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TO 30 SEPTEMBER
2015

INTERIM REPORT

KVARTALSRAPPORT 3. KVARTAL 2015



TTS GROUP ASA

HIGHLIGHTS FOR THE 3RD QUARTER 2015.

Financial highlights for the quarter were:

- Turnover in the quarter was MNOK 805 (549).
- 3rd quarter EBITDA reported at MNOK 36 (2) before MNOK 48 Offshore losses
- Net profit in the quarter was MNOK -24 (11).
- Total EPS for the quarter was NOK -0,33 (0,13).
- Order backlog at the end of the quarter was MNOK 3 940 (3 502).
- Order intake in the quarter was MNOK 598 (611).

KEY FIGURES

MNOK	Q3		Q3 YTD		Full Year
	2015	2014	2015	2014	2014
Turnover	805	549	2 209	1 720	2 454
EBITDA	-12,0	2,2	126,4	-36,5	105,2
EBITDA margin (%)	-1,5	0,4	5,7	-2,1	4,3
Order intake	598	611	1 814	1 946	2 446
Order backlog*	3 940	3 502	3 940	3 502	3 627
EPS (NOK) Total	-0,33	0,13	0,51	-0,83	0,21
EPS (NOK) Continued	-0,33	-0,33	0,51	-1,28	-0,25

(*) Order backlog includes 50% of backlog from JV companies in China

Q3 turnover of MNOK 805 (549) is influenced by change in consolidation method related to THH. Turnover reported from THH in Q3/2015 is MNOK 206. Excluding the turnover from THH the turnover growth is close to 10% compared to Q3/2014.

EBITDA in the 3rd quarter was positive by MNOK 36, before MNOK 48 losses in BU Offshore. Weakened margin in Q3 is an effect of low activity and losses margins in the Offshore segment, which is reporting a loss of MNOK 28, in addition to a write down of inventory by MNOK 20.

The order intake for the 3rd quarter of 2015 was MNOK 598, compared to MNOK 611 in the 3rd quarter of 2014. Adjusted for THH this represent a reduction compared to 2014. Order intake in Services and CBT was positive. Other segments, and especially MPGC were slow in the quarter.

The order backlog* at the end of 3rd quarter was MNOK 3 940(3 502), up from MNOK 3 247 at the end of 1st quarter 2015.

*including 50% of the order backlog, 398 (421), from JV companies in China.

TOTAL ASSETS AND NET INTEREST BEARING DEBT

Total assets at the end of 3rd quarter 2015 was MNOK 3 195, an increase of MNOK 785 since 2014. The change is an effect of the changed consolidation related to TTS Hua Hai Ships Equipment Co Ltd (MNOK 920).

Net working capital is negative MNOK 46.

In the 3rd quarter of 2015 net interest bearing debt decreased by MNOK 51 from MNOK 181 to MNOK 130. Consolidation of TTS Hua Hai and TTS SCM represents a reduction of the reported net interest bearing debt of MNOK 317.

TTS has covenants for both equity ratio and 12 months rolling EBITDA related to its debt and bonding facilities with Nordea and DNB. The debt- and bonding facilities mature in the 4th quarter 2015. The subordinated debt obligation matures in 1th quarter 2016. The debt facilities have been classified as short term debt in the reported balance at 30 September.

The group has started the process to renew its credit facilities in 3rd quarter, which continues in 4th quarter.

ACCOUNTING PRINCIPLES

The company has prepared the interim financial report in accordance with IAS 34. The accounting principles applied are explained in detail in the 2014 annual report. There are no changes to the accounting principles in 2015.

SEGMENTS

TTS reports its operations in 6 business segments.

RoRo/Cruise/Navy (RCN)

MNOK	Q3		Q3 YTD		Full Year
	2015	2014	2015	2014	2014
Turnover	146	154	465	442	599
EBITDA	18,2	21,4	49,5	51,9	77,3
Order backlog	735	866	735	866	854

The RCN segment continues to report positive quarterly figures, which reflect the TTS Group's strong position in the PCTC-market (PureCarTruckCarrier).

The outlook for the segment is positive. Order backlog is expected to give a sound basis for satisfactory turn-over and margins in the quarters to come. Proven solutions, and repeat orders from key customers within the PCTC market gives basis for expected high activity.

Container/Bulk/Tank (CBT)

MNOK	Q3		Q3 YTD		Full Year
	2015	2014	2015	2014	2014
Turnover	292	92	675	317	422
EBITDA	5,5	-0,9	118,2	2,7	-4,8
Order backlog *)	2 111	1 443	2 111	1 443	1 687

(*) Order backlog includes 50% of backlog from JV companies in China

Change of consolidation, from the equity method and into full consolidation related to the 50/50 owned company, TTS Hua Hai Ships Equipment Co Ltd (THH), is basis for the reported increase in revenue and margin. Included in periodic EBITDA is a contribution from THH of MNOK 12,3.

Turnover from fully owned companies within the segment is reduced from MNOK 92 in Q3/2014 to 86 in Q3/2015. Focus on overall efficiency and restructuring initiatives will compensate for the effect of reduced turnover, and improve the EBITDA- margin compared to last year.

Profit allocation from JV-companies in the 3rd quarter shows a positive contribution of MNOK 0,6.

The order back log in the segment gives basis for a reasonable activity, however the margins are still expected to be on the low side. Increased activity in the winch-market in South- Korea has a positive effect on order intake in Q3/2015.

The outlook is affected by the strong market competition in South-Korea. The newbuilding activity is expected to pick up as a result of increased rates in the capsizes segment.

Offshore

MNOK	Q3		Q3 YTD		Full Year
	2015	2014	2015	2014	2014
Turnover	99	111	269	363	572
EBITDA	-48,1	-26,4	-79,9	-82,5	-50,0
Order backlog	268	440	268	440	254

As an effect of the market, the reported turnover is significantly reduced compared to 2014. Low personnel utilization, further project losses, and a write down on inventory by MNOK 20, give basis for a very weak quarter.

The market is still slow with low visibility, and the pricing competition is fierce.

Based on market expectations, goodwill allocated to the segment was impaired by MNOK 9,2 in Q2/2015. Inventory has been impaired by MNOK 20 in Q3. At the end of 3rd quarter book-value related to R&D, patents and other intangible assets in the Offshore segment is close to MNOK 40. Continued slow market may have material impact on the impairment test.

TTS has taken strong cost-reducing measures to adjust activities and capacity to the current offshore market. Following the segment restructuring in 2014, new adjustments are being executed in 2015 in order to match capacity with order backlog and market conditions. The Offshore market is expected to remain harsh in 2016 and 2017. The segment is consequently expected to show low utilization and low margins in the quarters to come, and the Business Unit will continuously adjust cost and capacity to prevailing market conditions.

Multipurpose/General Cargo

MNOK	Q3		Q3 YTD		Full year
	2015	2014	2015	2014	2014
Turnover	78	28	209	91	138
EBITDA	-3,9	-6,1	-6,8	-30,8	-32,0
Order backlog	606	443	606	443	562

The Multipurpose/General Cargo segment shows an increase in turnover compared to last year.

As indicated by the increased order backlog, the market for heavy lift cranes has improved. Cost cutting initiatives in 2013, where TTS Group levelled the segment capacity to a slow market, gives good basis for TTS to take part in an improved market. Going into 2016 the market activity in the segment is expected to improve.

Shipyard Solutions

MNOK	Q3		Q3 YTD		Full Year
	2015	2014	2015	2014	2014
Turnover	44	59	137	139	192
EBITDA	0,5	7,1	5,0	5,4	32,5
Order backlog	229	310	229	310	271

Being a niche segment, periodic variances in turnover is expected. Delays in products schedule, and a reduction of supporting activity causes a reduction in turnover compared to 2014.

The figures reflect the segment's market position in a niche market for shiplift and transfer systems and other logistics solutions for the production industry. During 3rd quarter TTS Group has successfully completed the acquisition of Syncrolift™ ship-lift product range from Rolls Royce Marine.

TTS Liftec, which is a substantial supplier within the European niche market for translifters, is adapting to a market with increased competition.

The order backlog represents a sound operational fundament for the quarters to come. Future development is particularly influenced by the focus on capacity, restructuring and productivity in the shipyard industry.

Services

MNOK	Q3		Q3 YTD		Full Year
	2015	2014	2015	2014	2014
Turnover	146	105	444	368	530
EBITDA	21,3	13,1	54,4	32,4	96,4

Turnover in the 3rd quarter of 2015 has increased significantly compared to turnover in the same period of 2014. The EBITDA margin in the Quarter is improved compared to the same quarter in 2014.

Market demand in the segment and historical installed base provides platform for additional turnover and acceptable profit margins. The service market still remains influenced by low ship charter rates in some segments.

OUTLOOK

The total shipbuilding market is expected to improve in line with increased demand for sea transport. TTS Group expects further growth. Within the RoRo/Cruise/Naval segment, the PCTC market is still positive. The Multipurpose General Cargo segment has shown a positive development, which we expect to continue, particularly in the Chinese market. Going forward we expect the overall Services market to be relatively stable. Market expectations for the Container/Bulk/Tank segment in the Chinese market are generally positive, with increased activity in the overall Container market. The challenging market for bulk vessels remain, although a positive effect is expected from tonnage scrapping in the medium/ long term basis. New build activity within the tank sector is good, however some indication on lower activity. The Offshore market is expected to remain weak.

During 2014 and 2015 TTS Group has implemented initiatives to adjust capacity towards a shifted demand and to improve internal processes, and focus on the overall value chain. Market initiatives are taken to provide ship-type solutions to key customers. The effects of the actions taken are expected to contribute positively in the quarters to come.

TTS Group works actively to grow its product portfolio and service offering. Sales of larger bundled equipment packages and solutions will improve efficiency for both shipyards and ship owners. The company has therefore organized its business units based on ship-type, with the aim to offer complete equipment packages for ship types to increase the order value per ship, and increase TTS' market position, both in China and internationally.

In order to position the TTS Group for further growth, the Board of Directors of TTS Group continues the strategic process initiated in February 2015 to explore structural opportunities.

TTS Group ASA Q3.2015 / 30.09.2015
Consolidated statement of comprehensive income / Konsolidert oppstilling av totalresultat

NOK 1 000	Unaudited/ Urevidert	Unaudited/ Urevidert	Unaudited/ Urevidert	Unaudited/ Urevidert*	Audited/ Revidert
PROFIT AND LOSS ACCOUNT/ RESULTAT	YTD 30.09.2015	YTD 30.09.2014	3 rd quarter 2015	3 rd quarter 2014	YTD 31.12.2014
Income from projects/ <i>Driftsinntekter</i>	2 209 142	1 719 568	804 658	549 237	2 453 658
Other operating income/ <i>Andre driftsinntekter</i>	-	-	-	-	-
Total operating income/ <i>Sum driftsinntekter</i>	2 209 142	1 719 568	804 658	549 237	2 453 658
Raw materials and consumables used/ <i>Varekostnad</i>	1 448 233	988 254	571 339	313 072	1 419 801
Other operating costs/ <i>Andre driftskostnader</i>	747 686	778 524	245 937	241 071	942 968
Result from JV (- is income)/ <i>Resultat fra JV (- er inntekt)</i>	-113 219	-10 700	-633	-7 124	-14 325
EBITDA/ <i>Driftsresultat før avskrivninger</i>	126 441	-36 510	-11 984	2 219	105 215
Depreciation/ <i>Avskrivninger</i>	39 804	29 689	9 912	10 063	43 766
Other depreciation/write-downs/ <i>Andre avskrivninger/hedskrivninger</i>	-	-	-	-	-
Operating profit/ <i>Driftsresultat</i>	86 637	-66 199	-21 896	-7 845	61 449
Financial income/ <i>Finansinntekter</i>	35 553	50 000	18 975	15 809	98 173
Financial expense/ <i>Finanskostnader</i>	43 742	81 654	13 497	29 149	136 361
Net finance/ <i>Netto finans</i>	-8 190	-31 655	5 478	-13 340	-38 188
Profit/loss before tax/ <i>Resultat før skattekostnader</i>	78 448	-97 855	-16 418	-21 186	23 261
Tax/ <i>Skattekostnad</i>	22 247	13 060	8 317	7 363	45 079
Net result continued business/ <i>Periodens resultat videreført virksomhet</i>	56 201	-110 914	-24 735	-28 549	-21 819
Net result divested business/ <i>Resultat fra avhendet virksomhet</i>	0	39 562	-	39 562	39 562
Net result/ <i>Netto resultat</i>	56 201	-71 352	-24 735	11 013	17 743
Attributable to equity holders of the company / <i>Majoritet</i>	44 272	-82 365	-28 881	-35 325	17 743
Attributable to non-controlling interests/ <i>Minoritetsinteresser</i>	11 930	-	4 146	-	-
NET RESULT FOR THE YEAR/ <i>Oppstilling av totalresultat</i>					
Net result for the period/ <i>Periodens resultat</i>	56 201	-71 352	-24 735	11 013	17 743
Actuarial gain/loss on defined pension benefit plan/ <i>Estimatavvik pensjoner</i>	-	-	-	-	-30 700
Translation differences/ <i>Omregningsdifferanser</i>	118 868	-19 423	108 530	-7 347	55 289
Total comprehensive income/ <i>Totalresultat</i>	175 069	-90 775	83 795	3 665	42 332
Attributable to equity holders of the company / <i>Majoritet</i>	135 116	-90 775	59 124	3 665	42 332
Attributable to non-controlling interests/ <i>Minoritetsinteresser</i>	39 953	-	24 671	-	-
Earnings per share (NOK) continued business/ <i>Fortjeneste pr. aksje (NOK) videreført virksomhet</i>	0,51	-1,28	-0,33	-0,33	-0,25
Diluted earnings per share (NOK) continued business/ <i>Utvannet fortjeneste pr. aksje (NOK) videreført virksomhet</i>	0,51	-1,28	-0,33	-0,33	-0,25
Earnings per share (NOK) divested business/ <i>Fortjeneste pr. aksje (NOK) avhendet virksomhet</i>	-	0,46	-	0,46	0,46
Diluted earnings per share (NOK) divested business/ <i>Utvannet fortjeneste pr. aksje (NOK) avhendet virksomhet</i>	-	0,46	-	0,46	0,46
Earnings per share (NOK)/ <i>Fortjeneste pr. aksje (NOK)</i>	0,51	-0,83	-0,33	0,13	0,21
Diluted earnings per share (NOK)/ <i>Utvannet fortjeneste pr. aksje (NOK)</i>	0,51	-0,83	-0,33	0,13	0,21
<i>Average number of shares used as calculation basis for diluted EPS (000)/ Gjennomsnittlig antall utestående aksjer som basis for utvannet EPS (000)</i>	86 493	86 448	86 493	86 430	86 443

Condensed consolidated statement of financial position / Konsolidert oppstilling av finansiell stilling	Unaudited/ Urevidert	Unaudited/ Urevidert	Audited/ Revidert
NOK 1 000	30.09.2015	30.09.2014	31.12.2014
Intangible assets/ <i>Immaterielle eiendeler</i>	938 533	646 653	663 535
Tangible assets/ <i>Varige driftsmidler</i>	160 856	143 627	160 897
Financial assets/ <i>Finansielle anleggsmidler</i>	96 925	107 506	102 582
Assets available for sale/ <i>Eiendeler tilgjengelig for salg</i>	-0	0	0
Sum anleggsmidler/ <i>Total non-current assets</i>	1 196 313	897 785	927 014
Inventories/ <i>Varer</i>	260 412	220 984	189 264
Total receivables/ <i>Kortsiktige fordringer</i>	1 389 088	867 301	1 164 597
Bank deposits/cash/ <i>Bankinnskudd/kontanter</i>	349 705	87 470	130 602
Total current assets/ <i>Sum omløpsmidler</i>	1 999 206	1 175 756	1 484 463
Total assets/ <i>Sum eiendeler</i>	3 195 519	2 073 541	2 411 477
Share capital/ <i>Aksjekapital</i>	9 526	9 526	9 526
Other equity/ <i>Annen egenkapital</i>	736 638	467 427	600 836
Non-controlling interests / <i>Minoritetsiere</i>	220 422	-	-
Total equity/ <i>Sum egenkapital</i>	966 586	476 953	610 362
Provisions/ <i>Avsetning for forpliktelser</i>	55 538	100 236	31 740
Long term interest bearing debt/ <i>Langsiktig rentebærende gjeld</i>	-0	87 788	88 143
Long term liabilities/ <i>Langsiktig gjeld</i>	55 538	188 024	119 883
Current interest bearing debt/ <i>Kortsiktig rentebærende gjeld</i>	479 211	273 274	297 764
Current liabilities/ <i>Kortsiktig gjeld</i>	1 694 184	1 135 291	1 383 468
Total current liabilities / <i>Sum kortsiktig gjeld</i>	2 173 395	1 408 565	1 681 232
Total liabilities/ <i>Sum gjeld</i>	2 228 934	1 596 589	1 801 115
Total equity and liabilities/ <i>Sum egenkapital og gjeld</i>	3 195 519	2 073 541	2 411 477

Condensed consolidated statement of cash flows/ Kontantstrømoppstilling	Unaudited/ Urevidert	Unaudited/ Urevidert	Audited/ Revidert
NOK 1000	YTD 30.09.2015	YTD 30.09.2014	YTD 31.12.2014
EBITDA/ <i>Driftsresultat før avskrivninger</i>	126 441	-36 510	105 215
Change in net current assets/ <i>Endring i netto omløpsmidler</i>	-31 906	-189 676	-255 220
Cash from operations/ <i>Kontantstrøm fra operasjonelle aktiviteter</i>	94 535	-226 186	-150 005
Acquisition of non-current assets / <i>Kjøp av varige driftsmidler</i>	-260 014	-26 671	-46 096
Proceeds discontinued business/ <i>Netto salgssum avhendet virksomhet</i>	0	39 562	39 562
Other investing activities/ <i>Andre investeringsaktiviteter</i>	105 414	28 417	33 604
Cash from investments/ <i>Kontantstrøm fra investeringsaktiviteter</i>	-154 599	41 308	27 070
New loans and repayment/ <i>Opptak og nedbetaling av lån</i>	77 041	158 256	134 659
Paid-in equity/ <i>Innbetaling av egenkapital</i>	211 718	-	-
Payments to shareholders/ <i>Utbetaling til aksjonærer</i>	-	-	-
Net interest paid/ <i>Netto betalte renter</i>	-16 754	-26 554	-32 727
Cash from financing/ <i>Kontantstrøm fra finansieringsaktiviteter</i>	272 005	131 702	101 932
Change in cash/ <i>Endring i kontantbeholdning</i>	211 942	-53 177	-21 003
Cash position OBI/ <i>Kontantbeholdning IB</i>	130 602	155 570	155 570
Effect of exchange rate changes on cash/ <i>Effekt av valutakursendring bank</i>	7 162	-14 923	-3 966
Cash position CBI/ <i>Kontantbeholdning UB</i>	349 706	87 471	130 603

Consolidated statement of changes in equity/ <i>Konsolidert oppstilling av endringer i egenkapital</i>			Shareholders equity/ <i>Majoritetsandel</i>		Non controlling interest / <i>Minoritet</i>		Total equity / <i>Total egenkapital</i>
NOK 1 000	Share capital / <i>Aksjekapital</i>	Treasury shares/ <i>Egne aksjer</i>	Share premium reserve/ <i>Overkursfond</i>	Other equity/ <i>Annen egenkapital</i>	Majoritetsandel	Minoritet	Total egenkapital
Equity as of 1.1.2015/ <i>Egenkapital 1.1.2015</i>	9 526	-12	149 378	451 469	610 362	-	610 362
Comprehensive income/ <i>Totalresultat</i>	-	-	-	135 116	135 116	39 953	175 069
Sale treasury shares/ <i>Salg egne aksjer</i>	-	-	-	-	-	-	-
Options cost/ <i>Opsjonsplaner</i>	-	-	-	687	687	-	687
Equity transactions with non controlling interests/ <i>Egenkapitaltransaksjoner med minoritetsinteressere</i>	-	-	-	-	-	211 718	211 718
Dividend distributed/ <i>Utbetaling utbytte</i>	-	-	-	-	-	-31 250	-31 250
Equity CBI/ <i>Egenkapital UB</i>	9 526	-12	149 378	587 271	746 164	220 421	966 586

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS 3RD QUARTER 2015

Note 1 General information

Reporting entity

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

The consolidated financial statements cover TTS Group ASA including its subsidiaries. As of 2nd quarter 2015, changes in the joint venture agreement related to the jointly owned 50/50 % company TTS Hua Hai Co Ships Equipment Co Ltd. in China, require TTS to change its consolidation method from the equity method to full consolidation.

Operation in TTS SCM commenced as of 2nd quarter 2015, and is fully consolidated into TTS accounts.

Jointly controlled companies are accounted for using the equity method.

The Board of Directors approved the consolidated financial statements for the year ended 31st of December 2014 on 15th of April 2015. The annual report 2014 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 3rd quarter 2015 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 2014.

The accounting principles applied are the same as those described in the consolidated financial statements of 2014.

This condensed consolidated 3rd quarter interim report of 2015 was approved by the Board on 11th of November 2015.

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 ended 31st of December 2014.

Note 2 Segment information

		Q4		Q3		Q2		Q1		Full year / YTD	
		Turnover	EBITDA	Turnover	EBITDA	Turnover	EBITDA	Turnover	EBITDA	Turnover	EBITDA
Roro, cruise, navy (RCN)	2015			146	18,2	159	16,2	160	15,1	465	49,5
	2014	157	25,3	154	21,4	154	19,4	135	11,1	599	77,3
Container, bulk, tank	2015			292	5,5	313	110,9	72	1,9	677	118,3
	2014	105	-7,5	92	-0,9	112	2,3	112	1,3	422	-4,8
Offshore	2015			99	-48,1	92	-8,1	79	-23,7	270	-79,9
	2014	210	32,5	111	-26,4	130	-30,0	121	-26,1	572	-50,0
Multipurpose General Cargo	2015			78	-3,9	38	0,7	94	-3,7	210	-6,9
	2014	47	-1,1	28	-6,1	35	-11,7	28	-13,0	138	-32,0
Shipyards Solutions	2015			44	0,5	42	0,2	51	4,3	137	5,0
	2014	53	27,1	59	7,1	43	1,2	37	-2,9	192	32,5
Services	2015			146	21,3	162	19,7	136	13,4	444	54,4
	2014	162	64,0	105	13,1	142	12,8	120	6,5	530	96,4
Corporate / Other	2015			1	-5,6	0	-1,7	2	-6,7	3	-14,0
	2014	0	1,4	0	-5,9	0	-4,4	0	-5,3	0	-14,2
Total	2015			805	-12,0	811	137,8	593	0,6	2 209	126,4
	2014	734	141,8	549	2,2	617	-10,3	554	-28,4	2 453	105,2
	2013	638	-110,0	565	-82,2	758	36,8	732	25,1	2 693	-130,3

Comparative figures of Q2/14, Q1/14 and 31.12.2013 have been restated to reflect the change in segment reporting introduced in 3rd quarter 2014.

As of Q2/2015 TTS Hua Hai are consolidated on a 100% basis into TTS Group accounts. The activity is reported as part of the Container/Bulk Tank segment. One time effect of MNOK 103,7 is recognized in Q2/15 periodic EBITDA.

As of Q2/2015 TTS SCM are consolidated on a 100% basis into TTS Group accounts. The activity is reported as part of the Multipurpose General Cargo segment.

From 3rd quarter 2014 TTS Group have had the following segments.

- RoRo/cruise/navy (RCN)
- Container/bulk/tank (incl. JV-companies) (CBT)
- Offshore
- Multipurpose/General cargo (MPGC)
- Shipyards Solutions
- Services

The RCN segment 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 linkspan systems. The segment has earlier been reporting as part of the Marine Division.

The CBT segment 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. The segment has earlier been reporting as part of the Marine Division.

The Offshore segment 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 heave compensated cranes, mooring winches, internal and external covers and doors. The segment has earlier been reporting as part of the Offshore and Heavy Lift division.

The MPGC segment delivers supporting solutions to the vessels which is designed to operate in the multipurpose or general cargo market, requiring specialized operating capabilities. Product range includes 40-900 t heavy lift cranes, side loading systems, hatch covers and mooring winches. The segment has earlier been reporting as part of the Offshore and Heavy Lift division.

The Shipyards Solutions segment includes shiplift and transfer systems, as well as complete production lines to the yard industry. Products range includes shiplift system, ship transfer systems, multiwheelers and translifters.

This segment has earlier been reporting as part of the Marine Division.

The Services segment 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.

Note 3 Share capital and equity

As per 30th of September 2015 TTS Group ASA has issued 86 605 660 shares, each with a face value of NOK 0.11 giving a share capital of total NOK 9 526 623.

TTS Group ASA holds 112 882 own shares.

During the 2nd quarter 2015 leading employees was awarded 600.000 new shares options. Exercise price per share was set to NOK 4,75. 230.000 share options expired. No options have been awarded in 3rd quarter. As per the end of 3rd quarter 2015 the leading employees holds 1.037.500 outstanding share options.

Note 4 Earnings per share

Earnings per share (EPS) are 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.

The components of the numerator for the basic and diluted EPS are as follows:

Earnings per share/ <i>Resultat per aksje:</i>	YTD 30.09.2015	YTD 30.09.2014	Q3 2015	Q3 2014	YTD 31.12.2014
Net income available to shareholders, continued business/ <i>Resultat tilordnet selskapets aksjonærer, videreført virksomhet</i>	44 272	-110 914	-28 881	-28 549	-21 819
Effect of dilution/ <i>Utvanningseffekt</i>	-	-	-	-	-
Diluted net income available to shareholders, continued business/ <i>Utvannet resultat tilordnet selskapets aksjonærer, videreført virksomhet</i>	44 272	-110 914	-28 881	-28 549	-21 819
Net income available to shareholders, divested business/ <i>Resultat tilordnet selskapets aksjonærer, avhendet virksomhet</i>	-	39 562	-	39 562	39 562
Effect of dilution/ <i>Utvanningseffekt</i>	-	-	-	-	-
Diluted net income available to shareholders, divested business/ <i>Resultat tilordnet selskapets aksjonærer, avhendet virksomhet</i>	-	39 562	-	39 562	39 562
Net income available to shareholders/ <i>Utvannet resultat tilordnet selskapets aksjonærer</i>	44 272	-71 352	-28 881	11 013	17 743
Effect of dilution/ <i>Utvanningseffekt</i>	-	-	-	-	-
Diluted net income available to shareholders/ <i>Utvannet resultat tilordnet selskapets aksjonærer</i>	44 272	-71 352	-28 881	11 013	17 743

The components of the denominator for the calculation of basic and diluted EPS are as follows:

	30.09.2015	30.09.2014	Q3 2015	Q3 2014	31.12.2014
Weighted average number of shares outstanding/ <i>Gjennomsnittlig utestående aksjer</i>	86 493	86 448	86 493	86 466	86 443
Effect of dilution/ <i>Utvanningseffekt</i>	-	-	-	-	-
Diluted numbers of shares/ <i>Utvannet gjennomsnittlig utestående aksjer</i>	86 493	86 448	86 493	86 466	86 443

Accordingly, the basic and diluted EPS is as follows:

	30.09.2015	30.09.2014	Q3 2015	Q3 2014	31.12.2014
Earnings per share (NOK)/ <i>Fortjeneste pr. aksje (NOK)</i>	0,51	-0,83	-0,33	0,13	0,21
Diluted earnings per share (NOK)/ <i>Utvannet fortjeneste pr. aksje (NOK)</i>	0,51	-0,83	-0,33	0,13	0,21

Note 5 Related parties

Note 21 and accounting principles section 2.2 in the consolidated financial statements of 2014 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 prices.

Balance sheet items to/from Joint Ventures/ <i>Balansposter til/fra felleskontrollert virksomhet</i>	30.09.2015	30.09.2014	31.12.2014
Current receivables/ <i>Kortsiktige fordringer</i>	37 500	23 965	28 472
Current liabilities/ <i>Kortsiktig gjeld</i>	-8 213	-6 659	-2 198
Net receivables (+) / liabilities (-) to/from Joint Ventures/ <i>Netto fordringer (+) / gjeld (-)</i>	29 287	17 306	26 274

Note 6 Tax

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. Based on challenging markets in the offshore market, deferred tax asset in the Norwegian companies were impaired by MNOK 20 in the 4th quarter 2014.

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:

	30.09.2015	30.09.2014	31.12.2014
Gross deferred tax asset ¹⁾ / <i>Brutto utsatt skattefordel¹⁾</i>	46 364	61 130	31 152
Gross deferred tax liability ¹⁾ / <i>Brutto utsatt skatteforpliktelse¹⁾</i>	-55 613	-28 002	-31 336
Net deferred tax asset (+) / liability (-)/ <i>Netto utsatt skattefordel (+) / -forpliktelse (-)</i>	-9 249	33 128	-183

¹⁾ Gross deferred tax asset is recognized as intangible assets and gross deferred tax liability is recognized as provisions

¹⁾ *Brutto utsatt skattefordel er innregnet som immateriell eiendel og brutto utsatt skatteforpliktelse er innregnet som avsetning for forpliktelser*

Recognized deferred tax asset primarily relates to tax losses in the Norwegian and German companies. The criteria that have been utilized to estimate that future taxable profit can be utilized against deferred tax losses are;

- The Group will have taxable profits before unused tax losses expire
- The Group has sufficient temporary differences
- Tax losses result from particular identifiable causes

Based on challenging market outlook in the Offshore segment, deferred tax asset Norwegian companies was impaired at 31.12.2014.

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 any indication that the assets may be impaired.

TTS shares are freely traded at Oslo Stock Exchange. Closing price of last trading date in September 2015 was NOK 4,58 per share, indicating a nominal trade value of TTS of MNOK 396. Book value of the equity at 30.09.2015 was MNOK 747 excluding minority interest.

For the subsidiary NMF which was acquired in the 3rd quarter of 2012, the inherent CGU relates to the total activity in the company. Although the results have been weaker than expected, improved utilization in the newbuild section, and a strong development in the cross-related service section, support that the value in use is higher than the book value. Future market development may have material impact on the impairment test.

During the past two years, the Offshore segment in TTS has experienced substantial losses on its activity, combined with a low order intake. Changes in the segment structure combined with market conditions which remain challenging, give basis for impairment of goodwill allocated to the segment. An impairment of goodwill of MNOK 9,2 was allocated to 2nd quarter 2015. At the end of 3rd quarter book-value related to R&D, patents and other intangible assets in the Offshore segment is close to MNOK 40. Continued slow market may have material impact on the impairment test.

Governing agreements for the 50/50 owned company TTS Hua Hai (THH) has been changed during 2nd quarter. The changes have required a renewed assessment of the control evaluation defined in IFRS 10. Based on the evaluation it has been concluded that TTS has the power to control relevant activities which directly influences the risk and return from the operational activity in THH. Consequently THH is consolidated on 100% basis as of 2nd quarter 2015. The effects of the change are presented as an acquisition in table below. Purchase price allocation is based on estimates and is subject to change according to IFRS structure.

TTS Liftec, which is a well-recognized supplier within the European niche market for translifters is experiencing increased market competition. Future market development could have material impact on the impairment test.

During 3rd quarter TTS Group has successfully completed the acquisition of Syncrolift™ ship-lift product range from Rolls Royce Marine. Purchase price allocation is based on estimates and is subject to change according to IFRS structure.

TTS Group considers that there are no major events, changes in assumptions or other new information indicating a change in the valuation of goodwill or other intangible assets from year-end 2014 in the other business segments. Estimates related to future market expectations could have material impact on the impairment test.

Overview of goodwill and other intangible assets are as follows:

	Goodwill / Goodwill			Other intangible assets / Andre immaterielle eiendeler		
	30.09.2015	30.09.2014	31.12.2014	30.09.2015	30.09.2014	31.12.2014
Net book value, beginning of period/ Bokført verdi, periodestart	564 464	538 119	538 119	67 918	77 693	77 693
Acquisition/ Oppkjøp	138 804	-	-	97 211	-	-
Divestment/ Avhendelse	-	-	-	-	-	-
Additions/ Tilgang i året	-	-	-	12 882	-410	-419
Depreciations/Amortizations/ Avskrivninger	-	-	-	-6 547	-9 029	-12 179
Impairment/ Nedskrivninger	-9 150	-	-	-	-	-
Foreign currency differences/ Omregningsdifferanser	25 207	-20 334	26 345	1 379	-517	2 822
Net book value, end of period/ Bokført verdi, periodeslutt	719 325	517 785	564 464	172 843	67 738	67 918

Note 8 Non-current assets

	Non-current assets/ anleggsmidler		
	30.09.2015	30.09.2014	31.12.2014
Net book value, beginning of period/ Bokført verdi, periodestart	160 897	136 049	136 049
Acquisition/ Oppkjøp	2 979	-	-
Divestment/ Avhendelse	-	-500	-500
Additions/ Tilgang i året	10 259	27 581	47 015
Depreciations/Amortizations/ Avskrivninger	-21 527	-20 495	-31 782
Impairment/ Nedskrivninger	-	-	-
Foreign currency differences/ Omregningsdifferanser	8 248	992	10 115
Net book value, end of period/ Bokført verdi, periodeslutt	160 856	143 627	160 897

Note 9 Investments in Joint Ventures

	30.09.2015	31.12.2014
Net book value, beginning of period/ Bokført verdi, periodestart	102 582	104 002
Acquisition/ Oppkjøp	66 006	-
Divestment/ Avhendelse	-	-
Reclassification/ Reklassifisering	-81 876	-
Share of profit (+) / loss (-)/ Andel overskudd (+) / underskudd (-)	1 007	14 325
Share of dividend received/ Utbytte mottatt	-	-5 796
Foreign currency differences/ Omregningsdifferanser	9 206	-9 949
Net book value, end of period/ Bokført verdi, periodeslutt	96 925	102 582

As per 30.9.2015 investments in Joint Ventures include TTS Bo Hai Machinery Co Ltd. and Jiangnan TTS Ships Equipment Manufacturing Co Ltd. TTS Hua Hai holds a 40% share portion in Jiangnan.

Governing agreements for the 50/50 owned company, TTS Hua Hai Ships Equipment Co Ltd. was changed during 2nd quarter. Changes have been evaluated with respect to definitions in IFRS 10, and TTS have concluded its ability to control the THH. As an effect THH is consolidated on 100% basis as of 2nd quarter 2015.

Note 10 Inventories

	30.09.2015	30.09.2014	31.12.2014
Inventories, incl non current/ Råvarer og ferdigvarer inkl. ukurans	307 356	251 832	225 947
Obsolescence/ Ukurans	-46 944	-30 848	-36 683
Total inventories/ Sum varelager	260 412	220 984	189 264

During 3rd quarter inventories in the Offshore Segment have been impaired by MNOK 20.

Note 11 Financial assets measured at fair value

The Group has one financial asset measured at fair value in accordance with IFRS 13.

Sigma Drilling AS	30.09.2015		30.09.2014		31.12.2014	
	Ownership/ Eierandel	Fair value/ Virkelig verdi	Ownership/ Eierandel	Fair value/ Virkelig verdi	Ownership/ Eierandel	Fair value/ Virkelig verdi
	16,1 %	-	16,1 %	-	16,1 %	-

TTS is familiar with ongoing negotiations between Sigma Drilling and STX on final settlement related to the cancellation of the contract, which may give basis for a positive outcome for the owners of Sigma Drilling. At the end of Q3/2015 discussions are still ongoing. The outcome for TTS is not clear.

Note 12 Net result divested operations

In March 2015 TTS Group finalized the discussions with Cameron related to final release of hold back amount from Cameron related to the sale of the Energy-division in 2012. The release has no material effects on 2015 figures. Final earn-out discussion with Cameron was completed during 3rd quarter. The completion has no effects on 2015 figures.

Note 13 Change of control in 50/50 owned companies

Governing agreements for the 50/50 owned company, TTS Hua Hai Ships Equipment Ltd Co. is changed during the quarter. The changes have required a renewed evaluation of the control assessment defined in IFRS 10. Based on the evaluation it's been concluded that TTS have the power to control relevant activities which directly influences the risk and return from operational activity in THH. Consequently the company is consolidated on 100% basis as of 2nd quarter 2015.

A preliminary fair value assessment of TTS Hua Hai (THH) based on the discounted cash flow approach is the basis for revaluation and reallocation of THH assets, implementing of non-controlling equity interests in the consolidated accounts, and profit recognition related to the attributable excess values of the 50% share TTS hold in THH.

Preliminary allocation of fair value of assets, debt and goodwill related to TTS Hua Hai/
Foreløpig allokering av virkelig verdi for aktiva, passiva og goodwill relatert til TTS Hua Hai

Amounts in MNOK / Beløp i MNOK	MNOK
Equity - Fair value assessment / Egenkapital- Virkelig verdi vurdering	404
Fair value of net identified assets/ Virkelig verdi av aktiva	-856
Fair value of identified liabilities/ Virkelig verdi av passiva	642
Goodwill / Goodwill	190
Intangible assets / Immaterielle eiendeler	107
Tangible fixed assets / Varige driftsmidler	3
Financial fixed assets / Finansielle driftsmidler	67
Total fixed assets / Sum driftsmidler	177
Inventories, acc receivables / Varelager/ kunderfordringer o.l	193
Short term receivables/ Andre kortsiktige fordringer	267
Cash / Kontanter og bankekvivalenter	220
Total current assets / Sum omløpsmidler	680
Total assets / Sum eiendeler	1 046
Equity / Egenkapital	404
Long term liabilities / Langsiktig gjeld	23
Short term liabilities / Kortsiktig gjeld	619
Total equity and liabilities/ Sum egenkapital og gjeld	1 046

Note 14 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 2014.

There has been no execution related to the subordinated bond facility during the 3rd quarter of 2015. The nominal amount and conversion price of the convertible bond loan is unchanged from 4th quarter 2014 and is MNOK 95.3, giving right to 19.184.104 shares upon conversion. The bond facility matures in the 1th quarter 2016. The bond debt has consequently been classified as short term debt in the reported balance at 30 September.

The overdraft facility of MNOK 300 with Nordea has been unchanged during 3rd quarter of 2015. Guarantee facility of MNOK 500 with Nordea were increased to MNOK 550 during 1st quarter. Loan facility of MNOK 100, with DNB is unchanged in 2015. Guarantee facility with DnB of MNOK 140 was increased to MNOK 190 during 2nd quarter 2015. The overdraft facility in South Korea is increased by MNOK 13.

At the end of 3rd quarter 2015 TTS-group has drawn MNOK 100 of total MNOK 100 of the 3 year term loan facility in the bank agreement established in December 2012, ref Note 12 in the 2014 annual report.

Covenants for both equity ratio and 12 months rolling EBITDA related to the debt facilities with Nordea and DNB were renegotiated in the 4th quarter 2014. The equity covenant requires an equity-portion of 20,0% at all times. Nominal value of remaining bond-debt is to be included in the basis for the calculation.

Rolling 12 months NIBD/EBITDA covenant has been waived until 4Q2015. In the period Q4-2014 until 3Q-2015 a new EBITDA covenant is applied.

(MNOK)	Q4-14	Q1-15	Q2-15	Q3-15
EBITDA covenant accumulated	≥ 31	≥ 31	≥ 53	≥ 80

The debt and bonding facilities with Nordea and DNB mature in the 4th quarter 2015. The Group's bank loans of MNOK 100 have consequently been classified as short term debt in the reported balance at 30 September.

TTS group has drawn MNOK 206 of the total MNOK 300 overdraft facility with Nordea. 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.

	30.09.2015	30.09.2014	31.12.2014
Bank deposits in fully owned companies/ Bankinnskudd i heleide datterselskaper	32 284	87 470	130 602
Bank deposits in 50/50 owned companies/ Bankinnskudd i 50/50 eide selskaper	317 422	-	-
Bank deposits / Bankinnskudd	349 705	87 470	130 602

Additional information regarding financial risk management is available in the annual report 2014.

Note 15 Subsequent events

On the 3rd of November 2015 the Offshore segment announced immediate workforce reduction in its subsidiaries in Norway and Poland based on the challenging market situation in the segment.

Additional information on subsequent events is available at www.newsweb.no - ticker TTS