



HAVYARD GROUP ASA

SECOND QUARTER AND HALF YEAR RESULTS 2015

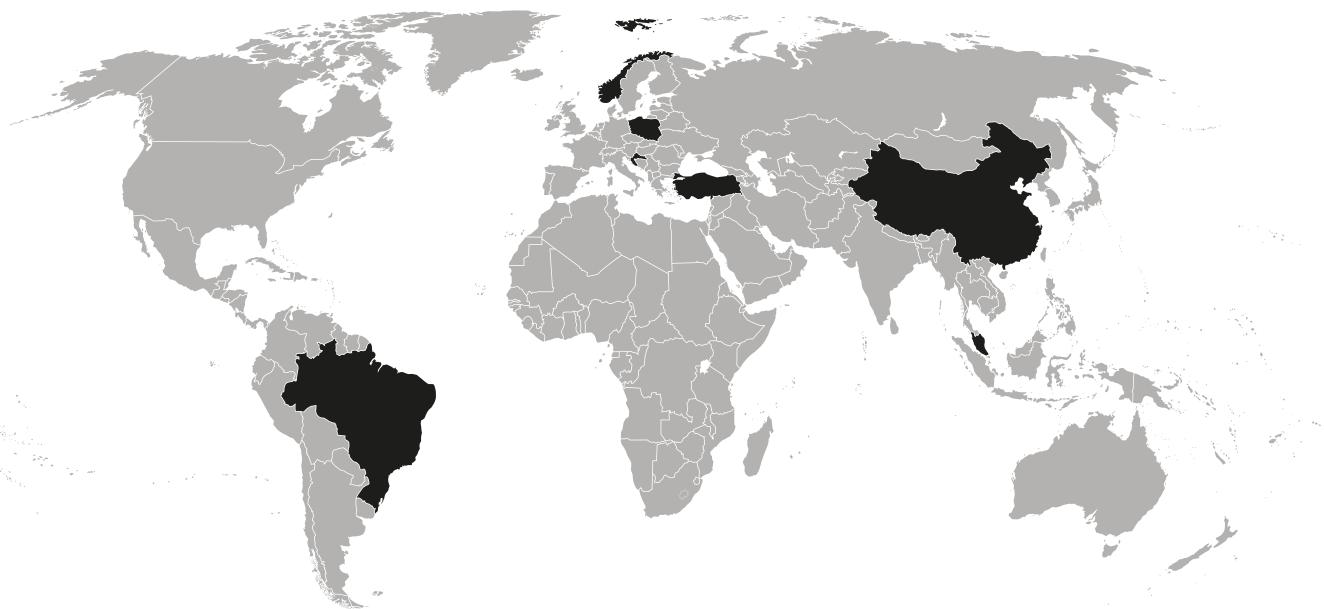




Havyard Group ASA is a fully integrated Ship Technology company and delivers products and services within the complete value chain from vessel design to support of vessels in operation. We focus on having the best competence within all the vital segments of the value chain.

Our vision is Improving Life At Sea and the motivation for our employees is to add value to and improve the situation for all who use our products.

Havyard Group delivers ship designs, ship equipment and construction of advanced vessels for offshore oil production, fishing and fish farming for shipyards and shipowners worldwide.

**HAVYARD GROUP ASA**

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DESIGN & SOLUTIONS

HAVYARD DESIGN & SOLUTIONS AS, dep. Fosnavåg
HAVYARD DESIGN & SOLUTIONS AS, dep. Stavanger
HAVYARD DESIGN & ENGINEERING Poland
HAVYARD DESIGN & ENGINEERING Rijeka d.o.o
HAVYARD South America Itda.
HAVYARD China
HAVYARD Far East

SHIP TECHNOLOGY

HAVYARD SHIP TECHNOLOGY AS, dep. Fosnavåg
HAVYARD SHIP TECHNOLOGY AS, dep. Leirvik
HAVYARD SHIP TECHNOLOGY AS, dep. Turkey
HAVYARD PRODUCTION & SERVICE Sp. z o.o.

POWER & SYSTEMS

HAVYARD POWER & SYSTEMS AS, dep. Ålesund
NORWEGIAN ELECTRIC SYSTEMS AS

HAVYARD MMC

HAVYARD MMC AS, dep. Fosnavåg
HAVYARD MMC AS dep. Vigra
HAVYARD MMC AS dep. Tromsø
HAVYARD MMC AS dep. Haugesund
MMC GREEN TECHNOLOGY AS



HIGHLIGHTS

- EBIT of NOK - 11.1 million and EBIT-margin of -3.1 % in second quarter of 2015. EBIT of NOK - 5 million in first half of 2015 with an EBIT-margin of - 0,55%
- Lower EBIT margin was expected in Q2 due to lower utilization in all business areas. This affected Havyard Ship Technology in particular, which in addition suffered extraordinary warranty costs.
- Implementation of four days' working week was successful, but not sufficient to adapt capacity to the workload in the period.
- Good development of order intake in Havyard MMC within equipment for fishery and aquaculture.
- Major new contracts
 - o Equipment package for a live fish carrier to be constructed at Kleven Myklebust for Sølvtrans.
 - o Design and equipment package for a Havyard 931 CCV (Crew Change Vessel) to be constructed at the Spanish shipyard Astilleros Zamakona for ESVAGT.

OUTLOOK

- Challenging times for our customers within the offshore market give low expectations of new orders in this segment.
- Our diversification strategy, where we have developed and delivered products for fisheries, aquaculture as well as the renewable energy sector gives us a competitive advantage over new suppliers entering these markets.
- The group as a whole depends on new order intake in most segments to fill capacity for the coming periods.
- We will continue to strengthen our competitiveness through restructuring, rationalization and downsizing for adapting the capacity. The effects of the downsizing will have full impact from the start of 2016.



HAVYARD 535







FINANCIAL SUMMARY

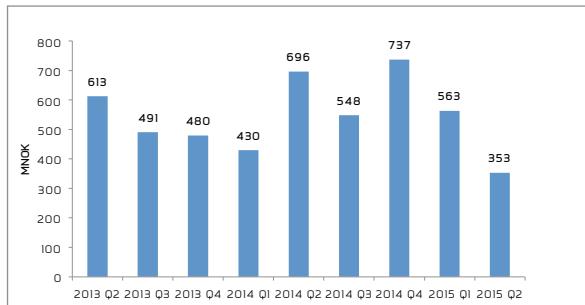
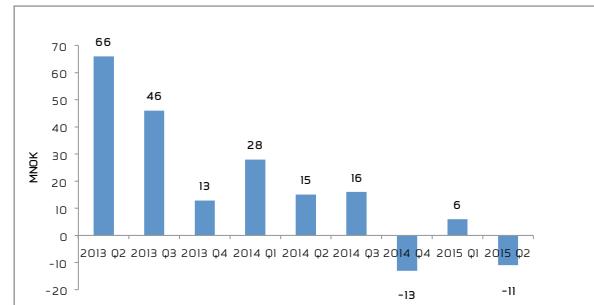
Financial result Havyard Group ASA

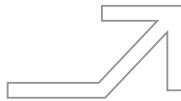
MNOK	2015 YTD	2014 YTD	Q2 15	Q2 14	2014
Operating revenues	917	1 125	354	696	2 411
Cost of sales	627	789	230	523	1 764
Payroll expences	200	198	84	97	416
Other operating exp.	82	85	44	55	165
Operating expences	909	1072	358	675	2 345
EBITDA	8	53	-5	21	66
Depreciation	13	10	6	6	21
EBIT	-5	43	-11	15	45
Net financial	19	0	-3	0	-6
Profit before tax	14	43	-14	15	39

¹The (EBIT) for 2014 includes cost for the IPO of approx. NOK 15 million

Group key figures

	2015 YTD	2014 YTD	Q2 15	Q2 14	2014
Operating revenue	917	1125	353	696	2 411
EBITDA	8	53	-4.7	21	66
EBIT	-5	43	-11.1	15	45
EBIT-margin	-0,5 %	3,8 %	-3,1%	2,2 %	1,9 %
Profit before tax	13	43	-14.1	15	39
Earnings per share	0,64	1,28	-0,53	0,40	1,24
NIBD	186	143	186	143	167
Working Capital	188	213	188	213	164

Operating revenue**EBIT**



INCOME STATEMENT

The operating revenue for the Group in the second quarter of 2015 was NOK 353.7 million, compared to NOK 695.7 million in the corresponding period in 2014. The reduction is mainly due to reduced activity at the shipyard in Leirvik. The operating revenue for the first half of 2015 was NOK 916.8 million compared to NOK 1125.4 million in the corresponding period in 2014.

For the second quarter of 2015, the Group recorded earnings before interest and tax (EBIT) of NOK - 11.2 million, while the EBIT for the second quarter of 2014 was NOK 15.0 million. The EBIT margin in the second quarter of 2015 is - 3.1% compared to 2.2 % in the second quarter of 2014. The EBIT for the first half of 2015 was NOK -5.0 million, compared to NOK 42.8 million in the first half of 2014. The EBIT-margin was -0.5% and 3.8 % in the first half of 2015 and 2014 respectively.

The margins for the first and second quarter of 2015 are affected by three loss projects in the Ship Technology segment. Additionally, there was lower capacity utilization for all areas and extraordinary warranty costs beyond provisions for Havyard Ship Technology.

FINANCIAL POSITION

The total assets in the Group have increased from NOK 1,736.4 million to NOK 1,763.5 million from the year-end 2014 to the end of second quarter of 2015.

The total equity has increased from NOK 596.3 million to NOK 618.8 million in the period from the end of 2014 to the end of second quarter 2015. The increase is mainly due to profit of acquisitions in subsidiaries in the first quarter of 2015. The equity ratio has increased from 34 % in the end of 2014 to 35 % in the second quarter of 2015, mainly due to acquisitions in subsidiaries in the first quarter of 2015.

Investments in financial assets and investments in associates decreased from NOK 343.8 million at year-end 2014 to NOK 326.3 million at the end of second quarter 2015. The reason for the reduction is acquisitions in subsidiaries previously classified as an associate and sale of shares in Fosnavåg Vekst.

Current assets have increased from NOK 1,045.1 million in the end of 2014 to NOK 1,052.2 million in the second quarter of 2015.

Total liabilities are NOK 1,114.7 million in the second quarter of 2015, compared to NOK 1,140.0 million in 2014.

CASH FLOW

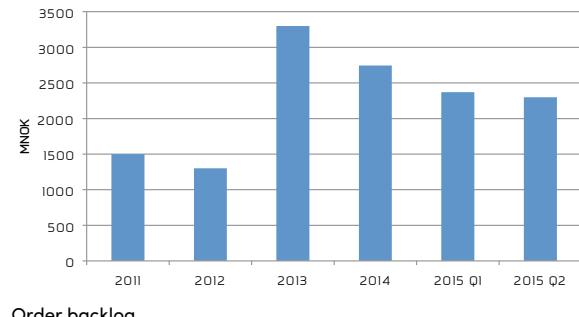
The aggregate cash flow from operating activities is negative with NOK 48.1 million in the second quarter of 2015. The main reason is reduction in other current receivables/liabilities and low profit in period.

Aggregate cash flow from operating activities is negative with NOK 52.4 million in the first half of 2015. The main reason is net negative changes in construction loans.

The aggregate cash flow from investing activities is positive with NOK 0.65 million in the second quarter of 2015. The cash flow from investing activities in the second quarter of 2015 is mainly due to sale of shares in Fosnavåg Vekst. For the first half of 2015, the cash flow from investing activities is negative with NOK 20.6 million, mainly due to acquisitions in subsidiaries in the first quarter of 2015.

The aggregate cash flow from financing activities is negative with NOK 5.3 million, due to interest costs. In the first half of 2015 the cash flow from financing activities is negative with NOK 5.9 million, due to interest cost and dividends.

ORDER STATUS, DELIVERIES AND BACKLOG



The order book is approximately NOK 2.299 million as of the second quarter of 2015. NOK 870 million are related to work in 2015, while NOK 1.429 million are related to 2016.

Most of the segments in the Group needs new order intake to fill capacity in the coming periods.

For the remaining two quarters of 2015 and 2016, the order backlog includes one PSV, one Service Operation Vessel (SOV), three AHTS Icebreakers, one fishing vessel (delivered July) and one live fish carrier.

In addition to this, the order backlog includes design contracts and equipment packages, both to domestic and foreign customers for vessels built at yards worldwide.

More information regarding the order backlog and status is specified under each segment.



SEGMENTS SHIP TECHNOLOGY

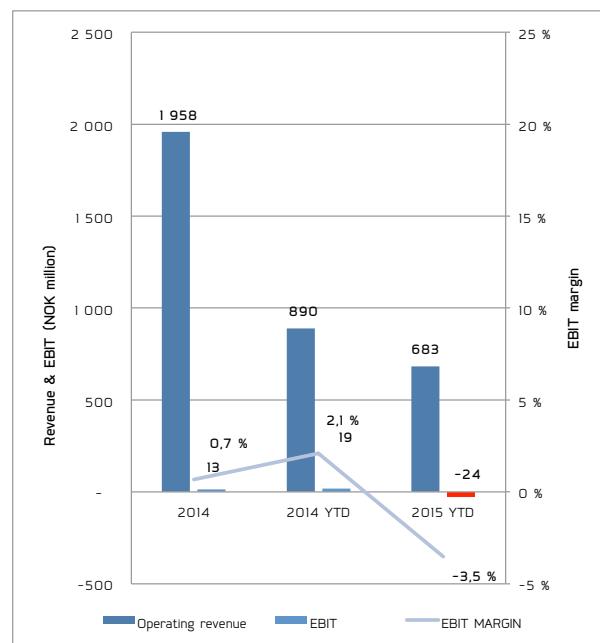
The operating revenue was NOK 683.3 million in the first half of 2015, compared to NOK 889.8 million in the corresponding period of 2014. This reduction in operating revenue reflects lower activity at the yard than in the corresponding period of 2014. The operating revenue for Q1-Q4 2014 was NOK 1 958 million. The operating profit (EBIT) in the first half of 2015 was NOK -24.1 million, compared to NOK 18.6 million in the corresponding period of 2014 and NOK 13.2 million in Q1-Q4 2014. The corresponding margins were -3.5% in the first half of 2015, compared to 2.1 % in the first half of 2014 and 0.7 % in Q1-Q4 2014.

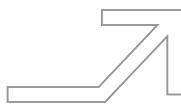
The following vessels have been docked at the shipyard in Leirvik for the outfitting phase during 2015:

- Newbuild no. 118, a prototype Havyard 832 SOV windmill service vessel to ESVAGT, delivered in February 2015
- Newbuild no. 119, a sistership of 18, also for ESVAGT, delivered in March 2015
- Newbuild no. 121, a fishing vessel of the Havyard 535 design (delivered July)
- Newbuild no. 122, a AHTS Icebreaker

Main reason for the negative result is lower utilization and extraordinary warranty costs.

The order backlog as of the first quarter of 2015 is NOK 1,889 million. The order backlog includes one PSV, one Service Operation Vessel (SOV), three AHTS Icebreakers, one fishing vessel (delivered July) and one live fish carrier.





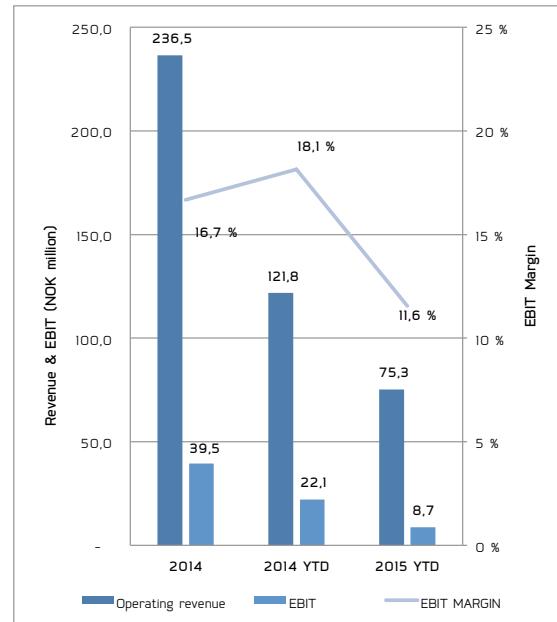
SEGMENTS DESIGN & SOLUTIONS

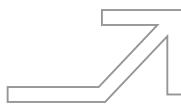
The progression in the projects is overall satisfactory. Some of the prototype projects have higher time consumption than budgeted, and some of the external projects are below budgeted time consumption. Capacity utilization is somewhat lower than in previous periods.

For the first half year of 2015, the operating revenue is NOK 75.3 million. This is a decline of NOK 46.5 million from the corresponding period in 2014. The reason for this is mainly lower activity on external projects than in the corresponding period in 2014. The operating revenue for Q1-Q4 2014 was NOK 236.5.

The operating result (EBIT) for the first half of 2015 is NOK 8.7 compared to NOK 24.0 in the first half of 2014. The EBIT-margin has declined from 18.1 % in the first half of 2014 to 11.6 % in the first half of 2015. The main reason for the decline in EBIT and EBIT-margin is lower share of work on external projects than in the first half of 2014. The operating result (EBIT) for Q1 – Q4 2014 was NOK 39.4 million, corresponding to a margin of 16.7 %.

Total order backlog for this segment is approximately NOK 248.6 million, where approximately NOK 11.6 million is internal deliveries. Total external order backlog is NOK 237 million.





SEGMENTS POWER & SYSTEMS

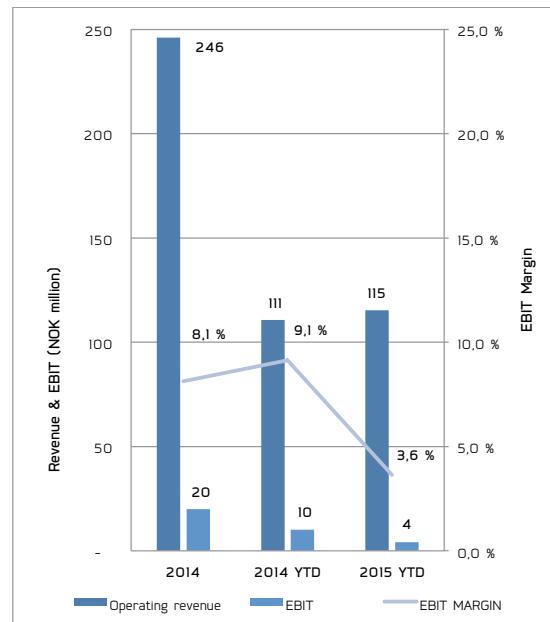
The Power & Systems segment has increased the operating revenue by NOK 3.6 million to NOK 115.3 million in the first half of 2015 compared to NOK 110.6 million in the corresponding period of 2014. Of the total segment revenue of NOK 115.3 million, Norwegian Electric Systems (NES) contributes with NOK 80.9 million.

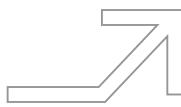
The operating profit (EBIT) for the first quarter of 2015 is NOK 4.2 million compared to NOK 10.1 million in the corresponding period of 2014. The reason for the lower margins is lower capacity utilization and work on projects where loss provisions were set in earlier periods. In Q1 – Q4 2014, the operating revenue was NOK 246.1 million and the operating profit (EBIT) was NOK 20.0 million, corresponding to an operating margin of 8.1 %.

After a restructuring process in Q1 15, Havyard Production and services (HPR) is a part of the Ship Technology segment from 01.01.2015. The reason for this restructuring is that Havyard Ship Technology is the largest customer and that HPR has expanded and now delivers services to the whole value chain in the Ship Technology segment, and not just electricians. By integrating these two companies the Group will realize beneficial synergies.

Havyard increased its owner share for 37.9 % to 50.5 % in Norwegian Electric Systems at the end of January 2015. The purchase price for 12.6 % was 18.3 million. NES is included in the figures from February 2015. In previous periods Havyard's share in NES was included in financial income. See note 5 for more information.

The order backlog for the Power and Systems segment is 175.7 million. 121.8 million are internal deliveries. The external order book is 53.9 million.





SEGMENTS

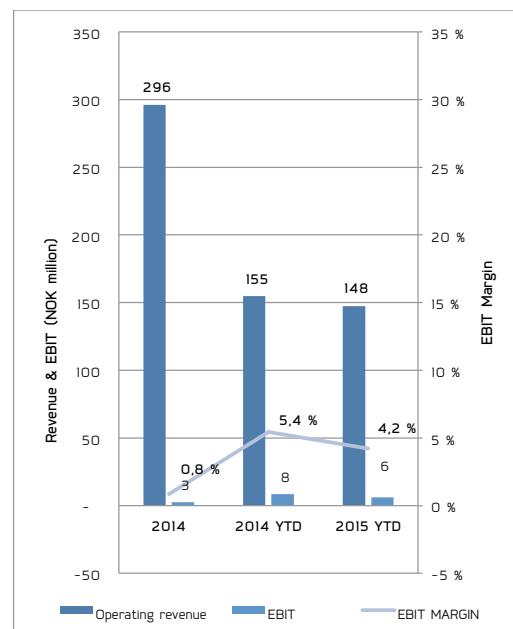
MMC

The operating revenue has decreased from NOK 154.8 million in the first quarter in 2014 to NOK 147.5 million in the first quarter of 2015. The decrease of NOK 7.3 million is mainly related to lower capacity utilization. The operating revenue for Q1-Q4 2014 was NOK 296.1 million.

The operating profit (EBIT) of NOK 6.3 million in the first half of 2015 is a decline from the first half of 2014 when the operating profit was NOK 8.4 million. The main explanation to the lower result is primarily lower capacity utilization in the Fish Handling segment, and the fact that MMC is still working in some projects where provisions for losses were set in 2014.

In the first quarter of 2015 the EBIT-margin is 4.2 %, compared to 5.4 % in the first half of 2014 and 0.8 % for Q1-Q4 2014.

The order backlog for MMC is approximately NOK 138.9 million, where NOK 19.7 million is internal deliveries to the Ship Technology segment. External order backlog is approximately NOK 119 million.





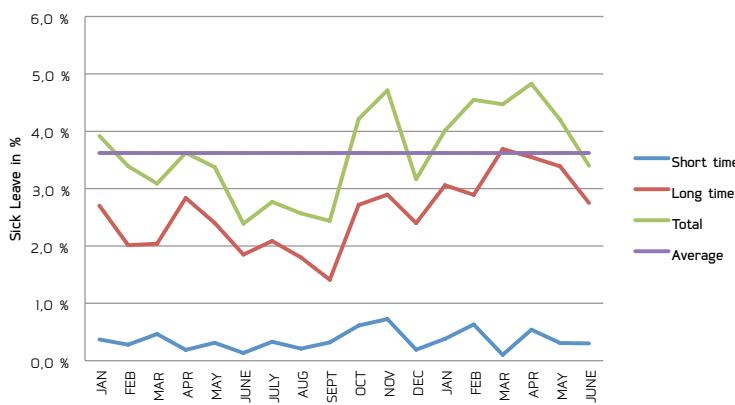
HEALTH, SAFETY & QUALITY

The Groups average total sick leave in the 18- month period January 2014 to June 2015 is 3.62%. The average first half year of 2015 is 4.24%. The sick leave has been steadily decreasing during 2013 and 2014, but has now increased somewhat in 2015. The reduction in 2013 and 2014 is a result of a long term focus on Inclusive working condition, job presence during sick leave and occupational health care. The increase in 2015 is considered to be of temporary character.

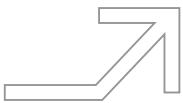
During the last 12 months the Group has had a total of 13 injuries resulting in absence from work. This figure includes the subcontractors at the ship yard in Leirvik. An extensive action plan is implemented with the target of reducing injuries both for own employees and subcontractors, and this has reduced the number of injuries.

In addition to health and safety the Group is focusing on quality. Internal audits in accordance with ISO 9001/ISO 14001, several supplier audits and audits from costumers were performed in 2014 and this process continues in 2015. Quality deviations are measured, documented in action lists and handled as quickly and effectively as possible.

Sick leave Group 2014 and 2015







PRINCIPAL RISKS AND UNCERTAINTIES

Havyard Group defines operational risk as the ability to deliver at the right time, with the right quality and at the right cost. The delivery of vessels, design packages and equipment in accordance with these parameters are a substantial risk element, and is the most significant factor that affects Havyard Group's financial results.

Other risk factors are interest rates, exchange rates and our customers' ability to meet its obligations.

Havyard Group works systematically with risk management in all its segments and subsidiaries. All managers are responsible for risk management and internal control within their business segment. Reference is made to the annual report for 2014 for a further description of risk factor and risk management.

Fosnavåg, 25 August 2015
The Board of Directors and CEO
Havyard Group ASA

RESPONSIBILITY STATEMENT FROM THE BOARD AND CEO

Today, the Board of Directors and the CEO of Havyard Group ASA have considered and approved the financial statements as of 30 June 2015 and for the six month period ended 30 June 2015. The report has been prepared in accordance with IAS 34 Interim Financial Report as endorsed by the EU and additional Norwegian regulations.

To the best of our knowledge, we confirm that:

- the financial statements for the six month period ended 30 June 2015 have been prepared in accordance with applicable financial reporting standards
- the information presented in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and results for the period
- the information presented in the financial statements gives a true and fair view of the development, performance, financial position, principle risks and uncertainties of the group

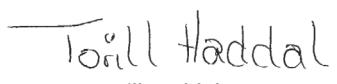
Fosnavåg, 25 August 2015
The Board of Directors and CEO


Børđ Mikkelsen
Chairman of the Board of Directors


Vegard Sævik
Deputy Chairman


Svein Asbjørn Gjelseth
Board member


Petter Thorsen Frøystad
Board member


Torill Haddal
Board member


Jan-Helge Solheim
Board member


Hege Sævik Rabben
Board member


Geir Johan Bakke
CEO

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Havyard Group ASA

(NOK 1,000)	2015 YTD (unaudited)	2014 YTD (unaudited)	2015 Q2	2014 Q2	2014
Sales revenues	913 132	1 123 875	352 660	694 873	2 401 597
Other operating revenues	3 671	1 530	1 026	849	9 208
Operating revenues	916 802	1 125 405	353 685	695 722	2 410 805
Cost of sales	627 008	788 820	230 212	523 502	1 763 601
Payroll expenses etc.	200 407	198 421	84 146	96 767	416 329
Other operating expenses	81 654	84 672	44 037	54 860	164 659
Operating expenses	909 069	1 071 913	358 395	675 129	2 344 589
Operating profit before depreciation and amortization - EBITDA	7 733	53 492	-4 710	20 593	66 215
Depreciation	12 735	10 708	6 458	5 596	21 064
Operating profit - EBIT	-5 002	42 784	-11 168	14 997	45 152
Profit of purchase in associate	22 603	-	-	-	-
Financial income	10 980	5 910	7 172	2 854	20 256
Financial expenses	17 881	10 638	12 161	5 964	32 344
Share of profit/loss of associate	2 929	5 013	1 980	3 105	6 036
Profit before tax	13 628	43 069	-14 178	14 992	39 100
Income tax expense	-2 157	10 624	-3 238	3 373	9 089
Profit for the period	15 785	32 445	-10 940	11 619	30 010
Attributable to :					
Equity holders of parent	14 323	28 748	-11 974	8 859	27 992
Non-controlling interest	1 462	3 697	1 034	2 760	2 018
Total	15 785	32 445	-10 940	11 619	30 010
Earnings per share (NOK)	0,64	1,28	-0,53	0,40	1,24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 Havyard Group ASA

(NOK 1,000)	2015 YTD	2014 YTD	2015 Q2	2014 Q2	2014
	(unaudited)		(unaudited)		
Profit for the period	15 785	32 445	-10 940	11 619	30 010
Other comprehensive income					
Items that will be reclassified to income statement					
Translation differences					
Fair value adjustment available-for-sale financial assets					
Total	-	-	-	-	-
<hr/> Other comprehensive income					
<hr/> Total comprehensive income	15 785	32 445	-10 940	11 619	30 010
 Attributable to :					
Equity holders of parent	14 323	28 748	-11 974	8 859	27 992
Non-controlling interest	1 462	3 697	1 034	2 760	2 018
Total	15 785	32 445	-10 940	11 619	30 010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Havyard Group ASA

(NOK 1,000)

ASSETS

	2015 Q2 (unaudited)	2014
Non current assets		
Goodwill	60 094	23 918
Licenses, patents and R&D	67 218	59 912
Property, plant and equipment	257 680	263 549
Investment in associates	79 145	88 190
Loan to associates	16 788	14 817
Investment in financial assets	159 921	172 071
Other non current receivable	70 460	68 827
Total non current assets	711 306	691 284
Current Assets		
Inventory	52 759	40 673
Accounts receivables	136 261	79 123
Other receivables	96 962	88 274
Construction WIP in excess of prepayments	597 918	642 464
Cash and cash equivalents	168 317	194 562
Total Current Assets	1 052 217	1 045 096
TOTAL ASSETS	1 763 523	1 736 380

EQUITY AND LIABILITIES

	2015 Q2 (unaudited)	2014
Equity		
Share capital	1 126	1 126
Share premium reserve	5 462	5 462
Treasury shares	-7	-7
Retained earnings	587 998	583 750
Non-controlling interest	24 188	6 009
Total equity	618 768	596 340
 Long term liabilities		
Deferred tax liability	56 592	48 447
Bond loan	147 836	146 941
Loans and borrowings, non-current	74 528	61 574
Other long-term liabilities	1 497	2 191
Total long term liabilities	280 453	259 153
 Current liabilities		
Accounts payables	137 984	149 267
Taxes payable	3 428	3 925
Provision for dividend	-	-
Public duties payables	39 342	19 310
Construction loans	370 247	515 540
Loans and borrowings, current	40 727	38 230
Prepayments in excess of construction WIP	149 559	53 164
Other current liabilities	123 015	101 451
Total current liabilities	864 302	880 887
 Total liabilities	1 144 755	1 140 040
TOTAL EQUITY AND LIABILITIES	1 763 523	1 736 380

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Havyard Group ASA

(NOK 1,000)

	Share capital	Share premium reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
January 1, 2015	1 126	5 462	-7	583 750	590 331	6 009	596 340
Profit & loss	0	0	0	14 323	14 323	1 462	15 785
Other comprehensive income	0	0	0	0	0	0	0
Purchase/sale of treasury shares	0	0	0	0	0	0	0
Purchase of subsidiaries	0	0	0	0	0	16 716	16 716
Dividends	0	0	0	-10 073	-10 073	0	-10 073
June 30, 2015	1 126	5 462	-7	588 000	594 581	24 188	618 768

	Share capital	Share premium reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
January 1, 2014	1 126	5 462	-15	640 865	647 438	21 001	668 438
Profit & loss	0	0	0	28 748	28 748	3 697	32 445
Other comprehensive income	0	0	0	0	0	0	0
Purchase/sale of treasury shares	0	0	0	0	0	0	0
Put option minority interest	0	0	0	4 695	4 695	-17 011	-12 314
Dividends	0	0	0	-24 996	-24 996	0	-24 996
June 30, 2014	1 126	5 462	-15	649 313	655 885	7 688	663 573



CONSOLIDATED STATEMENT OF CASHFLOW
Havyard Group ASA

(NOK 1,000)	2015 YTD (unaudited)	2014 YTD (unaudited)	2015 Q2	2014 Q2	2014
CASH FLOW FROM OPERATIONS					
Profit/(loss) before tax	13 628	43 068	-14 178	14 991	39 100
Taxes paid	-1 807	-26 921	-	-4 097	-57 903
Depreciation	12 735	10 708	6 458	5 596	21 064
Profit of purchase in associates	-22 603	-	-	-	-
Impairment	-	-	-	-	-
Share of (profit)/loss from associates	-2 929	-5 013	-1 980	-3 105	-6 036
Changes in inventory	-7 214	4 279	-8 187	-1 186	-1 801
Net changes in construction loans	-104 566	257 483	276 481	75 270	380 752
Changes in accounts receivables/construction WIP	64 200	-272 664	-235 638	-66 227	-377 893
Changes in accounts payable	-37 350	-63 330	15 156	-7 881	20 989
Changes in prepayments from customers	90 839	-89 059	18 470	-87 078	-179 638
Changes in other current receivables/liabilities	-57 337	5 598	-104 712	-17 781	15 233
Net cash flow from/(to) operating activities	-52 404	-135 851	-48 130	-91 498	-146 133
CASH FLOW FROM INVESTMENTS					
Investments in property, plant and equipment	-18 140	-25 490	-15 836	-20 592	-42 585
Investment in intangible assets	-	-5 728	1 702	-3 961	-20 290
Investment in/disposal of financial assets	12 150	46 011	12 150	46 011	136 824
Purchase of subsidiaries	-18 270	-	-	-	-
Interest income	7 217	5 146	5 490	2 490	12 626
Dividends received	-	-	-	-	1 990
Changes in long term receivables	-3 603	-1 457	-2 853	185	-4 968
Net cash flow used in investing activities	-20 646	18 482	653	24 133	83 597
CASH FLOW FROM FINANCING ACTIVITIES					
New long term debt	15 994	146 400	-	146 400	146 400
Repayment long term debt	-3 734	-42 684	-1 295	-36 929	-43 020
Purchase of minority shares in Havyard MMC	-	-25 191	-	-25 191	-25 191
Interest costs	-8 165	-3 797	-4 033	-1 901	-13 475
Purchase/sale of treasury shares	-	-	-	-	5 999
Dividends	-10 073	-24 996	-	-4 163	-94 996
Net cash flow from/ (used in) financing activities	-5 978	49 732	-5 328	78 216	-24 283
Net change in cash and cash equivalents	-79 028	-67 637	-52 805	10 852	-86 819
Cash and cash equivalents at start of the period	194 562	281 381	134 231	202 893	281 381
Cash and cash equivalents from purchase of subsidiaries	52 783	-	-	-	-
Cash and cash equivalents at end of the period	168 317	213 744	168 317	213 745	194 562
Restricted bank deposits at the end of the period	89 471	112 115	89 471	112 115	114 377
Available cash and cash equivalents at the end of the period	78 846	101 629	78 846	101 629	80 185

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

Havyard Group ASA

1. General information

Havyard Group ASA is a public limited company based in Norway, and its head office is located in Fosnavåg, Herøy. The group in total employs 767 people as of 30 June 2015, of whom approximately 681 are employed in Norway.

Havyard Group ASA was incorporated as a public limited company 25 February 2014, and was listed on the Oslo Stock Exchange 1 July 2014.

2. Basis of preparation and changes to the Group's accounting policies

The Interim Condensed Consolidated Financial Statements for the period ended 30 June 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim Condensed Consolidated Financial Statements are not subject to audit, and do not include all the information and disclosures required in the annual Financial Statements. It should be read in conjunction with the Group's annual Financial Statements as of 31 December 2014.

The same use of accounting principles and estimates has been applied as in the Financial Statements for 2014.

3. Segment

(NOK 1,000)	2015 Q2					
	Ship Technology	Design & Solution	Power & Systems	MMC	Elimination / Other	Havyard Group
Total operating revenue	231 692	26 781	58 572	80 499	(43 859)	353 685
Operating profit /loss EBITDA	(22 393)	4 295	4 711	8 370	307	(4 710)
Depreciation	3 438	863	1 111	1 021	25	6 458
Operating profit/(loss) (EBIT)	(25 831)	3 432	3 600	7 349	283	(11 169)
Net financial items	(1 542)	(722)	25 717	(2 265)	(24 198)	(3 009)
Share of profit/(loss) from associate	-	-	-	-	1 981	1 981
Profit/(Loss) before tax	(27 373)	2 710	29 317	5 084	(23 916)	(14 178)

"Elimination / Other" contains parent company items and elimination of intra-group transactions.

(NOK 1,000)	2015 Q2 YTD					
	Ship Technology	Design & Solution	Power & Systems	MMC	Elimination / Other	Havyard Group
Total operating revenue	683 325	75 327	115 332	147 503	(104 685)	916 802
Operating profit /loss EBITDA	(17 285)	10 503	6 126	8 333	56	7 733
Depreciation	6 895	1 780	1 864	2 047	149	12 735
Operating profit/(loss) (EBIT)	(24 180)	8 723	4 262	6 286	(92)	(5 002)
Net financial items	(2 398)	(170)	26 635	(3 438)	(1 999)	18 631
Share of profit/(loss) from associate	-	-	-	-	2 929	2 929
Profit/(Loss) before tax	(26 578)	8 553	30 897	2 848	(2 092)	13 628

"Elimination / Other" contains parent company items and elimination of intra-group transactions.

2014 Q2 YTD						
(NOK 1,000)	Ship Technology	Design & Solution	Power & Systems	MMC	Elimination / Other	Havyard Group
Total operating revenue	889 837	121 786	110 602	154 832	(151 652)	1125 405
Operating profit /loss EBITDA	24 476	23 763	10 303	11 155	(16 205)	53 492
Depreciation	5 843	1 707	213	2 803	142	10 708
Operating profit/(loss) (EBIT)	18 633	22 056	10 090	8 352	(16 347)	42 784
Net financial items	(692)	(2 058)	(8)	(4 269)	2 299	(4 728)
Share of profit/(loss) from associate	-	-	-	-	5 013	5 013
Profit/(Loss) before tax	17 941	19 998	10 082	4 083	(9 035)	43 069

"Elimination / Other" contains parent company items and elimination of intra-group transactions.

2014						
(NOK 1,000)	Ship Technology	Design & Solution	Power & Systems	MMC	Elimination / Other	Havyard Group
Total operating revenue	1 958 019	236 498	246 122	296 084	(325 918)	2 410 805
Operating profit /loss EBITDA	25 183	42 821	20 421	7 352	(29 562)	66 215
Depreciation	11 960	3 370	429	4 863	442	21 064
Operating profit/(loss) EBIT	13 223	39 451	19 992	2 489	(30 004)	45 152
Net financial items	(199)	(6 658)	1 918	(5 955)	(1 194)	(12 088)
Share of profit/(loss) from associate	-	-	-	-	6 036	6 036
Profit/(Loss) before tax	13 024	32 793	21 910	(3 466)	(25 162)	39 100

Elimination/Other includes IPO costs of NOK 15 million

"Elimination / Other" contains parent company items and elimination of intra-group transactions.

4. Non current financial investments

2014						
Company	Ownership share/ voting share	Business office	Equity as of last year (100%)	Result as of last year (100%)	Carrying amount	
P/F 6. September 2006	10.9%	Færøyene		526 668	134 107	61 818
Vestland Offshore Invest AS	16.8%	Torangsvåg		563 254	-14 614	80 187
Other non-current financial investments					30 066	
Carrying amount as of 31.12.14					172 071	

2015 Q2

Company	Ownership share/ voting share	Business office	Equity as of last year (100%)	Result as of last year (100%)	Carrying amount
P/F 6. September 2006	10.9%	Færøyene	673 975	97 112	61 818
Vestland Offshore Invest AS	16.8%	Torangsvåg	583 632	20 379	80 187
Other non-current financial investments					17 916
Carrying amount as of 30.06.15					159 921

All investments are unquoted equity shares and are classified as level 3 investments.

Changes in carrying amount from 31.12.14 to 30.06.15:

Level 3 investments 31.12.14 172 071
Sale of share in Fosnavåg Vekst -12 150

Level 3 investments 30.06.15 159 921

5. Acquisition of subsidiaries

On 26 January 2015, Havyard Group ASA ("Havyard") acquired 12.6 % of the shares in Norwegian Electric Systems AS ("NES") for NOK 18.3 million, increasing its ownership in NES to 50.5 %. The acquisition is paid in cash and is financed from existing cash balance in Havyard Group ASA.

Norwegian Electric Systems AS is a high-tech electrical company with a focus on diesel electric and hybrid electric systems for the global maritime market. The company employs 36 persons, and delivers main switchboards, generators, motors and complete systems including engineering.

Securing majority ownership in NES represents an important step in Havyard's strategic growth, and is consistent with a long term strategy in Havyard of controlling larger parts of the value chain. It also secures that the two companies will obtain synergies, especially within product development and production.

The acquisition date for accounting purposes is set to 1 February 2015. The acquisition is regarded as a business combination and has been accounted for using the purchase price method of accounting in accordance with IFRS 3. A purchase price allocation (PPA) has been performed to allocate the cash consideration to fair value of assets and liabilities from Norwegian Electric Systems AS. Fair value is determined based on guidance in IFRS 13.

The acquisition consists of:

Book value previously owned shares	17 018
Profit on previously owned shares	22 603
Cash decreased for control premium	13 270
Total acquisition for allocation	52 891

The recognised amounts of assets and liabilities assumed as at the date of the acquisition were as follows.

Amounts in NOK million	01.02.15
R&D	5 505
Equipment and other fixed assets	2 701
Inventories	5 284
Trade accounts payable	49 278
Other short-term receivables	26 652
Cash and cash equivalents	52 783
Total assets	142 205

Deferred tax	8 995
Trade creditors	37 085
Tax payable	1 310
Public duties payable	2 343
Other short-term liabilities	59 955
Total liabilities	108 688

Total identifiable net assets at fair value	33 517
Group share (50,5%)	16 716
Goodwill arising on acquisition	36 175
Share of identifiable added value at net value	52 891

The goodwill arises principally because of expected synergies, especially within product development and production. The purchase price allocation is preliminary and may be adjusted during the year.

From the date of acquisition to 30 June 2015 NES contributed NOK 80.9 million to group operating revenues and NOK 2.5 million to group profit. If the acquisition had taken place at the beginning of the year, Havard group operating revenues and profit of the year 2015 would have been NOK 98.1 million and NOK 2.8 million, respectively.

6. Share capital and share information

	2015 Q2	2014
Number of ordinary shares	22 528 320	22 528 320
Par value (NOK)	0,05	0,05
Share capital (NOK)	1 126 416	1 126 416

All shares have equal rights.

2015

The Group has paid a dividend of MNOK 10.1 in March 2015.

2014

The General meeting held 26.03.14 decided to split the shares in the ratio 1:20.

After the split, the number of shares is 22 528 320. The nominal amount is NOK 0.05.

Dividends and group contributions

The Group has paid a dividend of MNOK 60.0 in October 2014, and MNOK 10.1 in December 2014. In addition, the Group has paid dividend of MNOK 24.8 based on the 2013 financial statement.

Shareholders as of 30.06.2015	Controlled by	Number of shares	Ownership
Havila Holding AS		14 300 000	63,5 %
Geir Johan Bakke AS	Geir Johan Bakke (CEO)	1 202 520	5,3 %
SEB Private Bank S.A. (Nom)		569 100	2,5 %
Morgan Stanley & CO. LLC (Nom)		495 136	2,2 %
Goldman Sachs & CO Equity (Nom)		489 308	2,2 %
Erle Invest AS		406 538	1,8 %
MSIP Equity		400 635	1,8 %
Goldman Sachs Int. equity (Nom)		295 234	1,3 %
Solsten Investment Funds PLC		269 500	1,2 %
Jonfinn Ulfstein		242 980	1,1 %
Arve Helsem Leine		242 980	1,1 %
Stig Magne Espeseth		242 980	1,1 %
Other shareholders (<1 %)		3 371 409	15,0 %
Number of shares		22 528 320	100,0 %

Ultimate controlling company of the Group is Havila Holding AS. Boardmembers Hege Sævik Rabben and Vegard Sævik have indirect ownership in the group through their ownership in Havila Holding AS.

Parent company Havila Holding AS is a limited company based in Norway, and its head office is located in Fosnavåg, Herøy.



