Interim report first quarter 2014

Scana Industrier ASA is a Nordic industrial group whose key business is supplying products and system solutions to energy-related businesses. This encompasses oil and gas, other forms of energy and marine activities for the offshore area. Scana also provides servicing, maintenance and repairs for customers in the same markets.

Scana's technology, unique expertise in engineering materials and extensive production experience form the basis of the group's competitiveness. Scana's aim is to be the preferred supplier for leading companies within our market segments. The majority of Scana's customers are located in Europe, America and South East Asia.

Scana Industrier ASA has subsidiaries in Norway, Sweden, China, the USA, Poland, Singapore, Brazil and South Korea. The Group's head office is in Stavanger.

Improvements but challenges remain

- Revenue was NOK 464 million in the first quarter of 2014 with EBITDA of NOK 8 million.
- EBITDA improved by NOK 37 million from the fourth quarter of 2013.
- Major reductions in staffing levels in the company and inadequate earnings.
- The agreement with HitecVision on the sale of Scana Offshore Technology AS, Scana Offshore Services Inc. in Houston and the workshop part of Scana Offshore Vestby in the first quarter.
- The Scana Energy core business area shows a positive trend.

Financial performance

The group's total revenue was NOK 464 million in the first quarter of 2014, compared with NOK 413 million for the same period in 2013. This is an increase of 12 per cent.

EBITDA was NOK 8 million in the first quarter of 2014, which is equivalent to an EBITDA margin of 2 per cent compared with -5 per cent for the corresponding period in 2013.

Net order inflow in the first quarter amounted to NOK 410 million, up NOK 36 million from first quarter 2013. The order reserve at the end of the first quarter of 2014 was NOK 838 million for continued operations.

Net financial items amounted to NOK -5 million in the first quarter of 2014, compared with NOK -18 million in the first quarter of 2013. Interest expenses amounted to NOK -8 million, net agio items amounted to NOK 2 million.

Scana hedges all major contracts in foreign currency. The change in value is recognised in accordance with IFRS.

Tax expenses for the first quarter are NOK 2 million.

Changes in value of effective hedging instruments that satisfy IFRS criteria for hedge accounting, among other things, appear under the item other revenues and costs. In the first quarter, such instruments including foreign currency differences fell in value by NOK 8 million.

Earnings per share were NOK -0.12 for the first quarter of 2014.

Performance of key figures:

	Quarters					Year to date		Full Year
NOK million	Q1 14	Q1 13	Q4 13	Q3 13	Q2 13	2014	2013	2013
Operating revenue	464	413	455	388	406	464	413	1 662
EBITDA	8	-16	-29	-13	-13	8	-16	-71
Operating profit EBIT	-7	-33	-157	-31	-31	-7	-33	-252
Operating margin %	-2 %	-8 %	-35 %	-8 %	-8 %	-2 %	-8 %	-15 %
Profit before tax	-13	-51	-162	-45	-34	-13	-51	-293
Order inflow	410	374	392	378	341	410	374	1 484
Order reserve	838	1 050	896	967	993	838	1 050	896

Cash flow

Net cash flow from operating activities amounted to NOK -25 million in the first quarter.

Net cash flow from investing activities was NOK 19 million, of which the sale of non-current assets represents the main part when considering the quarter as a whole.

Net cash flow from financing activities was NOK -42 million.

Net cash flow in the fourth quarter was accordingly NOK -48 million.

Balance sheet and capital position

The total balance sheet at the end of the first quarter of 2014 was NOK 1,482 million, which is a fall of NOK 56 million compared with the end of 2013. The group's net interest-bearing debt was NOK 468 million. Syndicate loan is classified as being short-term as a result of the loan falling due in the first quarter of 2015. Financial covenants were met at the end of the first quarter.

A carrying amount for equity of NOK 389 million corresponds to NOK 5.17 per share and an equity ratio of 26 per cent.

Super Senior Facility (75 million) was finally repaid in March 2014 with a down payment of NOK 39.2 million, according to agreed schedule.

USD Bullet Loan (8.7 million) was repaid in January 2014.

<u>Share price trend</u>
The closing price for shares in Scana was NOK 1.83 at the end of the first quarter. The closing price at the end of 2013 was NOK 1.91. Scana holds 10,508 of its own shares. Scana has a Market Maker agreement to increase the liquidity of its shares and ensure listing on the Oslo Børs Match list.

<u>Strategic initiatives</u>

New reporting structure
Scana Steel Stavanger AS, Scana Steel Söderfors AB and Scana Steel Booforge face major profitability challenges and have been listed as Other business area for restructuring.

Energy
Scana Energy is established as a legal structure with common management. Work will continue in relation to deriving synergies and coordination effects between the companies Scana Steel Bjørneborg AB, Scana Machining AB and Scana Subsea AB.

Propulsion
Scana Volda is implementing cost reductions in the annual cost measures of approx. NOK 20 million in the first and second quarters. The reduction for 2014 is expected to be approx. NOK 10 million.

Offshore
The sale of the Offshore Services grouping, which comprises Scana Offshore Technology AS, Scana Offshore Services Inc. and the workshop part of Scana Offshore Vestby AS is expected to be completed during May 2014.

Work is underway on an additional development platform in partnership with other players in the market for the remaining project activities in Vestby.

Efforts are being made to increase investment within the Instrument & Controls market areas.

Property
Scana Industrier ASA owns property, most of which is in Norway and Sweden. The properties are expected to represent value for the group.

Other business
Significant cost-reduction measures are being implemented in Scana Steel Stavanger and Scana Steel Søderfors in order to reduce risk in the companies and safeguard operations at a lower activity level. The companies are listed under Other Assets and will represent a restructuring project in the group.

Major reductions in staffing levels by just over 100 FTEs will be carried out in companies with low profitability throughout the first and second quarters. Scana Industrier ASA is working to assess various strategies for the business areas.

BUSINESS AREAS

Scana Energy

This business area includes Scana Steel Björneborg, Scana Machining and Scana Subsea, all of which are based in Sweden. The area manager is employed as the CEO of Scana Energy.

During the first quarter of 2014, operating revenue was NOK 154 million. This is an increase of 6 per cent on the corresponding period in 2013. EBITDA for the first quarter was NOK 9 million, which is equivalent to a 6 per cent EBITDA margin, compared with -2 per cent for the corresponding period in 2013.

Orders
The business area’s net order inflow was NOK 115 million in the first quarter. The order reserve amounts to NOK 301 million compared with NOK 387 million at the same point in 2013.

Operations
This business area has experienced a satisfactory activity level in the first quarter. The results from the quarter make visible the effect of the cost-reduction measures that were implemented and which will have an effect throughout the year. Björneborg showed an improvement in the first quarter with a positive EBITDA of over NOK 10 million compared with a negative EBITDA for the same period in 2013. Additional cost-optimisation

programmes have been initiated in the organisation in order to strengthen this business area's balance sheet.

Market
Continued low prices in the energy segment with overcapacity in the market are also applying pressure on the margins and profitability. Increased tender activity in the first quarter indicates a slight improvement compared with the previous quarter.

Important projects within the marine segment, which were won in the first quarter of 2013, were realised during the course of the first quarter. This secures Scana Energy's position as a key player in the delivery of propeller shafts. The marine segment showing a positive trend will be important for profitability in this business area.

The steel segment has experienced steady growth throughout the first quarter. Much depends on the European steel market maintaining its stability with limited volatility in the foreseeable future, but continued price pressure must also be expected in the second quarter. Increased demand from the American and Asian markets contributed to the growth in the first quarter, particularly within the car segment.

The Subsea market has shown a positive trend in the first quarter with a high degree of tender activity. The order reserve for Scana Subsea remains high.

Scana Energy will continue to work with commercial measures to capture market shares. The company is on the right track for developing a stable platform for future growth and will utilise its position as a niche key player in the market.

Scana Propulsion

Reporting for this area includes the production units of Scana Volda and Scana Mar-El as well as service and sales offices in Poland, Singapore, China, Brazil and the USA.

Operating revenue amounted to NOK 87 million in the first quarter of 2014. This is a fall of 11 per cent from the corresponding period in 2013. EBITDA for the first quarter was NOK -7 million, which is equivalent to a -8 per cent EBITDA margin, compared with 3 per cent for the corresponding period in 2013.

Orders
Order inflow amounted to NOK 93 million in the first quarter. The order reserve amounted to NOK 163 million compared with NOK 164 million at the same point in 2013.

The order reserve in the first quarter of 2014 is better than in the last quarter in 2013, but it is still low. This business area entered into important new sales contracts in the first quarter and it is especially positive that we have won a large order of gears and propellers for Vard for an anchor handling vessel for Bourbon Offshore. Pressure continues to be applied to the margins of the contracts due to low global shipbuilding activity and the free capacity of equipment suppliers.

Operations
The production companies within Propulsion still need to build order reserves to achieve the capacity for the second half of 2014. Scana Mar-El has excellent order reserves, but Scana Volda needs additional orders. Cost-reducing measures will be implemented in Scana Volda in Q2 2014, with the full effect of these expected to be noticeable from Q4 2014. This will reduce the break even level of the company while at the same time maintaining the expertise and innovation levels.

After relocating tunnel thruster production from Scana Zamech in Poland to Scana Volda, we have increased production capacity and competitiveness for this product. Tunnel

Thrusters represents a new production line at Scana Volda and we expect to deliver an increased number of thrusters during the course of 2014.

In the first quarter, basic activity in the service market picked up within spare parts and service hours. Retrofitting and reconstructions are still weak but are expected to pick up during the course of 2014.

A new innovative propeller system for offshore supply vessels (PSV) was delivered from Scana Propulsion in partnership with Inpower for Kleven. The vessel was delivered to the end client, Ugland Offshore, in Q1 2014. The propeller system is a counter-rotating type with two propellers driven by effective permanent magnet motors that rotate independently of one another on the same axle. This is an entirely new concept and the market has shown major interest in the innovative solution and is watching its development carefully. Preliminary sea trials are very promising and end customers are very satisfied with the maneuverability. There are expectations in terms of fuel savings and lower emissions which could give this concept a strong position in the offshore market.

Market
The market for Scana Propulsion's core products is still highly competitive, but it is pleasing that the first order in a long time for an anchor handling vessel was won in Q1 2014. The company also has an interesting list of prospects, with several anchor handling vessels and vessels with permanent magnet motors. The market for service and spare parts is expected to experience positive growth in the future.

Scana Offshore

Reporting for this area includes the companies Scana Offshore Vestby, Scana Offshore Technology, Scana Offshore Services in Houston and Singapore, and Scana Skarpenord.

Operating revenue amounted to NOK 64 million in the first quarter of 2014. This is an increase of 60 per cent on the corresponding period in 2013. EBITDA for the first quarter was NOK 4 million, which is equivalent to a 7 per cent EBITDA margin, compared with -11 per cent for the corresponding period in 2013.

Orders
Order inflow amounted to NOK 46 million in the first quarter. The order reserve amounted to NOK 261 million compared with NOK 322 million at the same point in 2013.

Operations
Scana Offshore Vestby has contributed positively to the group in terms of profit and has increased the number of prospects in terms of loading and unloading systems, anchoring systems for the FPSO market and deliveries to the North Sea maintenance market. The company must secure additional project orders throughout 2014.

Scana's sales and production of valve control systems are based at companies in Norway and Korea. These companies are seeing a weak increase in activity thanks to increased deliveries to FPSO projects and offshore projects. Several FPSO contracts in South Korea have been entered into and are expected to provide increased activity for both Scana Skarpenord and Scana Korea Hydraulics.

Market
The global oil and gas market is expected to remain stable at the current level. It is particularly interesting for Scana that the FPSO market looks like it will experience

positive development in the future. This is important for profitability at Scana Offshore Vestby, Scana Skarpenord and the business area.

The activity levels associated with service and repair are good and further automation of the Norwegian offshore industry is expected to provide potential for this business area.

Scana Property

Reporting for this area includes Scana Property AS, Scana Eiendom Jørpeland AS, Scana Eiendom SSA AS and Scana Property AB

Operating revenue amounted to NOK 17 million in the first quarter. EBITDA for the first quarter was NOK 14 million, compared with 2 per cent for the corresponding period in 2013.
Properties at Volda, Karlskoga and Jørpeland are for sale.

Scana other business

Reporting for this area mainly covers the companies Scana Steel Stavanger AS, Scana Steel Söderfors AB and Scana Steel Booforge AB.

Operating revenue amounted to NOK 168 million for the first quarter, which is an increase of 6 per cent on the corresponding period in 2013. EBITDA for the first quarter was NOK -1 million compared with a loss of NOK -5 million in the first quarter of 2013.

<u>Orders</u>
Order inflow was NOK 156 million in the first quarter. The order reserve amounts to NOK 113 million compared with NOK 177 million at the same point in 2013.

The companies within this grouping have displayed an inability to increase earnings over time. Because of this, major cost adjustments will be implemented in all of these companies. In addition, the balance sheet items in connection with the annual statement were assessed and written down in value.

Scana would like the companies to seek out new operating platforms for additional operation if possible, and focus on safeguarding shareholder values.

Scana Steel Stavanger has been leaning towards more oil and gas-related project deliveries. The company was successful in sourcing interesting contracts within the oil and gas segment. The profitability in these projects, however, has been demanding and the activity has been irregular. The company still has low activity and a very short-term order reserve.

Scana Steel Söderfors has to a large extent developed their production so as to be a supplier and processing company for key customers. This has created a dependency on the customer’s activity level with a limited potential for earnings. The company’s composition of products is therefore under review and the company’s development and future sustainability are being considered along with the key customers.

Outlook

The main focus for Scana in 2014 is to generate profitability within its business areas. In addition, Scana will continue the projects for strategic development of the group and will continue working for realization of property values and assets that are not defined as core business.

The group will continue to practice a careful investment policy and expects improved cash flow from regular operations and stability in the liquidity situation, which will allow a stronger focus on value-creating activities.

Scana is continuing to work with a revised strategic platform for the remaining Offshore companies in 2014. The market within the production of propulsion systems for special vessels is expected to improve slightly. The market for forgings is expected to continue with pressure on prices. Scana is therefore looking at niche-oriented markets with high refinement ratios.

Switching production to more advanced and complete products and components for the market (including oil and gas) is well underway through new organisation platforms in Scana Energy and Scana Propulsion. It is expected that Scana’s market position and earnings potential will be improved through initiatives within each of the business areas

The liquidity situation for the Group is still challenging. The Board of Directors is therefore working towards a long-term financing. The Group is implementing cost-saving measures to be able to deliver a profitable operation

The Group is in discussions with the bank syndicate to negotiate adjusted terms and repayment plan. Clarification is expected by the end of the second quarter.

Stavanger, 6 May 2014
The Board of Directors and the Group CEO
Scana Industrier ASA

Profit and Loss Account - Group

NOK million	Q1 14	Q1 13	Q4 13	Q3 13	Q2 13	2014	2013	2013
		Quarters				Year to date		Full Year
					Restated			
Total operating revenues	**464**	**413**	**455**	**388**	**406**	**464**	**413**	**1 662**
Raw materials and consumables	153	135	82	119	124	153	135	460
Change in stocks and FG and WIP	-10	-13	80	16	-6	-10	-13	77
Wages and NI contributions	171	170	175	138	169	171	170	652
Other operating costs	143	136	147	128	132	143	136	543
Depreciation/amortization/writedowns	15	17	128	18	18	15	17	181
Total operating costs	472	446	613	419	437	472	446	1 914
Operating profit / (loss) - EBIT	**-7**	**-33**	**-157**	**-31**	**-31**	**-7**	**-33**	**-252**
Interest income	1	0	1	1	1	1	0	3
Interest expense	-8	-7	-9	-8	-9	-8	-7	-32
Net currency gain / loss (-)	2	-5	8	-6	6	2	-5	3
Other financial income / expense (-)	-0	-7	-6	-1	-1	-0	-7	-15
Net financial income / expense (-)	-5	-18	-5	-14	-3	-5	-18	-40
Profit / (loss) before taxes	**-13**	**-51**	**-162**	**-45**	**-34**	**-13**	**-51**	**-293**
Taxation	2	-5	19	-6	-2	2	-5	6
Net profit / (loss) - continued operation	**-15**	**-47**	**-181**	**-39**	**-31**	**-15**	**-47**	**-298**
Net profit / (loss) - discontinued operation	6	1	10	14	1	6	1	25
Net profit / (loss)	**-9**	**-46**	**-171**	**-26**	**-30**	**-9**	**-46**	**-274**
Attributable to:								
Equity holders of the parent	-9	-47	-171	-26	-31	-9	-47	-276
Minority interests	0	1	0	0	1	0	1	2
Earnings per share - continued operation	-0,12	-1,64	-2,28	-0,34	-0,55	-0,12	-1,64	-4,65
Diluted earnings per share - continued operation	-0,12	-1,64	-2,28	-0,34	-0,55	-0,12	-1,64	-4,65
Other comprehensive income								
Net movement in value of cash flow hegdes	-2	3	-3	4	-1	-2	3	3
Net gain /loss on hegde of net investment	5	-9	5	-12	-0	5	-9	-15
Exchange difference on translations of foreign operations	-11	17	3	-18	7	-11	17	9
Other comprehensive income	-8	12	5	-26	6	-8	12	-3
Total comprehensive income	**-17**	**-34**	**-166**	**-52**	**-25**	**-17**	**-34**	**-277**
Key Figures:								
EBITDA	8	-16	-29	-13	-13	8	-16	-71
EBITDA margin - %	2 %	-4 %	-6 %	-3 %	-3 %	2 %	-4 %	-4 %
EBIT margin - %	-2 %	-8 %	-35 %	-8 %	-8 %	-2 %	-8 %	-15 %
Order intake - continued operation	410	374	392	378	341	410	374	1 484
Order reserve - continued operation	838	1 050	896	967	993	838	1 050	896

Balance Sheet - Group

NOK million	31.03.14	31.03.13	31.12.13	30.09.13	30.06.13	31.03.14	31.03.13	31.12.13
Intangible fixed assets	35	104	68	96	96	35	104	68
Deferred tax assets	0	23	0	17	18	0	23	0
Property, pland and equipment	512	769	575	663	650	512	769	575
Shares in associated companies	42	19	43	20	20	42	19	43
Total fixed assets	**588**	**915**	**686**	**796**	**783**	**588**	**915**	**686**
Inventory	250	376	265	329	347	250	376	265
Trade debtors	463	527	522	550	442	463	527	522
Derivates	1	1	1	2	2	1	1	1
Cash and cash equivalents	15	18	63	54	13	15	18	63
Assets held for sale	164	0	0	0	281	164	0	0
Total current assets	**894**	**922**	**853**	**935**	**1 084**	**894**	**922**	**853**
Total assets	**1 482**	**1 837**	**1 538**	**1 732**	**1 868**	**1 482**	**1 837**	**1 538**
Paid-in capital	612	479	612	613	612	612	479	612
Other equity	-224	36	-207	-41	10	-224	36	-207
Minority interests	0	21	0	0	22	0	21	0
Total shareholders' equity	**389**	**536**	**405**	**571**	**645**	**389**	**536**	**405**
Interest bearing loans and borrowings	9	13	17	15	16	9	13	17
Derivates	9	11	9	7	8	9	11	9
Deferred tax	27	46	32	42	45	27	46	32
Other non-current liabilities	2	5	2	5	5	2	5	2
Total non-current liabilities	**48**	**74**	**60**	**70**	**74**	**48**	**74**	**60**
Interest bearing loans and borrowings	474	553	517	557	459	474	553	517
Derivates	10	11	11	5	11	10	11	11
Liabilities held for sale	73	0	0	0	89	73	0	0
Other current liabilities	489	664	545	529	590	489	664	545
Total current liabilities	**1 046**	**1 227**	**1 073**	**1 090**	**1 149**	**1 046**	**1 227**	**1 073**
Total liabilities and shareholders' equity	**1 482**	**1 837**	**1 538**	**1 732**	**1 868**	**1 482**	**1 837**	**1 538**
Key Figures:								
Equity ratio	26 %	29 %	26 %	33 %	35 %	26 %	29 %	26 %
Gross debt	483	566	534	572	475	483	566	534
Net debt	468	547	470	518	463	468	547	470
Gearing (gross debt divided by shareholders' equity)	1,2	1,1	1,3	1,0	0,7	1,2	1,1	1,3

Cash Flow Statement - Group

NOK million	Quarters Q1 14	Q1 13	Year to date 2014	2013	Full Year 2013
		Restated			
Profit / (loss) before tax	-13	-51	-13	-51	-293
Profit / (loss) before tax - discontinued operation	7	0	7	0	30
Tax paid	-1	-1	-1	-1	-1
Gain / loss - discontinued operation	0	-0	0	-0	-15
Currency exchange differences and gain/loss on sale of fixed assets and non cash element	-16	-3	-16	-3	-6
Depreciation/amortization/writedowns	17	20	17	20	190
Net interest expense	7	7	7	7	31
Change in net working capital	-27	-37	-27	-37	-29
Net cash flow from operating activities	**-25**	**-65**	**-25**	**-65**	**-93**
Proceeds from sale of property, plant and equipment	21	0	21	0	12
Purchase of property, plant and equipment	-2	-8	-2	-8	-51
Proceeds from sale of shares	0	0	0	0	72
Cash disposed as a part of discontinued operation	0	0	0	0	-20
Investments in business	-0	-5	-0	-5	-4
Net cash flow from investing activities	**19**	**-12**	**19**	**-12**	**9**
Proceeds from long-term borrowings	0	0	0	0	0
Repayment of long-term borrowings	-0	-0	-0	-0	-1
Proceeds from short-term borrowings	0	60	0	60	135
Net increase/(decrease) in short-term borrowings	-30	31	-30	31	-97
Paid-in capital	0	0	0	0	131
Paid dividend	0	0	0	0	0
Paid other finance cost	-3	-6	-3	-6	-11
Net paid interest	-9	-3	-9	-3	-25
Net cash flow from financing activities	**-42**	**82**	**-42**	**82**	**133**
Net cash flow	**-48**	**5**	**-48**	**5**	**49**
Cash and cash equivalents at beginning of period	63	13	63	13	13
Net foreign exchange difference	-0	1	-0	1	2
Cash and cash equivalents at end of period	**15**	**18**	**15**	**18**	**63**

Statement of change in shareholders equity - Group

	Issued capital	Own shares	Other paid-in capital	Retained earnings	Currency translation reserves	Reserves for change in value	Total equity ex. minority interests	Minority interest	Total equity
Equity at 1 January 2013	360	0	119	71	18	-18	549	20	570
Total comprehensive income current period				-276	-6	3	-278	2	-277
Share option programme			0				0		0
Minority - discontinued operation							0	-22	-22
Changes - paid in capital	-285		418				134		134
Equity at 31 December 2013	**75**	**0**	**537**	**-204**	**12**	**-15**	**405**	**0**	**405**

	Issued capital	Own shares	Other paid-in capital	Retained earnings	Currency translation reserves	Reserves for change in value	Total equity ex. minority interests	Minority interest	Total equity
Equity at 1 January 2014	75	0	537	-204	12	-15	405	0	405
Total comprehensive income current period				-9	-6	-2	-17	0	-17
Share option programme			0				0		0
Minority - discontinued operation							0	0	0
Changes - paid in capital	0		0				0		0
Equity at 31 March 2014	**75**	**0**	**537**	**-213**	**6**	**-16**	**388**	**0**	**389**

Notes - Consolidated financial statements

Note 1 - Overall information

The consolidated financial statements for Scana Industrier ASA for the first quarter of 2014 were approved by the Board on 6 May 2014. The accounting numbers have not been audited. The quarterly report has been prepared in accordance with the rules of IAS 34 on interim financial reporting. The group has used the same accounting principles and calculation methods as in the last annual accounts.

The figures have been rearranged into comparable periods due to the sale of Scana Offshore Technology AS, Scana Offshore Services Inc. and a part of Scana Offshore Vestby AS.

Note 2 - Segment information

		Quarters				Year to date		Full Year
NOK million	Q1 14	Q1 13	Q4 13	Q3 13	Q2 13	2014	2013	2013
		Restated						
Energy:								
Turnover	**154**	**146**	**169**	**134**	**136**	**154**	**146**	**585**
EBITDA	9	-3	5	3	2	9	-3	7
EBITDA margin	**6 %**	**-2 %**	**3 %**	**2 %**	**2 %**	**6 %**	**-2 %**	**1 %**
Order intake	115	102	138	102	103	115	102	446
Order reserve	301	387	333	355	359	301	387	333
Propulsion:								
Turnover	**87**	**98**	**73**	**82**	**95**	**87**	**98**	**347**
EBITDA	-7	3	-12	-2	4	-7	3	-6
EBITDA margin	**-8 %**	**3 %**	**-17 %**	**-2 %**	**5 %**	**-8 %**	**3 %**	**-2 %**
Order intake	93	49	79	99	63	93	49	291
Order reserve	163	164	155	147	131	163	164	155
Offshore:								
Turnover	**64**	**40**	**68**	**48**	**36**	**64**	**40**	**192**
EBITDA	4	-4	-15	0	-7	4	-4	-26
EBITDA margin	**7 %**	**-11 %**	**-22 %**	**1 %**	**-19 %**	**7 %**	**-11 %**	**-13 %**
Order intake	46	85	49	20	38	46	85	192
Order reserve	261	322	278	296	324	261	322	278
Other Business:								
Turnover	**168**	**159**	**179**	**147**	**157**	**168**	**159**	**643**
EBITDA	-1	-5	0	-8	-13	-1	-5	-26
EBITDA margin	**-1 %**	**-3 %**	**0 %**	**-5 %**	**-8 %**	**-1 %**	**-3 %**	**-4 %**
Order intake	156	137	125	157	137	156	137	556
Order reserve	113	177	130	169	181	113	177	130
Property:								
Turnover	**17**	**4**	**5**	**4**	**14**	**17**	**4**	**27**
EBITDA	14	2	1	1	11	14	2	15
Other / Elimination:								
Turnover	**-27**	**-33**	**-40**	**-27**	**-33**	**-27**	**-33**	**-132**
EBITDA	-12	-9	-8	-7	-11	-12	-9	-35

Note 3 - Interest-bearing debt

Per 31.03.14	Current	Long-term
Total interest-bearing debt	474 367	8 984
Per 31.03.13	Current	Long-term
Total interest-bearing debt	552 562	13 235

The syndicate loan is a three-year loan for SEK 348 million and a rolling credit facility totalling NOK 280 million divided into an overdraft facility with a nominal value of NOK 130 million and a bank guarantee facility of NOK 150 million. The syndicate loan of SEK 348 million has a half-yearly instalment profile from January 2013. The loan is secured with a first priority pledge in the group's assets. The covenants in the loan agreement were waived as at 31 March 2014.

Scana has during first quarter paid super senior credit facility by MNOK 39,2. The credit facility is fully paid during first quarter. As a consiques of that the interests is reduced by one percentage for all syndicate facilities. In addition the USD loan is paid MUSD 8,7 (MONK 52,1).

Note 4 - Impairment test

Property, plant and equipment and intangible assets are written down to the recoverable amount where the recoverable amount is lower than the recognised value of the asset. The utility value is the present value of future cash flows which are expected to arise from an asset or cash-generating unit. The group also uses a sensitivity analysis which tests the impairment tests for reasonable changes in the key assumptions. For Scana Industries this applies to operating margin, the discount rate and rate of growth for the period 2014–2018. This means that there will be uncertainty in the outcome of the calculations.

The group has not done any impairment in first quarter of 2014.

Note 5 - Sale of business

Scana signed a contract to sell the subsidiaries Scana Offshore Technology AS, Scana Offshore Services Inc. and the workshop part of Scana Offshore Vestby AS. All of the companies are part of the service activity in the Scana Offshore business area. The buyer is Aquamarine Subsea AS, which is owned by HitecVision fund VI.
The company achieved revenues amounting to NOK 212 million and has around 130 employees. The sale amount is NOK 135 million. The sale has a positive accounting effect. The transfer will take place in the second quarter of 2014.

In 2008 Scana Offshore Services was bought by local entrepreneurs in Houston, USA. In the last year the company has experienced a very positive trend, and after relocating to larger production facilities and introducing its own products, it increased its market shared in the Gulf of Mexico. Scana Offshore Technology was established in December 2006 in Jørpeland, outside Stavanger. The company delivers services within the maintenance and repair of equipment for the oil and gas industry. Scana Offshore Vestby was formed following the acquisition of Brødrene Johnsen AS and AMT AS in 2006. The workshop part of Scana Offshore Vestby provides maintenance for risers, among other things.

As a result of the agreement entered into on the sale of companies, assets and liabilities are classified as held for sale as at 31 March 2014. The statement of income has also

Note 5 - Sale of business

	Quarters					Year to date		Full Year
NOK million	**Q1 14**	**Q1 13**	**Q4 13**	**Q3 13**	**Q2 13**	**2014**	**2013**	**2013**
Total operating revenues	80	45	62	51	54	80	45	212
Total operating costs	72	47	62	47	52	72	47	207
Operating profit / (loss) - EBIT	**7**	**-2**	**1**	**4**	**3**	**7**	**-2**	**5**
Pre-tax income	7	-2	1	4	3	7	-2	6
Tax	2	-0	1	1	1	2	-0	2
Net profit / (loss) - disontinued operation	**6**	**-1**	**0**	**4**	**1**	**6**	**-1**	**4**

Note 6 - Other comprehensive income

The table shows a change in value associated with cash flow hedging relating to hedging electricity prices in the business activities in Sweden and Scana Steel Stavanger AS and cash flow hedging of the interest rate for parts of the group financing. In addition, hedging of the net investment associated with Swedish business activities and translation differences are presented. All of these items may be reclassified in the profit and loss section in later periods.

Note 7 - Tax

Tax is calculated based on profit/loss before tax with associated tax rates in countries where the business activities are located. The group has tax loss carry forward in several countries. The tax loss carry forwards are included in deferred tax asset to the extent it is expected that sufficient revenue will be generated within the deadlines that apply in each individual country. Deferred tax assets are fully written down for the group. This is because of a valuation based on previously achieved results and uncertainty associated with future earnings.

Note 8 - Earning per share

	Quarters					Year to date		Full Year
NOK	**Q1 14**	**Q1 13**	**Q4 13**	**Q3 13**	**Q2 13**	**2014**	**2013**	**2013**
Earnings per share - continued operation	-0,20	-1,62	-2,41	-0,52	-0,55	-0,20	-1,62	-5,03
Diluted earnings per share - continued operation	-0,20	-1,62	-2,41	-0,52	-0,55	-0,20	-1,62	-5,03
Earnings per share - discontinued operation	0,08	-0,01	0,13	0,18	-0,00	0,08	-0,01	0,39
Diluted earnings per share - discontinued operation	0,08	-0,01	0,13	0,18	-0,00	0,08	-0,01	0,39
Earnings per share	-0,12	-1,64	-2,28	-0,34	-0,55	-0,12	-1,64	-4,65
Diluted earnings per share	-0,12	-1,64	-2,28	-0,34	-0,55	-0,12	-1,64	-4,65