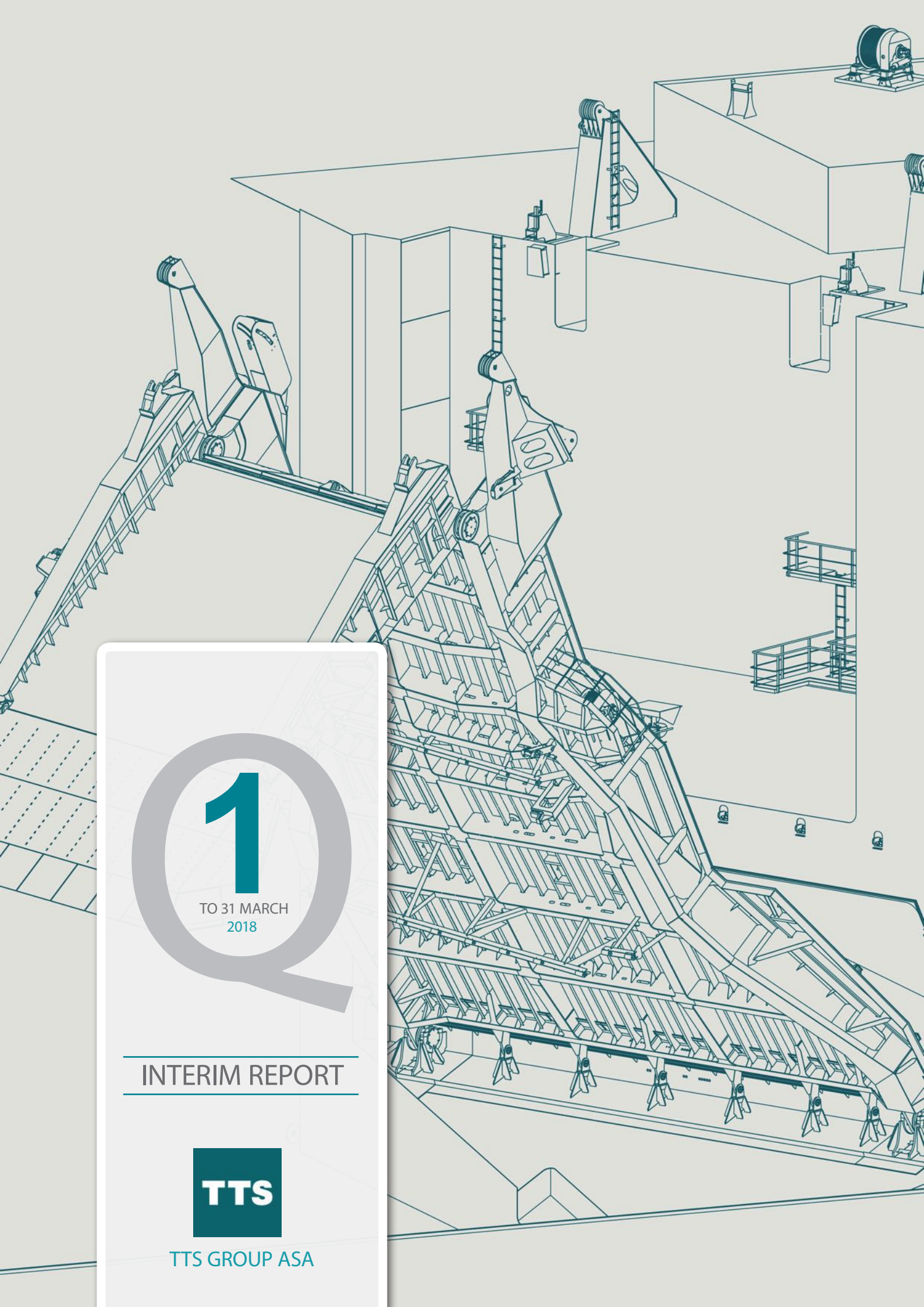




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TO 31 MARCH
2018

INTERIM REPORT

TTS

TTS GROUP ASA

CEO Letter

The announced asset sale agreement with Cargotec Oyj (the Cargotec transaction) is being consummated. TTS Group ASA (the "Company" or "TTS") improved the operating result as the positive effects from restructuring and cost savings compensated for a decrease in revenues.

Due to the Cargotec transaction, the accounts are presented in accordance with IFRS 5, hence the "Consolidated Statement of Comprehensive Income" represent the continuing operations (TTS Group ASA and TTS Syncrolift AS), while discontinued operations (the activity transferred to Cargotec through the expected transaction), is presented on a separate line as "Profit/loss from discontinued operations".

The table presenting "Financial Performance – Group" on page 2 shows the total numbers for the company on a comparable basis with pre transaction numbers.

TTS Group Total (Includes both continued and discontinued business)

TTS reported an EBITDA of MNOK 15 for 1Q 2018 compared to MNOK -20 in 1Q 2017. 1Q 2017 included MNOK 30 in restructuring costs. The operational performance continued to improve as gross margin improved, and operating expenses decreased compared to 2017. Revenues were down 5% to MNOK 481. TTS has normally lower activity levels in 1Q compared to the rest of the year, and 2018 was no exception. The company is however benefitting from improved efficiencies in the operations and a lower cost base, and has therefore managed to improve the results compared to last year although from a low level.

The order backlog was down MNOK 95 to MNOK 2707 from year end 2017, but MNOK 98 higher than 1Q 2017.

Continued Business (Includes Syncrolift AS and TTS Group ASA)

The reported EBITDA for the continued business was MNOK 5 for 1Q 2018 compared to a loss of MNOK 5 in 1Q 2017. Syncrolift generated a MNOK 20 increase in revenues on the back of high activity levels, and improved EBITDA margin by 50%. The results were also positively impacted by lower costs in TTS Group ASA.

The order backlog was MNOK 407, up from MNOK 275 in 2017.

Discontinued Business (Includes all activities in the Cargotec transaction and the sale of Liftec Oy in 1Q 2017)

The reported EBITDA for the discontinued business was MNOK 8 for 1Q 2018 compared to a loss of MNOK 15 in 1Q 2017, which included MNOK 30 in restructuring costs. Revenues were down with MNOK 44 from 1Q 2017 to MNOK 420. Lower revenues from hatch covers and heavylift cranes, were partially offset by higher revenues in the RoRo and Services businesses respectively.

TTS has adopted the IFRS 15 accounting standard as of 1 January 2018. For the continued business revenue recognition will be based on percentage of completion for projects. For the discontinued business revenue recognition will be based on completion of projects. Please see note 14 for further details.

Toril Eidesvik, CEO

Business units

FINANCIAL PERFORMANCE – CONTINUED BUSINESS

- 1Q 2018 revenues increased with MNOK 18 vs 1Q 2017 to MNOK 61.
- 1Q EBITDA of MNOK 5 vs MNOK -5 in 1Q 2017. The EBITDA was higher because of higher revenues and margins in BU SYS, and lower costs in TTS Group ASA.
- Earnings before interest and tax (EBIT) in 1Q 2018 was MNOK 4 vs. -5 in 1Q 2017
- Cash flow from operations was MNOK 66 in 1Q 2018 compared to MNOK 50 in 1Q 2017.

TTS GROUP - Continued Business	1Q		Full year
	2018	2017	2017
MNOK			
Revenue	61	43	211
EBITDA	5	-5	11
EBITDA Margin (%)	8 %	-11 %	5 %
Order intake	9	5	351
Order backlog	407	275	458
EPS (NOK) Total	0,03	-0,09	0,09

* TTS Liftec OY, a former part of BUSYS, was sold in 1Q/2017. Profit from the transaction is calculated to MNOK 18,4. The gain is removed from the 1Q numbers for Continued Business, but is reflected in TTS Group Total numbers.

FINANCIAL PERFORMANCE – TTS GROUP (TOTAL)

TTS GROUP (Total) ***	1Q		Full year
	2018	2017	2017
MNOK			
Revenue	481	506	2183
EBITDA **)	15	-20	53
Operational EBITDA	15	10	117
EBITDA margin (%)	3 %	-4 %	2 %
Operational EBITDA margin (%)	3 %	2 %	5 %
Order intake	479	401	2267
Order backlog*	2707	2 609	2802
EPS (NOK) Total	0,02	-0,46	-0,39

* Order backlog includes 50% of backlog from equity consolidated investments in China.

** 2017 EBITDA includes a restructuring cost of MNOK 50, and MNOK 13 in bad debt provision related to an old contract. 1Q 2017 EBITDA includes MNOK 30 in restructuring costs.

*** TTS Liftec OY, a former part of BUSYS, was sold in 1Q/2017. Profit from the transaction is calculated to MNOK 18,4 and classified as a finance transaction.

ORDER BACKLOG

TTS Group Total

The order intake for 1Q 2018 was MNOK 479.

The order backlog* at the end of 1Q 2018 was MNOK 2707 vs MNOK 2609 in 1Q 2017, of which approximately MNOK 1700 will be turned into revenue in 2018.

*including 50% of the order backlog of MNOK 96 (191), in equity consolidated investments in China. Expected revenues from BUSER is not included in the reported order backlog

Continued Business

The order intake for 1Q 2018 was MNOK 9 for BUSYS.

The order backlog* at the end of 1Q 2018 in BUSYS was MNOK 407.

Business units

TOTAL ASSETS AND NET INTEREST-BEARING DEBT

Total assets at the end of 1Q 2018 was MNOK 2 244, a decrease of MNOK 85 compared to the end of 2017. See note 13 and 14 for additional information regarding assets and liabilities for discontinued business.

Net working capital at the end of the 1Q 2018 was MNOK 152, an increase of MNOK 121 compared to the end of 2017.

Net interest-bearing debt at the end of the 1Q 2018 was MNOK 319 (Ref. note 11), an increase of MNOK 119 compared to the end of 2017. The effect of the consolidation of TTS Hua Hai (THH) and TTS-SCM represents a total reduction of the reported net interest-bearing debt of MNOK 151.

The equity at the end of 1Q 2018 was 26.1%. Including the convertible bond debt the equity was 30.2%.

TTS meets the covenants for both equity ratio and EBITDA related to its debt and bond facilities with Nordea and DNB. Financial debt, bond facilities and the subordinated debt mature in January 2019. (Ref. note 11).

SHIPYARD SOLUTIONS – CONTINUED BUSINESS

BUSYS delivered revenues of MNOK 61 and EBITDA of MNOK 9 in 1Q 2018 vs. revenues of MNOK 41 and EBITDA of MNOK 3 in 1Q 2017. The quarter confirms the strong performance of the business unit.

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

SHIPYARD SOLUTIONS (SYS)	1Q		Full year
MNOK	2018	2017	2017
Revenue	61	41	204
EBITDA	9	3	31
Operational EBITDA	9	3	31
EBITDA margin (%)	15 %	7 %	15 %
Operational EBITDA margin (%)	15 %	7 %	15 %
Order backlog	406	279	458

Outlook

Continued Business

For BUSYS, the continued business of TTS, the outlook is solid. The ongoing business is running well, the order back log is strong, and the activity in the market is at a good level. The order backlog for continued business in for BU SYS was MNOK 407 compared to MNOK 279 in 1Q 2017.

Discontinued Business

The newbuilding activity has increased in 1Q 2018, particularly for BU CBT. There is a higher bid activity in the offshore market, but the level of signed contracts is still low. There are some signs of improvements for projects in the renewable segment.

The outlook for the new build business units remains unchanged from 4Q 2017. The outlook for BU SER has improved and is strong in the short to medium term. BU CBT will benefit from an increase in order intake over time. However, the recovery for BU OFF and BU MPG is slow, and there is still risk for delays and cancellations, especially for BU MPG.

The order backlog for the Group at the end of the quarter was MNOK 2707. Expected revenues from the business unit Services is not included in the Group's reported order backlog. The order back log for discontinued business was MNOK 2300 compared to MNOK 2330 in 1Q 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (OCI)

TTS GROUP

(NOK 1 000)		Unaudited 1Q 2018 ¹⁾	Unaudited 1Q 2017	Audited 31.12.17
CONTINUED BUSINESS	Note			
Revenue from projects	2, 14	60 869	43 293	211 038
Total operating revenue		60 869	43 293	211 038
Raw materials and consumables used		42 643	29 426	137 196
Other operating costs		13 589	18 541	63 327
EBITDA		4 637	-4 674	10 516
Depreciation	7,8	384	406	1 680
Other impairments		-	-	-
Operating profit		4 253	-5 080	8 835
Financial income		8 396	11 347	4 676
Financial expense		8 592	11 754	9 284
Net finance		-197	-407	-4 608
Profit/loss before tax		4 057	-5 487	4 228
Tax		1 156	2 124	-3 970
Profit/loss from continued business		2 900	-7 611	8 197
DISCONTINUED BUSINESS				
Profit/loss from discontinued business	12	-478	-26 588	-26 330
Profit/loss for the period	2, 14	2 422	-34 199	-18 132
Attributable to equity holders of the company	4	7 000	-39 864	-33 541
Attributable to non-controlling interests		-4 579	5 665	15 408
NET RESULT FOR THE YEAR				
Net result for the period		2 422	-34 199	-18 132
Currency effects		-20 146	10 787	20 490
Total comprehensive income		-17 724	-23 412	2 358
Attributable to equity holders of the company		-13 067	-32 109	-16 421
Attributable to non-controlling interests		-4 657	8 697	18 779
Earnings per share (NOK)	4	0,08	-0,46	-0,39
Diluted earnings per share (NOK)*		0,08		-0,39
Earnings per share - Continued Business (NOK)		0,03	-0,09	0,09
Diluted earnings per share - Cont. Business (NOK)		0,03		0,08
Weighted-average number of ordinary shares (Basic)		86 594	86 493	86 493
Weighted-average number of ordinary shares (Diluted)**		105 592	86 493	105 592

1) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transaction methods chosen, comparative information is not restated. See note 14.

*For EPS calculation of TTS Group total, the effect of stock options and convertible loan is anti-dilutive, hence no effect on calculation of Diluted earnings per share (NOK)

**The weighted-average number of ordinary shares (diluted) is only relevant for continuing business. For the total group, the conversion rights are anti-dilutive

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TTS GROUP

(NOK 1 000)		Unaudited 1Q 2018 1)	Audited 31.12.2017
Intangible assets	6, 7	22 862	25 319
Tangible assets	8	8 522	7 322
Financial assets	9	-	-
Assets available for sale		-	-
Total fixed assets		31 384	32 641
Inventories		596	636
Total receivables	5	146 867	91 951
Bank deposits/cash	11	209 428	261 843
Assets held for sale	14	1 855 348	1 941 413
Total current assets		2 212 239	2 295 843
Total assets		2 243 623	2 328 483
Share capital	3	9 536	9 527
Other equity		378 396	446 551
Non-controlling interests		146 803	151 382
Total equity		534 735	607 460
Provisions	6	930	-
Long term interest bearing debt	11	-	0
Long term liabilities		930	-
Current interest bearing debt	11	326 345	339 845
Current liabilities	5	150 007	129 936
Liabilities held for sale	14	1 231 605	1 251 241
Total current liabilities		1 707 957	1 721 023
Total liabilities		1 708 887	1 721 023
Total equity and liabilities		2 243 623	2 328 483

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TTS GROUP							
(NOK 1 000)	Share capital	Treasury shares	Share premium	Other equity	Shareholders equity	Non controlling interest	Total equity
Equity Closing balance 31.12.2017	9 526	-12	149 378	297 182	456 074	151 382	607 456
Adjustment of initial application of IFRS 15 (net of tax)				-56 576	-56 576		-56 576
Adjusted equity balance 01.01.2018	9 526	-12	149 378	240 606	399 498	151 382	550 880
Comprehensive income	-	-	-	-13 067	-13 067	-4 657	-17 724
Share option cost	-	-	-	501	501		501
New shares issued	22	-	978		1 000		1 000
Dividend to non-controlling interest	-	-	-	-	-		-
Equity Closing balance 31.03.2018	9 548	-12	150 356	228 040	387 932	146 803	534 735

CONSOLIDATED STATEMENT OF CASH FLOWS

TTS GROUP			
(NOK 1 000)	Unaudited 1Q 2018 1)	Unaudited 1Q 2017	Unaudited 31.12.17
CONSOLIDATED STATEMENT OF CASH FLOWS			
EBITDA	18 238	-19 943	53 285
EBITDA - continued business	4 637	-4 674	10 516
EBITDA - discontinued business	13 600	-15 269	42 769
Change in net current assets	47 266	69 968	14 110
Cash from operations (A)	65 502	50 025	67 396
Aquisition and sale of non-current assets	-1 861	-299	-2 551
Proceeds discontinued business	-	50 353	52 855
Other investing activities	-	-	-
Cash from investments (B)	-1 861	50 054	50 304
New loans and repayment	-13 500	-48 044	-30 778
Paid-in equity	1 000	-	-
Payments to shareholders *	-	-	-
Net interest paid	-7 804	-8 808	-31 108
Cash from financing (C)	-20 304	-56 852	-61 886
Change in cash (A+B+C)	43 337	43 227	55 813
Cash position OB	235 973	175 785	175 785
Effect of exchange rate changes on cash	-6 404	3 850	4 375
Cash position CB	213 640	222 862	235 973

CONSOLIDATED STATEMENT OF CASH FLOWS

TTS GROUP

Cash position (Cash and Bank/CB)

(NOK 1000)	Unaudited 31.03.2018	Audited 31.12.2017
Cash position CB from Consolidated Statement of Cash Flows	213 640	235 973
Reclassification positive cash pool balance continued operations	209 685	260 892
Total Cash and banks	423 325	496 865
Cash and banks classified as held-for-sale	213 897	235 022
Cash and banks continued business	209 428	261 843

Due to the terms in the asset sale agreement, the group financing through the Cash Pool arrangement, Cash pool balances has not been eliminated between continuing and discontinuing business. The basis for this is that each company will be responsible for refinancing the cash pool receivables/liabilities post transaction.

Notes

NOTE 1. GENERAL INFORMATION

Reporting entity

TTS Group 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" represent the continuing operations (TTS Group ASA and TTS Syncrolift AS), while discontinued operations (the activity transferred to Cargotec through the expected transactions), is presented on a separate line as "Profit/loss from discontinued operations". Comparable information as of 1Q 2017 and 31.12.17 has been restated for presentation purposes. 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". Comparable information as of 1Q 2017 has not been restated, while the audited financial statement as of 31.12.17 is restated to represent the expected transaction with Cargotec as "Assets held for sale" and "Liabilities held for sale". In the notes to the 1Q Report, the focus is on Continued Business. For further information, please see note 12 and 13 to the 1Q Report.

In January 2017, TTS Group sold the subsidiary TTS Liftec OY.

Jointly controlled and associated companies are accounted for using the equity method. 50/50 owned companies is controlled via agreement is fully consolidated (TTS Hua Hai Ltd co and TTS SCM Ltd co) are fully consolidated.

The Board of Directors approved the consolidated financial statements for the year 2017 on the 27 April 2018.

The annual report 2017 including the consolidated financial statements for the TTS Group, the separate financial statements for TTS Group ASA and the auditors' opinion from KPMG, are available at our website www.ttsgroup.com

Basis of preparation

TTS Group'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 1Q 2018 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 2017.

The accounting principles applied are the same as those described in the consolidated financial statements of 2017.

This condensed consolidated 1Q interim report for 2018 was approved by the Board of Directors on 07 May 2018.

Judgments, 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.

In preparing these consolidated interim financial statements, the key assessments made by the management in applying the Group's accounting principles and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the financial year that ended 31 December 2017.

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

On February 8th 2018 TTS Group ASA announced that it has entered into an asset sale agreement with Cargotec Oyj. This has been an ongoing process, and during Q4 2017 the criteria for classifying parts of the assets and operations as held for sale and discontinued operations were met. The purpose of IFRS 5 is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued operations. A discontinued operation 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

Notes

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

TTS Group ASA will continue with a new strategic direction, focusing on the operations around Business Unit Shipyard Solutions (BUSYS), hence all assets and liabilities connected to other activities than BUSYS is classified as held for sale, and the financial position and results will be presented separately. Since the other BUs' were not previously classified as held-for-sale or as a discontinued operation, the comparative consolidated statement of profit or loss and OCI has been represented to show the discontinued operation separately from continuing operations.

When assets meets the criteria to be classified as held for sale, it shall be measured at the lower of the carrying amount and fair value less costs to sell. In addition depreciation on such assets are ceased.

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 7 and 8 for the reclassification of assets and liabilities held for sale, and the presentation of revenue and costs as discontinued operations.

New standards, amendments and interpretations adopted by TTS:

IFRS 9 Financial instruments

IFRS 9 replaces the existing guidance in IAS39, and is effective from the annual reporting beginning after 1 January 2018. The fair value hedge structure applied by TTS Group for 1Q 2018 is set within the framework of IFRS 9.

TTS have assessed potential impact of IFRS 9, giving basis for minor changes to the internal hedge documentation process. The assessment has not identified any effects that have caused any material change to, or impact on the consolidated financial statements.

IFRS 15 Revenue from contracts with customers

Summary of the requirements:

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard is effective for annual periods beginning on or after 1 January 2018.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. TTS Group have adopted a modified retrospective method as of 01.01.2018.

Additional information available in note 14.

New standards, amendments and interpretations not yet adopted by TTS:

IFRS 16 Leases

Summary of the requirements: IFRS 16 principally requires lessees to recognize assets and liabilities for all leases and to present the rights and obligations associated with these leases in the statement of financial position. Going forward, lessees will therefore no longer be required to make the distinction between finance and operating leases that was required in the past in accordance with IAS 17. For all leases, the lessee will recognize a lease liability in its statement of financial position for the obligation to make future lease payments. At the same time, the lessee will capitalize a right of use to the underlying asset which is generally equivalent to the present value of the future lease payments plus directly attributable expenditure. Similar to the guidance on finance leases in IAS 17, the lease liability will be adjusted over the lease term for any re-measurement, while the right-of-use asset will be

Notes

depreciated, which normally leads to higher expenses at the inception date of a lease. For the lessor, on the other hand, the guidance in the new standard are similar to the existing guidance in IAS 17. IFRS 16 also includes updated guidance on the definition of a lease and its presentation, on disclosures in the notes, and on sale and leaseback transactions.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

Possible impact on consolidated financial statements: TTS Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16. Committed nominal lease payments in continued businesses at the end of 2017 were MNOK 11. Based on current structure of lease contracts, a 10% discount rate, and 3,5% annual increase in nominal lease, lease assets and lease liabilities as per 31.12.2017 is estimated at MNOK 10.

NOTE 2. SEGMENT INFORMATION

TTS Group will until closing of the Cargotec transaction will report on the following segments:

Continued Business:

- Shipyard Solutions (BU SYS)

BUSYS 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.

Discontinued Business:

- 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 LEC cranes.

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

Notes

Alternative performance measures:

Total Group	1Q 2018			1Q 2017		
	Continued	Discontinued	Total	Continued	Discontinued	Total
External turnover	60 869	420 084	480 953	43 293	463 544	506 837
Group Turnover	60 869	420 084	480 953	43 293	463 544	506 837
Income from JV and associated companies 1)	-	-304	-	-	-1 537	-1 537
Earnings before depreciation, finance and tax (EBITDA)	4 637	9 943	14 581	-4 674	-15 269	-19 943
Depreciation/amortisation	384	9 348	9 732	406	9 773	10 178
Impairments	-	-	-	-	-	-
Operating profit/loss	4 252	596	4 849	-5 081	-25 042	-30 121
Financial income	8 396	2 035	10 431	11 347	7 133	18 480
Financial cost	8 592	5 424	14 017	11 754	6 143	17 897
Segment profit/loss before tax	4 057	-2 794	1 263	-5 487	-24 051	-29 538

Continued Business	1Q 2018			1Q 2017		
	BU SYS	TTS Group ASA	Continued	BU SYS	TTS Group ASA	Continued
Revenue recognition method	Over Time	Point in Time		Over Time	Point in Time	
External turnover	60 851	18	60 869	41 493	1 800	43 293
Group Turnover	60 851	18	60 869	41 493	1 800	43 293
Income from JV and associated companies 1)	-	-	-	-	-	-
Earnings before depreciation, finance and tax (EBITDA)	8 510	-3 873	4 637	3 030	-6 832	-4 674
Depreciation/amortisation	216	168	384	237	168	406
Impairments	-	-	-	-	-	-
Operating profit/loss	8 294	-4 042	4 252	2 793	-7 002	-5 081
Financial income	503	7 893	8 396	446	10 901	11 347
Financial cost	329	8 263	8 592	130	11 624	11 754
Segment profit/loss before tax	8 468	-4 412	4 057	3 110	-7 726	-5 487

Discontinued Business	1Q 2018						
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	Discontinued
Revenue recognition method	Over Time	Point in Time	Over Time	Over Time	Point in Time	Point in Time	
External turnover	91 172	131 199	18 993	31 990	143 238	3 492	420 084
Group Turnover	91 172	131 199	18 993	31 990	143 238	3 492	420 084
Income from JV and associated companies 1)	-	-304	-	-	-	-	-304
Earnings before depreciation, finance and tax (EBITDA)	-509	3 024	-7 253	-6 850	18 179	3 352	9 943
Depreciation/amortisation	168	4 904	1 513	1 365	1 254	144	9 348
Impairments	-	-	-	-	-	-	-
Operating profit/loss	-677	-1 880	-8 766	-8 215	16 926	3 208	596
Financial income	547	781	209	1 054	150	-706	2 035
Financial cost	7	16	3 186	1 929	1 684	-1 398	5 424
Segment profit/loss before tax	-137	-1 116	-11 743	-9 090	15 392	3 900	-2 794

Discontinued Business	1Q 2017						
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	Discontinued
Revenue recognition method	Over Time	Point in Time	Over Time	Over Time	Point in Time	Point in Time	
External turnover	70 623	172 302	61 237	38 398	119 604	1 380	463 544
Group Turnover	70 623	172 302	61 237	38 398	119 604	1 380	463 544
Income from JV and associated companies 1)	-	-1 537	-	-	-	-	-1 537
Earnings before depreciation, finance and tax (EBITDA)	2 092	19 467	-39 898	-7 217	7 878	2 410	-15 269
Depreciation/amortisation	368	4 954	1 494	1 555	1 103	299	9 773
Impairments	-	-	-	-	-	-	-
Operating profit/loss	1 723	14 513	-41 392	-8 772	6 776	2 110	-25 042
Financial income	524	4 614	49	4 514	5 704	-8 273	7 133
Financial cost	85	7 783	1 967	6 300	6 581	-16 572	6 143
Segment profit/loss before tax	2 163	11 344	-43 309	-10 558	5 899	10 410	-24 051

1) A negative number represents gain. Positive number is losses.

Notes

Information based on IFRS 15 assessment

Total Group (Revenue recognition method IFRS 15)	1Q 2018			1Q 2017		
	Continued	Discontinued	Total	Continued	Discontinued	Total
External turnover	60 869	334 874	395 743	43 293	463 544	506 837
Group Turnover	60 869	334 874	395 743	43 293	463 544	506 837
Income from JV and associated companies 1)	-	-304	-304	-	-1 537	-1 538
Earnings before depreciation, finance and tax (EBITDA)	4 637	13 601	18 239	-4 674	-15 269	-19 943
Depreciation/amortisation	384	9 348	9 732	406	9 773	10 178
Impairments	-	-	-	-	-	-
Operating profit/loss	4 252	4 254	8 506	-5 081	-25 042	-30 121
Financial income	8 396	2 035	10 431	11 347	7 133	18 480
Financial cost	8 592	5 424	14 017	11 754	6 143	17 897
Segment profit/loss before tax	4 057	863	4 920	-5 487	-24 051	-29 538

Continued Business	1Q 2018			1Q 2017		
	BU SYS	TTS Group ASA	Continued	BU SYS	TTS Group ASA	Continued
	Over Time	Point in Time		Over Time	Point in Time	
Revenue recognition method (IFRS 15)						
External turnover	60 851	18	60 869	41 493	1 800	43 293
Group Turnover	60 851	18	60 869	41 493	1 800	43 293
Income from JV and associated companies 1)	-	-	-	-	-	-
Earnings before depreciation, finance and tax (EBITDA)	8 510	-3 873	4 637	3 030	-6 832	-4 674
Depreciation/amortisation	216	168	384	237	168	406
Impairments	-	-	-	-	-	-
Operating profit/loss	8 294	-4 042	4 252	2 793	-7 002	-5 081
Financial income	503	7 893	8 396	446	10 901	11 347
Financial cost	329	8 263	8 592	130	11 624	11 754
Segment profit/loss before tax	8 468	-4 412	4 057	3 110	-7 726	-5 487

Discontinued Business	1Q 2018						
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	Discontinued
	Point in Time	Point in Time	Point in Time	Point in Time	Point in Time	Point in Time	Point in Time
Revenue recognition method (IFRS 15)							
External turnover	12 197	131 199	0	44 748	143 238	3 492	334 874
Group Turnover	12 197	131 199	0	44 748	143 238	3 492	334 874
Income from JV and associated companies 1)	-	-304	-	-	-	-	-304
Earnings before depreciation, finance and tax (EBITDA)	-7 746	3 024	-11 352	8 144	18 179	3 352	13 601
Depreciation/amortisation	168	4 904	1 513	1 365	1 254	144	9 348
Impairments	-	-	-	-	-	-	-
Operating profit/loss	-7 914	-1 880	-12 865	6 779	16 926	3 208	4 254
Financial income	547	781	209	1 054	150	-706	2 035
Financial cost	7	16	3 186	1 929	1 684	-1 398	5 424
Segment profit/loss before tax	-7 374	-1 116	-15 842	5 904	15 392	3 900	863

Discontinued Business	1Q 2017						
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	Discontinued
	Point in Time	Point in Time	Point in Time	Point in Time	Point in Time	Point in Time	Point in Time
Revenue recognition method (IFRS 15)							
External turnover	70 623	172 302	61 237	38 398	119 604	1 380	463 544
Group Turnover	70 623	172 302	61 237	38 398	119 604	1 380	463 544
Income from JV and associated companies 1)	-	-1 537	-	-	-	-	-1 537
Earnings before depreciation, finance and tax (EBITDA)	2 092	19 467	-39 898	-7 217	7 878	2 410	-15 269
Depreciation/amortisation	368	4 954	1 494	1 555	1 103	299	9 773
Impairments	-	-	-	-	-	-	-
Operating profit/loss	1 723	14 513	-41 392	-8 772	6 776	2 110	-25 042
Financial income	524	4 614	49	4 514	5 704	-8 273	7 133
Financial cost	85	7 783	1 967	6 300	6 581	-16 572	6 143
Segment profit/loss before tax	2 163	11 344	-43 309	-10 558	5 899	10 410	-24 051

1) A negative number represents gain. Positive number is losses.

NOTE 3. SHARE CAPITAL AND EQUITY

Notes

As per 31 March 2018 TTS Group ASA has issued 86 806 867 shares, each with a face value of NOK 0.11 giving a share capital of total NOK 9 548 755.

TTS Group ASA holds 112 882 own shares.

At the end of 1Q 2018 senior employees' hold 1 270 000 share options with a strike price of NOK 3.43. The options were awarded in 2Q 2017.

At period closing there are 18 580 483 conversion rights related to the subordinated convertible bond with a conversion value of 4.97.

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	1Q 2018	1Q 2017	31.12.2017
Net income available to shareholders - Continued Business	2 900	-7 611	8 197
Effect of dilution	-	-	-
Diluted net income available to shareholders	2 900	-7 611	8 197
Net income available to shareholders	1 751	-39 864	-33 540
Effect of dilution	-	-	-
Diluted net income available to shareholders	1 751	-39 864	-33 540
Weighted average number of shares outstanding	86 594	86 493	86 493
Effect of dilution	18 998	-	19 099
Diluted numbers of shares**	105 592	86 493	105 592
Earnings per share (NOK) continued business	0,03	-0,09	0,09
Diluted earnings per share (NOK) continued business*	0,03	-0,09	0,08
Earnings per share (NOK)	0,02	-0,46	-0,39
Diluted earnings per share (NOK)	0,02	-0,46	-0,39

Closing price at Oslo Stock Exchange

31 March 2018	NOK 6.34
31 December 2017	NOK 4.20
30 September 2017	NOK 3.99
30 June 2017	NOK 3.55
31 March 2017	NOK 3.67
31 December 2016	NOK 3.78
30 September 2016	NOK 3.09
30 June 2016	NOK 5.22

NOTE 5. RELATED PARTIES

Note 21 together with accounting principles section 2.2 in the consolidated financial statements of 2017 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 parties transactions are related to the discontinued businesses.

Please also see note 12 and 13 for further information on classification, elimination and presentation of continuing business vs. discontinuing business.

NOTE 6. TAX

Notes

TTS Group is taxable in more than one jurisdiction based on its operations. A loss in one jurisdiction may not be offset against taxable income in another jurisdiction. Thus, the Group may pay tax within some jurisdictions even though it might have an overall loss or have tax losses exceeding taxable profit at the consolidated level.

Deferred tax

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 consists of the following:

Deferred tax:

(NOK 1000)	31.03.2018	31.12.2017
Gross deferred tax asset	18 845	18 845
Gross deferred tax liability		
Gross deferred tax asset classified as held for sale	22 632	22 632
Gross deferred tax liability classified as held for sale	-42 583	-42 583
Net deferred tax asset (+) / liability (-)	-1 106	-1 106

1) Changes in tax rates in Norway from 24% to 23% have reduced the gross deferred tax assets per 01.01.2018. As deferred tax assets from Norwegian companies are

not recognized, the change has no effect on the 2017 tax cost.

Recognized deferred tax asset primarily relates to tax losses in the Norwegian and German companies, as well as short term tax differences from the Chinese companies. The criteria that have been applied to estimate that future taxable profit can be utilized have been unchanged during the 1Q 2018.

NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS

TTS Group tests the value of goodwill and other intangible assets annually or at the end of each reporting period if there is any indication that the assets may be impaired.

TTS shares are freely traded at Oslo Stock Exchange. Closing price of last trading date in March 2018 was NOK 6,34 per share, indicating a nominal trade value of TTS of MNOK 550.

Book value of equity at 31 March 2018 was MNOK 388 excluding minority interest.

At the end of the current reporting period, TTS Group has not identified any changes in the overall financial market that give basis for a significant change in the average cost of capital.

As a result of the process that ended with the signing of the asset sale agreement with Cargotec, TTS Group reclassified the divested activities, assets and liabilities to discontinued operations and assets/liabilities held for sale during 1Q 2018. Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset shall be measured in accordance with ISA 36 Impairment of Assets. This standard states that an asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use.

TTS Group have chosen a fair value approach due to the expected sales transaction and a sales price being available. The fair value approach is based on the expected transaction price less cost of sale of the disposal group sold to Cargotec. The company has reviewed both assets related to continued operations as well as the assets related to discontinued operations.

Based on the assessment of the assets for continued operations, TTS Group has concluded that the assets are not impaired.

The company has tested the allocation of value of the assets sold against net present value projections based on the company's view of the future, and made further adjustments to the allocation based on an assessment of the impact of additional external value drivers. The allocation of the sales price has been performed based on an orderly transaction between market participants under current market conditions.

Based on the fair value assessment, TTS Group has concluded that the recoverable amount based on a fair value less cost of disposal is higher than the carrying amount, resulting in no impairment on assets prior to reclassification to assets held-for-sale.

Overview of goodwill and other intangible assets (excl. deferred tax asset) are as follows:

Notes

	Goodwill		Other intangible assets	
(NOK 1000)	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Net book value, beginning of period	-	575 798	6 473	104 283
Assets held for sale, beginning of period	583 974	-	73 098	-
Acquisition	-	-	-	-
Divestment	-	-21 807	-	-757
Additions	-	-	-	-
Depreciations/Amortizations	-22	-	-6 023	-23 502
Impairment	-	-120	-	-
Foreign currency differences	-21 408	30 103	-2 949	-453
Reclassification to assets held for sale	-562 544	-583 974	-66 583	-73 098
Net book value, end of period	-	-	4 016	6 473

NOTE 8. NON-CURRENT ASSETS

(NOK 1000)	31.03.2018	31.12.2017
Net book value, beginning of period	7 322	94 338
Assets held for sale, beginning of period	73 591	-
Acquisition	-	-
Divestment	-	-2 127
Additions	1 861	2 551
Depreciations/Amortizations	-3 669	-16 796
Impairment	-	-1 113
Foreign currency differences	14 845	4 060
Assets held for sale	-85 428	-73 591
Net book value, end of period	8 522	7 322

NOTE 9. EQUITY ACCOUNTED INVESTMENTS

All equity accounted investments are included in the assets held for sale, and not accounted for separately.

NOTE 10. INVENTORY

This note is not applicable as a result of the transaction. BUSYS has MNOK 1 of inventory as per March 31st 2018.

NOTE 11. 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 2017.

On 22 March 2017, the bondholders agreed to an extension of the subordinated debt until 18 January 2019. The TTS General Assembly approved the extension on 30 March 2017.

The amendments mainly involves a 21 month extension of the maturity date from 18 April 2017 to 18 January 2019, and a change of fixed coupon rate from 12% to 10% p.a. Changes also include minor amendments to conversion and redemption provisions, and a repayment of MNOK 2 to a bondholder. Terms and conditions in the renewed agreement have been evaluated according to IAS 39. Based on the evaluation the renewed agreement is considered a prolonging of the prior bond debt agreement.

One bondholder has converted MNOK 1 to 201.207 new shares based on the rate 4.9700 per share related to the convertible subordinated bond facility in 1Q 2018.

The conversion price of the convertible bond loan is unchanged from 4th quarter 2015 at 4.97/share. After the partial repayment to a bondholder on the 28th March 2017 and bond conversion of MNOK 1 on the 26th February 2018, the nominal value of the bond debt is MNOK 92,345 giving right to 18.580.483 shares upon full conversion.

Notes

The subordinated convertible bond debt is classified as short term debt as per 31.03.2018. The bond debt has been reclassified as one of the bond covenants states that the loan will be repaid at the same time as the bank loans.

On 19 December 2016, TTS Group ASA entered into an agreement with Nordea and DNB on new financing agreements for credit and guarantee facilities, which represents an extension of the agreements the company had at the beginning of the prior fiscal year. The extended agreements expire on 1 January 2019. Completion of the asset sales agreement between TTS Group and Cargotec Oy requires settlement of the finance agreement.

The credit facility in the agreement is MNOK 1073, consisting of:

- MNOK 173, term loan facility (DNB) (Installment of MNOK 6,25 per quarter in 2018)
- MNOK 100, term loan facility (Nordea) (Installment of MNOK 6,25 per quarter in 2018)
- MNOK 200, multi-currency overdraft facility (Nordea)
- MNOK 600, guarantee facility (Nordea MNOK 465, DNB MNOK 135)

At the end of 1Q 2018, TTS Group has drawn MNOK 153 of the total MNOK 173 loan facility with DNB. TTS Group has drawn MNOK 259 of the total MNOK 300 loan facility with Nordea.

Both the term loan facilities and the overdraft facilities are classified as short-term debt as per 30th of March 2018.

At the end of 1Q 2018 TTS Group meets the set covenants.

Debt covenants from 1Q 2018 are:

Bank loan covenants	1Q 2018 - 4Q 2018
NIBD* / EBITDA** maximum	3,00
Equity*** minimum	25 %
Minimum liquidity reserve	MNOK 50

* NIBD = Net interest bearing debt, excluding subordinated convertible bond loan, and including 50% of cash from 50% owned companies

** EBITDA from 100% owned companies + 50% of EBITDA from 50% owned companies, adjusted for one-time effects, including impairment, restructuring, gains from sale of businesses and changes of accounting regulations

*** Equity, including subordinated convertible bond loan

CASH

(NOK 1000)	31.03.2018	31.12.2017
Bank deposits in fully owned continued business	209 946	260 892
Bank deposits in fully owned discontinued business	-147 207	-189 768
Bank deposits in 50/50 owned discont. business	150 901	164 849
Bank deposits	213 640	235 973

Information on debt in held for sale business.

TTS Korea have drawn MNOK 28 of MNOK 32 related to its credit facility with Kookmin Bank in Korea. The facility is allocated as short-term debt.

Consolidation of TTS Hua Hai and TTS SCM has significant effects on the cash flow and presented cash in the balance. Cash within the 50/50 companies is not available to other companies within TTS Group. Bank deposits in 50/50 owned companies also includes restricted cash.

Notes

Calculation of NIBD/ EBITDA covenant

31.03.2018

Calculation of NIBD for covenant measures (MNOK)

Calculated NIBD from TTS Group (Total)	-319
+ Add back nominal value of Subordinated Convertible Bond agreement	92
- Deduction of reported NIBD from group consolidated 50/50 owned companies	-151
+ Add back 50% of NIBD from 50/50 owned companies	112
Adjusted NIBD for covenant calculation	-266

Over time revenue based calculations

Calculation of EBITDA for covenant measures (MNOK)

Rolling 12 month reported EBITDA in TTS Group (Total)	88
- Deduction of reported EBITDA-effects from 50/50 owned companies which are consolidated	-33
+ Add back 50% of EBITDA in 50/50 owned companies	22
+/- Adjustment of one time effects on reported EBITDA - rolling 12 months	20
Adjusted EBITDA for covenant calculation	98

NIBD/ EBITDA calculation

2,72

NIBD/ EBITDA Covenant according to the finance agreement as per 1Q-2018

3,00

An overall description of debt facilities, and additional information regarding financial risk management is available as part of the notes to the annual report 2017.

The Cargotec transaction assumes repayment of external debt to the lenders. The lenders have approved the transaction subject to repayment. The parties will subsequently ensure that liens and securities are released post-closing.

NOTE 12 DISCONTINUED BUSINESS

See accounting policy in Note 1.

During Q4 2017 TTS Group has reclassified major parts of the business, the disposal group, as discontinued operations. The basis for this reclassification is the ongoing process with Cargotec, which resulted in an asset sale agreement dated February 8th 2018. TTS Group will continue under the new name Nekkar ASA in a new strategic direction, concentrating the operations around Business Unit Shipyard solutions.

The Disposal Group was not previously classified as held-for-sale or as a discontinued operations. The comparative consolidated statement of profit or loss and OCI has been represented to show the discontinued operation separately from continuing operations.

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

- All revenue and expenses from legal entities included in the Disposal Group has been reclassified
- Revenue and cost directly attributable to activities relating to the disposal group that is performed within legal entities that forms the basis for continuing operations are allocated to discontinued operations
- Revenue and cost directly attributable to activities relating to the continuing business, that is performed within legal entities that forms the basis for the discontinuing business, are allocated to continuing operations
- Since transactions between continuing business and discontinuing business are expected to cease when the transaction with Cargotec is completed, all intercompany transactions are eliminated
- Intercompany interest related to cash pool arrangement is not eliminated based on the accounting of the cash pool arrangement. See further information under note 13.
- Interest from bank loans and bond loan have been allocated to the disposal group due to the fact that these loans have funded these operations, and that the loans will be repaid as part of the transaction.

Notes

TTS GROUP - Discontinued business (assets held for sale)

(NOK 1 000)	Unaudited 1Q 2018	Unaudited 1Q 2017	Audited 31.12.17
Results of discontinued business			
Revenue (APM - based) *)	420 084	463 544	1 971 564
Expenses (APM - based)	422 878	487 595	2 002 047
Results from operating activities (APM - based)	-2 794	-24 052	-30 483
Income tax (APM - based)	2 933	2 537	14 253
Results from operating activities, net on tax (APM - based)	-5 727	-26 588	-44 736
Gain on sale of discontinued business			18 406
Income tax on gain on sale of discontinued business			
Profit (loss) from discontinued business, net of tax	-5 727	-26 588	-26 330
Basic earnings (loss) per share	-0,07	-0,31	-0,30
Diluted earnings (loss) per share	-0,07	-0,31	-0,30

*) APM= Alternative Performance Measures, ref Note1

NOTE 13 DISCONTINUED BUSINESS (DISPOSAL GROUP HELD FOR SALE)

See accounting policy in Note 1 to the annual account 2017 for the basis of reclassification to held-for-sale and discontinued operations in note 12.

During 4Q 2017 TTS Group reclassified major parts of the business, the disposal group, as discontinued operations. The basis for this reclassification is the ongoing process with Cargotec Oy, which resulted in an asset sale agreement dated February 8th 2018. Accordingly, the majority of the group's assets and liabilities is presented as a disposal group held for sale. The transaction is expected to be completed during 3Q 2018.

Prior to reclassification to assets and liabilities held for sale, an impairment assessment was performed. For further information, see note 7. On initial classification as held-for-sale, an impairment assessment was performed. The basis for this assessment was fair value, based on the expected transaction value, adjusted for estimated cost for disposal.

The principles used for reclassification to held-for-sale is as follows;

- All assets and liabilities from the legal entities included in the disposal group has been reclassified
- Since transactions between continuing business and discontinuing business 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 financing through the Cash Pool arrangement, Cash pool balances has not been eliminated between continuing and discontinuing business. The basis for this is that each company will be responsible for refinancing the cash pool receivables/liabilities post transaction.

Notes

TTS GROUP

Discontinued business - Assets and liabilities of Disposal Group held for sale

At 31 March 2018, the Disposal Group was stated at fair value less sales cost, and comprised the following assets and liabilities:

(NOK 1 000)	Unaudited 1Q 2018	31.12.2017
Intangible assets	648 153	679 704
Tangible assets	85 428	82 229
Financial assets	37 289	37 198
Inventories	151 446	165 917
Trade and other receivables	719 135	741 343
Bank deposits/cash	213 897	235 022
Assets held for sale	1 855 348	1 941 413
Provisions	47 872	47 300
Long term interest bearing debt	286	343
Current interest bearing debt	416 367	364 390
Current liabilities	767 080	839 209
Liabilities held for sale	1 231 605	1 251 241

NOTE 14 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 15 Revenue from contracts with customers

TTS Group has initially adopted IFRS 15 Revenue from Contract with Customers as per 01.01.2018. The IFRS 15 replaces the prior IFRS 18-Revenue, and IAS 11-Construction contracts.

Until 31.12.2017 TTS deliveries are based on either

- engineer-to-order contracts; until 31.12.2017 TTS applied POC method for revenue recognition
- configure-to-order contracts ; until 31.12.2017 TTS applied completed contract for revenue recognition
- service activity/contracts; until 31.12.2017 TTS applied completed contract for revenue recognition

TTS Group has applied the revenue recognition model set out in IFRS 15.

The effect of applying the standard is attributed to the following:

- **Continued business**
 - unchanged recognition of revenue from BU SYS – engineer-to-order contracts
- **Discontinued businesses**
 - unchanged recognition of revenue from BU SER - service activity/contracts
 - unchanged recognition of revenue from BU CBT - configure-to-order contracts
 - delayed recognition of revenue from BU RCN – engineer-to-order contracts
 - delayed recognition of revenue from BU MPG – engineer-to-order contracts
 - delayed recognition of revenue from BU OFF – engineer-to-order contracts

Notes

Additional information on judgement and estimates

Continued business

BU SYS

Products delivered from the business area are considered to be on an engineer-to-order basis. Lead time from established order until completed product delivery may vary from 24 - 48 months, and construction commencing after contract award. Cancellation clauses in customer contracts as per the order book as per 01.01.2018 and 31.03.2018 are considered to comply with the set revenue recognitions criteria set out in IFRS 15.37. As such revenue recognition in the BU is recognized over time. Initial adoption of IFRS 15 have no effect on the equity or taxes attributable to the BU.

Revenue recognition based on POC measure is also considered as the most appropriate method to measure BU activity, and is reflected in the internal project control and follow up to the BU Management and the Board of TTS Group.

Discontinued business

BU RCN

Products delivered from the business area are considered to be on an engineer-to-order basis. Lead time from established order until completed product delivery may vary from 18 - 48 months, with design and construction commencing after contract award..

As cancellation clauses, on a general basis is considered not to comply with the set revenue recognitions criteria set out in IFRS 15.37. As such revenue recognition in the BU is recognized at point- in-time. Initial adoption of IFRS 15 reduces the equity attributable to the BU by MNOK 28,1, and the deferred tax liabilities by MNOK 7,9.

Revenue recognition based on POC measure is considered as an alternative method to measure BU activity, and is reflected in the internal project control and follow up by the Company.

BU MPG

Products delivered from the business area are considered to be on an engineer-to-order basis. Lead time from established order until completed product delivery may vary from 18 - 48 months and construction commencing after contract award.

As cancellation clauses, on a general basis is considered not to comply with the set revenue recognitions criteria set out in IFRS 15.37. As such revenue recognition in the BU is recognized at point- in-time. Initial adoption of IFRS 15 reduces the equity attributable to the BU by MNOK 8,3. Deferred tax assets/ liabilities are not affected by the change as deferred tax assets are not allocated to the BU.

Revenue recognition based on POC measure is considered as an alternative method to measure BU activity, and is reflected in the internal project control and follow by the Company.

BU OFF

Products delivered from the business area are considered to be on an engineer-to-order basis. Lead time from established order until completed product delivery may vary from 18 - 36 months, and construction commencing after contract award.

As cancellation clauses, on a general basis is considered not to comply with the set revenue recognitions criteria set out in IFRS 15.37. As such revenue recognition in the BU is recognized at point- in-time. Initial adoption of IFRS 15 reduces the equity attributable to the BU by MNOK 20,1. Deferred tax assets/ liabilities are not affected by the change as deferred tax assets are not allocated to the BU.

Notes

Over-time revenue recognition based on POC measure is considered as an alternative method to measure BU activity, and is reflected in the internal project control and follow up by the Company.

BU CBT

Products delivered from the business area are considered to be on a configure-to-order basis.

Lead time from order until completed delivery may vary from 9 - 18 months, however lead time from production startup until product available for customer delivery is normally less than 6 months.

Revenue from the BU is recognized at point- in-time basis according to IFRS 15.

Initial adoption of IFRS 15 have no effect on the equity nor taxes attributable to the BU.

Point-in-time revenue recognition is also considered as the appropriate method for internal project control and follow up by the Company.

BU SER

Deliveries from the service based business are considered point in time deliveries. Lead time from order to completed customer delivery is normally less than three months.

Revenue from the BU is recognized at point- in-time basis according to IFRS 15.

Initial adoption of IFRS 15 have no effect on the equity nor taxes attributable to the BU.

Point-in-time revenue recognition is also considered as the appropriate method for internal project control and follow up by the Company.

Impact on the condensed interim consolidated statement of financial position from IFRS 15

(NOK 1000)

31.03.2018	Note	As reported	Adjustments 1Q/18	Adjustments 01.01.2018	Amounts without adoption of IFRS 15
Intangible assets		22 862	-	-	22 862
Tangible fixed assets		8 522	-	-	8 522
Financial assets		-	-	-	-
Assets available for sale		-	-	-	-
Total fixed assets		31 384	-	-	31 384
Inventories		596	-	-	596
Total receivables		146 867	-	-	146 867
Bank deposits/ cash		209 428	-	-	209 428
Assets held for sale		1 855 348	-	-	1 855 348
Total current assets		2 212 239	-	-	2 212 239
Total assets		2 243 623	-	-	2 243 623
Share capital		9 548	-	-	9 548
Other equity		378 384	5 249	-56 576	429 711
Non controlling interest		146 803	-	-	146 803
Total equity		534 735	5 249	-56 576	586 062
Provisions		930	-	-	930
Long term interest bearing debt		-	-	-	-
Long term liabilities		930	-	-	930
Current interest bearing debt		326 345	-	-	326 345
Current liabilities		150 007	-	-	150 007
Liabilities held for sale		1 231 605	-5 249	56 576	1 282 932
Total current liabilities		1 707 957	-5 249	56 576	1 759 284
Total liabilities		1 708 887	-5 249	56 576	1 760 214
Total equity and liabilities		2 243 622	-	-	2 243 622

Notes

Impact on the condensed interim consolidated statement of profit or loss and OCI from IFRS 15

(NOK 000)

Continued business (BU SYS + ASA) - 31.03.2018	Note	As reported	Adjustments 1Q/18	Amounts without adoption of IFRS 15
External revenue		60 869	-	60 869
Group revenue		60 869	-	60 869
Raw materials and consumables used		42 643	-	42 643
Other operating cost		13 589	-	13 589
Income from JV and associated companies		-	-	-
Earnings before depreciation, finance and tax (EBITDA)		4 637	-	4 637
Depreciation/amortisation		384	-	384
Impairments		-	-	-
Operating profit/loss		4 253	-	4 253
Financial income		8 396	-	8 396
Financial cost		-8 592	-	-8 592
Profit/loss before tax		4 057	-	4 057
Income tax expense		1 156	-	-
Profit from continued business		2 901	-	4 057
Profit from discontinued business	12	-478	5 249	-5 727
Profit for the period		2 423	5 249	-2 826
Total comprehensive income for the period		-17 724	5 249	-22 973

Discontinued business - 31.03.2018		As reported	Adjustments 1Q/18	Amounts without adoption of IFRS 15
External turnover		334 874	-85 210	420 084
Group Turnover		334 874	-85 210	420 084
Raw materials and consumables used		214 931	-88 868	303 799
Other operating cost		106 041	-	106 041
Income from JV and associated companies		304	-	304
Earnings before depreciation, finance and tax (EBITDA)		13 598	3 658	9 940
Depreciation/amortisation		9 348	-	9 348
Impairments		-	-	-
Operating profit/loss		4 250	3 658	592
Financial income		4 139	-	4 139
Financial cost		-7 528	-	-7 528
Segment profit/loss before tax		861	3 658	-2 797
Income tax expense		1 339	-1 592	2 931
Profit for the period from discontinued business		-478	5 250	-5 728

Notes

BU RCN - 31.03.2018	As reported	Adjustments 1Q/18	Amounts without adoption of IFRS 15
External turnover	12 197	-78 975	91 172
Group Turnover	12 197	-78 975	91 172
Raw materials and consumables used	1 856	-71 738	73 594
Other operating cost	18 087	-	18 087
Income from JV and associated companies	-	-	-
Earnings before depreciation, finance and tax (EBITDA)	-7 746	-7 237	-509
Depreciation/amortisation	168	-	168
Impairments	-	-	-
Operating profit/loss	-7 914	-7 237	-677
Financial income	547	-	547
Financial cost	-7	-	-7
Segment profit/loss before tax	-7 374	-7 237	-137
Income tax expense	-1 054	-1 592	538
Profit for the period from discontinued business	-6 320	-5 645	-675

BU CBT - 31.03.2018	As reported	Adjustments 1Q/18	Amounts without adoption of IFRS 15
External turnover	131 199	-	131 199
Group Turnover	131 199	-	131 199
Raw materials and consumables used	103 448	-	103 448
Other operating cost	24 424	-	24 424
Income from JV and associated companies	304	-	304
Earnings before depreciation, finance and tax (EBITDA)	3 023	-	3 023
Depreciation/amortisation	4 904	-	4 904
Impairments	-	-	-
Operating profit/loss	-1 881	-	-1 881
Financial income	781	-	781
Financial cost	-16	-	-16
Segment profit/loss before tax	-1 116	-	-1 116
Income tax expense	1 923	-	1 923
Profit for the period from discontinued business	-3 039	-	-3 039

Notes

BU MPG - 31.03.2018	As reported	Adjustments 1Q/18	Amounts without adoption of IFRS 15
External turnover	-	-18 993	18 993
Group Turnover	-	-18 993	18 993
Raw materials and consumables used	2 234	-14 894	17 128
Other operating cost	9 119	-	9 119
Income from JV and associated companies	-	-	-
Earnings before depreciation, finance and tax (EBITDA)	-11 353	-4 099	-7 254
Depreciation/amortisation	1 513	-	1 513
Impairments	-	-	-
Operating profit/loss	-12 866	-4 099	-8 767
Financial income	209	-	209
Financial cost	-3 186	-	-3 186
Segment profit/loss before tax	-15 843	-4 099	-11 744
Income tax expense	-290	-	-290
Profit for the period from discontinued business	-15 553	-4 099	-11 454
BU OFF - 31.03.2018	As reported	Adjustments 1Q/18	Amounts without adoption of IFRS 15
External turnover	44 748	12 758	31 990
Group Turnover	44 748	12 758	31 990
Raw materials and consumables used	23 016	-2 236	25 252
Other operating cost	13 587	-	13 587
Income from JV and associated companies	-	-	-
Earnings before depreciation, finance and tax (EBITDA)	8 145	14 994	-6 849
Depreciation/amortisation	1 365	-	1 365
Impairments	-	-	-
Operating profit/loss	6 780	14 994	-8 214
Financial income	1 054	-	1 054
Financial cost	-1 929	-	-1 929
Segment profit/loss before tax	5 905	14 994	-9 089
Income tax expense	-	-	-
Profit for the period from discontinued business	5 905	14 994	-9 089

Notes

BU SER - 31.03.2018	As reported	Adjustments 1Q/18	Amounts without adoption of IFRS 15
External turnover	143 238	-	143 238
Group Turnover	143 238	-	143 238
Raw materials and consumables used	89 165	-	89 165
Other operating cost	35 893	-	35 893
Income from JV and associated companies	-	-	-
Earnings before depreciation, finance and tax (EBITDA)	18 180	-	18 180
Depreciation/amortisation	1 254	-	1 254
Impairments	-	-	-
Operating profit/loss	16 926	-	16 926
Financial income	150	-	150
Financial cost	-1 684	-	-1 684
Segment profit/loss before tax	15 392	-	15 392
Income tax expense	673	-	673
Profit for the period from discontinued business	14 719	-	14 719
OTHER - 31.03.2018	As reported	Adjustments 1Q/18	Amounts without adoption of IFRS 15
External turnover	3 492	-	3 492
Group Turnover	3 492	-	3 492
Raw materials and consumables used	-4 788	-	-4 788
Other operating cost	4 931	-	4 931
Income from JV and associated companies	-	-	-
Earnings before depreciation, finance and tax (EBITDA)	3 349	-	3 349
Depreciation/amortisation	144	-	144
Impairments	-	-	-
Operating profit/loss	3 205	-	3 205
Financial income	1 398	-	1 398
Financial cost	-706	-	-706
Segment profit/loss before tax	3 897	-	3 897
Income tax expense	87	-	87
Profit for the period from discontinued business	3 810	-	3 810

NOTE 15. SUBSEQUENT EVENTS

Major events reported to Oslo Stock Exchange after 31.03.2018

- One tranche of the convertible bond loan of MNOK 0.5 has been converted to shares in April 2018.
- Additional information on subsequent events is available at www.newsweb.no – ticker TTS.

Share- and bondholders

Shareholders per 31.03.2018		Shares	Share portion
SKEIE TECHNOLOGY AS	*)	22 655 763	26,2 %
RASMUSSENGRUPPEN AS		11 512 506	13,3 %
BARRUS CAPITAL AS		5 803 500	6,7 %
VINTERSTUA AS		4 840 000	4,9 %
SKEIE CAPITAL INVESTMENT AS	*)	4 203 361	3,3 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE		3 440 907	2,6 %
PIMA AS		2 120 003	1,7 %
TIGERSTADEN AS		1 800 000	1,7 %
GMC JUNIOR INVEST AS		1 650 000	1,6 %
TRAPESA AS		1 598 651	1,3 %
ITLUTION AS		1 475 261	1,3 %
FIRST PARTNERS HOLDING 16 AS		1 461 814	1,2 %
AVANZA BANK AB	NOM	1 250 048	1,2 %
DANSKE BANK AS	MEG	1 011 604	1,2 %
SALT VALUE AS		1 003 802	1,2 %
AVANT AS		1 000 000	1,1 %
ESPEDAL & CO AS		743 557	0,9 %
PHAROS INVEST I AS		675 000	0,8 %
GLASTAD CAPITAL AS		668 000	0,8 %
SJAP AS		520 000	0,8 %
TRYM SKEIE	*)	323 140	0,4 %
SKEIE CONSULTANTS AS	*)	300 000	0,3 %
SKEIE ALPHA INVEST AS	*)	250 000	0,3 %
OTHER		16 499 950	19,0 %
Total		86 806 867	100,0 %

*) Shares owned or controlled by members of the Skeie family, 27.732.264 shares representing 31,95 % of total shares.

Bondholders as per. 31.03.2018		Conversion rights	Share portion if fully diluted
MP PENJON PK		6 639 839	6,3 %
SKEIE TECHNOLOGY AS	1)	3 912 474	3,7 %
RBC INVESTOR SERVICES BANK S.A.	NOM	1 750 503	1,7 %
SKEIE CONSULTANTS AS	1)	1 207 243	1,1 %
SKANDINAVISKE ENSKILDA BANKEN AB	NOM	985 915	0,9 %
TAMAFE HOLDING AS	1)	804 828	0,8 %
SKEIE CAPITAL INVESTMENT AS	1)	704 225	0,7 %
PIMA AS		528 169	0,5 %
NORDA ASA		503 018	0,5 %
TEAM ATLANTIC AS		382 293	0,4 %
Other		1 161 963	1,1 %
		18 580 470	17,6 %

1) Bonds held or controlled by members of the Skeie family