-bearing debt to financial institutions and bond-holders.

[3] Net working capital = Short term assets, less bank deposits, less short-term debt, plus short-term debt to financial institutions and bond-holders.

[4] Continued business consists of BU SYS, Intellilift and Nekkar ASA (corporate functions), ref note 2 for more information on segments.

[5] NEKKAR Total represents both continued and discontinued businesses as described in note 2.

[6] Discontinued business consists of RoRo/Cruise/Navy (BU RCN), Container/Bulk/Tank (BU CBT) Offshore (BU OFF) Multipurpose/General cargo (BU MPG) Services (BU SER), ref note 2 for more information on segments.

Statement on compliance

Today, the Board of Directors and the President & CEO has reviewed and approved the Board of Directors report and the consolidated and separate financial statements related to Nekkar ASA as of 30 June 2019.

This statement is based on reports, information and statements from the group's CEO, CFO and other administration, on the results of the group's relevant activities, and on other information which is essential to assess the position of the group and parent company.

To the best of our knowledge we confirm that;

- the Condensed consolidated financial statements for 1H 2019 have been prepared in accordance with IFRSs and IFRICs as adopted by the European Union, IFRSs as issued by IASB, and additional Norwegian disclosure requirements in the Norwegian Accounting Act
- the information presented in the Condensed interim financial statements gives a true and fair view of the company's and the group's assets, liabilities, financial position and results for the period viewed in their entirety
- the information presented in the Condensed interim financial statements gives a true and fair view of the development, performance, financial position, principles risk and uncertainties of the group
- the information presented in the Condensed interim financial statements gives a true and fair view of major related-party transactions

Bergen, 27 August 2019
The Board and Management of Nekkar ASA

Trym Skeie CHAIRMAN OF THE BOARD	Leif Haukom DIRECTOR	Britt Mjellem DIRECTOR
Marianne Sandal DIRECTOR	Gisle Rike DIRECTOR	Toril Eidesvik CEO