



1
TO 31 MARCH
2016

INTERIM REPORT
KVARTALSRAPPORT 1. KVARTAL 2016



TTS GROUP ASA

HIGHLIGHTS FOR THE 1ST QUARTER 2016.

Financial highlights for the quarter were:

- Order backlog at the end of the quarter was MNOK 3 615 (3 247)
- Order intake in the quarter was MNOK 529 (301)
- Turnover in Q1 was MNOK 766 (593)
- Q1 EBITDA MNOK 26,2 (0,6)
- Net profit in the quarter was MNOK 0,3 (-28)
- Total EPS for the quarter was NOK -0,02 (-0,32)

KEY FIGURES

	Q1 Periodic		Full Year
MNOK	2016	2015	2015
Turnover	766	593	3 058
EBITDA **	26	1	155
EBITDA margin (%)	3,4	0,1	5,1
Order intake	529	301	2 733
Order backlog*	3 615	3 247	4 015
EPS (NOK) Total	-0,02	-0,32	-0,55
EPS (NOK) Continued	-0,02	-0,32	-0,55

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

(**) 2015 EBITDA includes positive one off effect from consolidating TTS Hua Hai (THH) of MNOK 104 and negative effect of MNOK 38 from restructuring and impairment cost in the Offshore Segment.

The order intake for 1st quarter 2016 was MNOK 529, a significant increase compared to MNOK 301 in 1st quarter 2015. The largest contributors to the increase of order intake are Business units RoRo/Cruise/Navy and Container/Bulk/Tank, including THH order intake of MNOK 63.

The order backlog* at the end of 1st quarter reached NOK 3,6 billion (3,2 billion), of which approximately NOK 2 billion is expected to be turned into revenue in the remaining three quarters of 2016.

*including 50% of the order backlog, 257 (1 170), from equity consolidated investments in China.

1st quarter turnover was MNOK 766 including THH, compared to 593 in 1st quarter last year when THH was not consolidated. Turnover reported from THH in 1st quarter 2016 was MNOK 207. The turnover for the 100% owned parts of the group is reduced with 5,7% compared to 1st quarter last year.

EBITDA in the 1st quarter was positive by MNOK 26, an increase of MNOK 25 compared to 1st quarter 2015, which particularly reflects improved results from the Offshore unit and the consolidation of THH with an EBITDA 1st quarter 2016 of MNOK10.

TOTAL ASSETS AND NET INTEREST BEARING DEBT

Total assets at the end of 1st quarter 2016 was MNOK 2 878, a decrease of MNOK 147 since yearend 2015. Net working capital at the end of the quarter is negative MNOK 8.

In the 1st quarter of 2016 net interest bearing debt increased by MNOK 65 from MNOK 108 to MNOK 173. The increase of the net interest bearing debt is influenced by the decrease of cash in THH of MNOK 90 during the quarter. The effect of the consolidation of THH and TTS SCM represents a total reduction of the reported net interest bearing debt of MNOK 246.

In December 2015, the bondholders agreed to an extension of the subordinated convertible debt until 18 April 2017. The TTS Group ASA General Assembly approved the extension the 5th January 2016.

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 2015 annual report. There are no changes to the accounting principles in 2016.

SEGMENTS

TTS reports its operations in 6 business segments.

RoRo/Cruise/Navy (RCN)

MNOK	Q1 Periodic		Full Year
	2016	2015	2015
Turnover	143	160	641
EBITDA	10	15	62
Order backlog	925	706	941

The RCN segment continues to report positive quarterly figures, which reflect the TTS Group's strong position within the RoRo market, and particularly the PCTC-segment (PureCarTruckCarrier). However, quarterly margin is affected by increased cost in some Port-projects.

The outlook for the segment is positive. The order backlog at the end of the quarter was MNOK 925 compared to MNOK 706 at the end of 1st quarter 2015. Going forward, we see a somewhat softer market for car carriers, being replaced by higher activity in the market for RoPax and Cruise.

Container/Bulk/Tank (CBT)

MNOK	Q1		År
	2016	2015	2015
Omsetning	270	72	973
EBITDA **	4	2	141
Ordrereserve (*)	1 825	1 601	2 090

(*) Order reserve includes 50% of order reserve in equity consolidated investments in China.

(**) One off effect from consolidating TTS Hua Hai included in full year 2015 off MNOK 104.

Change of consolidation from the equity method to full consolidation of the 50 % owned company THH from 2nd quarter 2015, explains the major part of the reported

increase in revenue and margin compared to 1st quarter 2015. Included in 1st quarter 2016 is a turnover of MNOK 207 and an EBITDA MNOK 10 from THH.

Turnover from fully owned companies within the segment in the quarter of MNOK 64 is on level with 1st quarter 2015 (MNOK 72). Impairment of accounts receivable contributes negatively to the EBITDA (MNOK -6). Focus on overall efficiency and restructuring initiatives has compensated for the effect of price pressure and currency effects on cost, giving an underlying EBITDA-margin on level with last year.

Profit share from equity consolidated investments in the 1st quarter shows a negative contribution of MNOK 4, due to reduced utilization of the Jiangnan steel production plant in China (company owned 40% by THH).

Increased activity in the winch-market in South-Korea had a positive effect on order intake in 1st quarter. Activity in THH for the bulk market has been slower, however compensated by orders for containerships and multi-purpose vessels, supported by new orders of MNOK 94 announced in April 2016.

Despite price pressure from Korean yards, the group's expectations are moderately positive. A weak handy-bulk market is balanced by increased activity within mega cape-size bulk and feeder container.

Offshore (OFF)

MNOK	Q1 Periodic		Full Year
	2016	2015	2015
Turnover	70	79	359
EBITDA *	5	-24	-102
Order backlog	186	230	219

(*) During 2015, EBITDA was reduced by MNOK 38 related to restructuring cost and inventory impairment in the business unit

The Offshore market is still slow with low activity and visibility.

TTS has completed large loss-generating projects and has taken strong cost-reducing measures to adjust activities and capacity to the current offshore market, which leads to a significantly improved EBITDA for the segment. Several adjustments have been made in 2014/2015, and continue into 2016 in order to match capacity with order backlog and market conditions. The number of full time employee equivalents has from the peak in 3rd quarter 2014 been reduced by almost 70%.

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. The cost base has come down from the downsizing of the Business Unit during 2015. The structure of the remaining business gives the possibility to further adjust cost and capacity through 2016 to adapt to the prevailing market conditions.

Multipurpose/General Cargo (MPG)

MNOK	Q1		År
	2016	2015	2015
Omsetning	71	94	259
EBITDA	-5	-4	-13
Ordrereserve (*)	509	445	573

The Multipurpose/General Cargo segment shows a slightly reduced turnover compared to the same quarter last year, and an EBITDA on level with Q1 last year.

Restructuring of the segment in 2014 and start-up of the 50 % owned TTS SCM in China in 2015, creates a good position for TTS to take a fair share of a market which we expect will grow. The solid order backlog and the improving market for heavy lift cranes give prospects for higher activity and improved profitability going forward.

Shipyard Solutions (SYS)

MNOK	Q1 Periodic		Full Year
	2016	2015	2015
Turnover	69	51	216
EBITDA *	7	4	17
Order backlog	184	265	204

The 1st quarter figures reflect the segment's market position in a niche market for shiplift and transfer systems and other logistics solutions for the production industry.

TTS Syncrolift continues its stable positive trend from previous quarters, further developing the market for shiplifts and transfer systems after the acquisition of Syncolift™ in 3rd quarter 2015.

TTS Liftec, which is a substantial supplier within the European niche market for translifters, delivers turnover and positive EBITDA on par with the same quarter last year, adapting to a market with increased competition.

The order backlog represents a sound operational fundament for the quarters to come. The MNOK 100 order reported in April 2016 confirms the market potential for shiplifts and transfer systems, where we believe there is potential for further growth.

Services (SER)

MNOK	Q1 Periodic		Full Year
	2016	2015	2015
Turnover	138	136	591
EBITDA *	13	13	76

Both turnover and EBITDA for the Services segment in 1st quarter of 2016 is on the same level as 1st quarter 2015, continuing the stable positive trend from the previous quarters.

During 1st quarter 2016, TTS Group has strengthened the service network via establishment of subsidiaries in United Arab Emirates (Dubai), and Belgium (Antwerp).

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

OUTLOOK

The total shipbuilding market is expected to develop in line with increased demand for sea transport. TTS Group expects to follow the total market development.

Within the RoRo/Cruise/Navy segment, the PCTC market seems to be somewhat softer, but we see higher activity within the Ropax and Trailer RoRo segments. The activity in the cruise market is expected to grow, with increased Chinese activity being an important factor. The Multipurpose General Cargo segment has shown a positive development, which we expect will continue, particularly in China. Going forward we expect the overall Services market to be relatively stable with some underlying growth. For the Container/Bulk/Tank segment, the market for medium sized bulk vessels remains weak, and we observe an increased risk of cancellations in the bulk market. There is, however a clear tendency of increased demand for mega size bulk. The overall Container market is positive, with a move of prospects from mega-size container to smaller feeder-size vessels. New build activity within the product and tank sector is still good, but has decreased in the 1st quarter. For Shipyard Solutions, we see a positive development of the market for shiplifts. The Offshore market is expected to remain weak.

At the end of 1st quarter 2016, the TTS Group has a total order backlog of NOK 3,6 billion, of which approximately NOK 2 billion is expected to be turned into revenue in the remaining quarters of 2016.

During 2014 and 2015, TTS Group has implemented initiatives to adjust capacity to shifting demands, which continue through 2016. In addition, TTS Group is running several cost improvement programs within process reengineering, sourcing and fabrication, as well as product standardization.

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 years 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. This is supported by the company's organization of 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 Q1.2016 / 31.03.2016
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 31.03.2016	YTD 31.03.2015	1 st quarter 2016	1 st quarter 2015	YTD 31.12.2015
Income from projects/ Driftsinntekter	765 583	593 357	765 583	593 357	3 051 243
Other operating income/ Andre driftsinntekter	-	-	-	-	-
Total operating income/ Sum driftsinntekter	765 583	593 357	765 583	593 357	3 051 243
Raw materials and consumables used/ Varekostnad	490 465	360 187	490 465	360 187	1 939 679
Other operating costs/ Andre driftskostnader	245 401	240 957	245 401	240 957	1 072 488
Result from JV (- is income)/ Resultat fra JV (- er inntekt)	3 551	-8 382	3 551	-8 382	-115 889
EBITDA/ Driftsresultat før avskrivninger	26 165	595	26 165	595	154 984
Depreciation/ Avskrivninger	15 322	8 582	15 322	8 582	58 134
Other depreciation/write-downs/ Andre avskrivninger/ nedskrivninger	-0	-	-0	-	64 843
Operating profit/ Driftsresultat	10 844	-7 987	10 844	-7 987	32 007
Financial income/ Finansinntekter	11 078	12 296	11 078	12 296	38 442
Financial expense/ Finanskostnader	11 649	27 671	11 649	27 671	85 771
Net finance/ Netto finans	-571	-15 376	-571	-15 376	-47 329
Profit/loss before tax/ Resultat før skattekostnader	10 273	-23 363	10 273	-23 363	-15 322
Tax/ Skattekostnad	10 014	4 518	10 014	4 518	24 841
Net result continued business/ Periodens resultat videreført virksomhet	259	-27 880	259	-27 880	-40 163
Net result divested business/ Resultat fra avhendet virksomhet	-	0	-	0	0
Net result/ Netto resultat	259	-27 880	259	-27 880	-40 163
Attributable to equity holders of the company / Majoritet	-1 510	-27 880	-1 510	-27 880	-48 674
Attributable to non-controlling interests/ Minoritetsinteresser	1 768	-	1 768	-	8 511
NET RESULT FOR THE YEAR/ Oppstilling av totalresultatet					
Net result for the period/ Periodens resultat	259	-27 880	259	-27 880	-40 163
Actuarial gain/loss on defined pension benefit plan/ Estimativvik pensjoner	-	-	-	-	-
Translation differences/ Omregningsdifferanser	-19 074	721	-19 074	721	102 983
Total comprehensive income/ Totalresultat	-18 815	-27 159	-18 815	-27 160	62 820
Attributable to equity holders of the company / Majoritet	-2 416	-27 159	-2 416	-27 159	23 229
Attributable to non-controlling interests/ Minoritetsinteresser	-16 399	-	-16 399	-	39 592
Earnings per share (NOK) continued business/ Fortjeneste pr. aksje (NOK) videreført virksomhet	-0,02	-0,32	-0,02	-0,32	-0,55
Diluted earnings per share (NOK) continued business/ Utvannet fortjeneste pr. aksje (NOK) videreført virksomhet	-0,02	-0,32	-0,02	-0,32	-0,55
Earnings per share (NOK) divested business/ Fortjeneste pr. aksje (NOK) avhendet virksomhet	-	-	-	-	-
Diluted earnings per share (NOK) divested business/ Utvannet fortjeneste pr. aksje (NOK) avhendet virksomhet	-	-	-	-	-
Earnings per share (NOK)/ Fortjeneste pr. aksje (NOK)	-0,02	-0,32	-0,02	-0,32	-0,55
Diluted earnings per share (NOK)/ Utvannet fortjeneste pr. aksje (NOK)	-0,02	-0,32	-0,02	-0,32	-0,55
Average number of shares used as calculation basis for diluted EPS (000)/ Gjennomsnittlig antall utestående aksjer som basis for utvannet EPS (000)	86 493	86 493	86 493	86 493	86 493

Condensed consolidated statement of financial position / Konsolidert oppstilling av finansiell stilling	Unaudited/ Urevidert	Unaudited/ Urevidert	Audited/ Revidert
NOK 1 000	31.03.2016	31.03.2015	31.12.2015
Intangible assets/ Immaterielle eiendeler	852 358	640 430	886 850
Tangible assets/ Varige driftsmidler	123 767	159 207	134 521
Financial assets/ Finansielle anleggsmidler	95 473	117 276	84 975
Assets available for sale/ Eiendeler tilgjengelig for salg	-0	0	-0
Sum anleggsmidler/ Total non-current assets	1 071 598	916 913	1 106 346
Inventories/ Varer	385 992	229 860	414 157
Total receivables/ Kortsiktige fordringer	1 122 048	1 360 291	1 091 790
Bank deposits/cash/ Bankinnskudd/kontanter	298 363	51 688	413 210
Total current assets/ Sum omløpsmidler	1 806 401	1 641 639	1 919 157
Total assets/ Sum eiendeler	2 877 999	2 558 553	3 025 503
Share capital/ Aksjekapital	9 527	9 527	9 527
Other equity/ Annen egenkapital	622 779	573 978	624 980
Non-controlling interests / Minoritetsiere	203 660		220 059
Total equity/ Sum egenkapital	835 966	583 505	854 566
Provisions/ Avsetning for forpliktelser	55 096	29 444	51 581
Long term interest bearing debt/ Langsiktig rentebærende gjeld	95 345	90 081	0
Long term liabilities/ Langsiktig gjeld	150 441	119 525	51 581
Current interest bearing debt/ Kortsiktig rentebærende gjeld	375 701	313 849	522 812
Current liabilities/ Kortsiktig gjeld	1 515 891	1 541 674	1 596 545
Total current liabilities / Sum kortsiktig gjeld	1 891 592	1 855 523	2 119 357
Total liabilities/ Sum gjeld	2 042 033	1 975 048	2 170 938
Total equity and liabilities/ Sum egenkapital og gjeld	2 877 999	2 558 553	3 025 503

Consolidated statement of changes in equity/ Konsolidert oppstilling av endringer i egenkapital

NOK 1 000	Share capital / Aksjekapital	Treasury shares/ Egne aksjer	Share premium reserve/ Overkursfond	Other equity/ Annen egenkapital	Shareholders equity / Majoritetsandel	Non controlling interest / Minoritet	Total equity/ Total egenkapital
Equity as of 1.1.2016/ Egenkapital 1.1.2016	9 527	-12	149 378	476 612	634 505	220 060	854 566
Comprehensive income/ Totalresultat	-	-	-	-2 416	-2 416	-18 399	-18 815
Sale treasury shares/ Salg egne aksjer	-	-	-	-	-	-	-
Options cost/ Opsjonsplaner	-	-	-	215	215	-	215
Equity transactions with non controlling interests/ Egenkapitaltransaksjoner med minoritetsinteressent	-	-	-	-	-	-	-
Dividend distributed/ Utbetaling utbytte	-	-	-	-	-	-	-
Equity CBI/ Egenkapital UB	9 527	-12	149 378	473 411	632 306	203 669	835 966

Condensed consolidated statement of cash flows/
Kontantstrømsoppstilling

NOK 1000	Unaudited/ Urevidert	Unaudited/ Urevidert	Audited/ Revidert
	YTD 31.03.2016	YTD 31.03.2015	YTD 31.12.2015
EBITDA/ Driftsresultat før avskrivninger	26 165	595	154 984
Change in net current assets/ Endring i netto omløpsmidler	-57 449	-74 519	-155 153
Cash from operations/ Kontantstrøm fra operasjonelle aktiviteter	-31 284	-73 925	-169
Aquisition of non-current assets/ Kjøp av varige driftsmidler	-1 626	-964	220 112
Proceeds discontinued business/ Netto salgssum avhendet virksomhet	-	0	0
Other investing activities/ Andre investeringsaktiviteter	-0	-0	-23 950
Cash from investments/ Kontantstrøm fra investeringsaktiviteter	-1 626	-964	196 162
New loans and repayment/ Opptak og nedbetaling av lån	-45 750	6 318	122 931
Paid-in equity/ Innbetaling av egenkapital	-	-	-
Payments to shareholders/ Utbetaling til aksjonærer	-	-	-
Net interest paid/ Netto betalte renter	-18 527	-13 676	-53 565
Cash from financing/ Kontantstrøm fra finansieringsaktiviteter	-64 278	-7 358	69 365
Change in cash/ Endring i kontantbeholdning	-97 187	-82 247	265 358
Cash position OB/ Kontantbeholdning IB	413 210	130 602	130 602
Effect of exchange rate changes on cash/ Effekt av valutakursendring bank	-17 660	3 333	17 250
Cash position CB/ Kontantbeholdning UB	298 363	51 688	413 210

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1ST QUARTER 2016

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. In Q1 2016 TTS Group have established new subsidiaries which will be part of the overall Service Network expansion. The new subsidiaries are located in Dubai (United Arab Emirates), and in Antwerp (Belgium).

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 and associated companies are accounted for using the equity method.

The Board of Directors approved the consolidated financial statements for the year ended 31st of December 2015 on 19th of April 2016. The annual report 2015 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 1th quarter 2016 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 2015.

The accounting principles applied are the same as those described in the consolidated financial statements of 2015.

This condensed consolidated 1th quarter interim report of 2016 was approved by the Board on 10th of May 2016.

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 2015.

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)	2016							143	10,0	143	10,0
	2015	176	12,8	146	18,2	159	16,2	160	15,1	641	62,3
Container, bulk, tank	2016							270	4,1	270	4,1
	2015	298	24,2	292	5,5	313	110,9	72	1,9	973	140,8
Offshore	2016							70	4,8	70	4,8
	2015	90	-21,8	99	-48,1	92	-8,1	79	-23,7	359	-101,7
Multipurpose General Cargo	2016							71	-4,7	71	-4,7
	2015	50	-6,2	78	-3,9	38	0,7	94	-3,7	259	-13,0
Shipyards Solutions	2016							69	7,0	69	7,0
	2015	79	12,5	44	0,5	42	0,2	51	4,3	217	17,5
Services	2016							138	12,7	138	12,7
	2015	147	21,2	146	21,3	162	19,7	136	13,4	591	75,6
Corporate / Other	2016							3,5	-8,3	4	-8,3
	2015	3	-14,2	1	-5,5	0	-1,7	2	-6,7	6	-26,6
Total	2016							766	26,2	766	26,2
	2015	842	28,6	805	-12,0	811	137,8	593	0,6	3 051	155,0
	2014	734	141,8	549	2,2	617	-10,3	554	-28,4	2 453	105,2

A one time effect from change of control of MNOK 103,7 is recognized in Q2/15 periodic EBITDA.

A one time effect of MNOK 101 from a change in pension scheme was allocated in Q4/2014.

TTS Group reports on the following segments.

- RoRo/Cruise/Navy (BURCN)
- Container/Bulk/Tank (BUCBT)
- Offshore (BUOFF)
- Multipurpose/General cargo (BUMPG)
- Shipyards Solutions (BUSYS)
- Services (BUSER)

BURCN 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.

BUCBT 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.

BUOFF 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.

BUMPG 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 40-1500 t heavy lift cranes, side loading systems, hatch covers and mooring winches.

BUSYS 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.

BUSER 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 31th of March 2016 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.

No options have been awarded in 1th quarter 2016. As per end of 1st quarter 2016 senior employees holds 887 500 share options, of which 550 000 options has a strike price of 4,75, and 337 500 options has a strike price of 6,15. Share options awarded to personnel having left TTS Group have been terminated.

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/ Resultat per aksje:	YTD 31.03.2016	YTD 31.03.2015	YTD 31.12.2015
Net income available to shareholders, continued business/ Resultat tilordnet selskapets aksjonærer, videreført virksomhet	-1 510	-27 880	-48 674
Effect of dilution/ Utvanningseffekt	-	-	-
Diluted net income available to shareholders, continued business/ Utvannet resultat tilordnet selskapets aksjonærer, videreført virksomhet	-1 510	-27 880	-48 674
Net income available to shareholders, divested business/ Resultat tilordnet selskapets aksjonærer, avhendet virksomhet	-	-	-
Effect of dilution/ Utvanningseffekt	-	-	-
Diluted net income available to shareholders, divested business/ Resultat tilordnet selskapets aksjonærer, avhendet virksomhet	-	-	-
Net income available to shareholders/ Utvannet resultat tilordnet selskapets aksjonærer	-1 510	-27 880	-48 674
Effect of dilution/ Utvanningseffekt	-	-	-
Diluted net income available to shareholders/ Utvannet resultat tilordnet selskapets aksjonærer	-1 510	-27 880	-48 674

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

	31.03.2016	31.03.2015	31.12.2015
Weighted average number of shares outstanding/ Gjennomsnittlig utestående aksjer	86 493	86 493	86 493
Effect of dilution/ Utvanningseffekt	-	-	-
Diluted numbers of shares/ Utvannet gjennomsnittlig utestående aksjer	86 493	86 493	86 493

Accordingly, the basic and diluted EPS is as follows:

	31.03.2016	31.03.2015	31.12.2015
Earnings per share (NOK)/ Fortjeneste pr. aksje (NOK)	-0,02	-0,32	-0,55
Diluted earnings per share (NOK)/ Utvannet fortjeneste pr. aksje (NOK)	-0,02	-0,32	-0,55

Note 5 Related parties

Note 21 and accounting principles section 2.2 in the consolidated financial statements of 2015 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/ Balanseposter til/fra felleskontrollert virksomhet	31.03.2016	31.03.2015	31.12.2015
Current receivables/ Kortsiktige fordringer	50 002	33 553	49 067
Current liabilities/ Kortsiktig gjeld	-9 801	-7 945	-8 781
Net receivables (+) / liabilities (-) to/from Joint Ventures/ Netto fordringer (+) / gjeld (-)	40 201	25 608	40 285

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.

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:

	31.03.2016	31.03.2015	31.12.2015
Gross deferred tax asset ¹⁾ / Brutto utsatt skattefordel ¹⁾	40 212	32 518	43 221
Gross deferred tax liability ¹⁾ / Brutto utsatt skatteforpliktelse ¹⁾	-53 907	-28 938	-51 581
Net deferred tax asset (+) / liability (-)/ Netto utsatt skattefordel (+) / -forpliktelse (-)	-13 594	3 580	-8 360

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, as well as short term tax differences from the Chinese 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

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 March 2016 was NOK 3,15 per share, indicating a nominal trade value of TTS of MNOK 273. Booked equity value at 31.03.2016 was MNOK 632 excluding minority interest.

At the end of 1st quarter 2016 TTS Group has not identified any changes in the overall financial market that give basis for a significant change in the average cost of capital.

For the subsidiary TTS NMF GmbH, 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 exceed book value. Operations so far in 2016 is in line with expectations. Order intake 1st quarter 2016 is below expectations, however we expect order intake to pick up during the remaining quarters of 2016. 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, gave basis for impairment of goodwill in 2015. Market development in 2016 is still weak, however allocated intangible assets to BUOFF is at around MNOK 12 and a planned straight line depreciation of close to 4 MNOK per year.

Governing agreements for the 50/50 owned company TTS Hua Hai (THH) was changed during 2nd quarter 2015. Additional information is in the annual 2015 report note 27. Please note that the 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. Based on market outlook and margins, an impairment of goodwill of MNOK 19 (2mEUR) was allocated to the 4th quarter 2015. Remaining goodwill allocated is MEUR 2,4. TTS Group believes that market development in 2016 is in line with the expectations at yearend 2015.

During 4th quarter 2015 TTS Group, via the Service segment, acquired a minor entity in Italy. Purchase price allocation was 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 2015 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		
	31.03.2016	31.03.2015	31.12.2015	31.03.2016	31.03.2015	31.12.2015
Net book value, beginning of period/ Bokført verdi, periodestart	701 807	564 464	564 464	141 821	67 918	67 918
Acquisition/ Oppkjøp	-	-	140 692	-	-	98 497
Divestment/ Avhendelse	-	-	-	-	-	-
Additions/ Tilgang i året	-	-	-	-	-94	4 390
Depreciations/Amortizations/ Avskrivninger	-	-	-	-8 267	-3 440	-24 557
Impairment/ Nedskrivninger	-	-	-28 050	-	-	-16 625
Foreign currency differences/ Omregningsdifferanser	-19 198	-19 961	24 701	-4 018	-974	12 199
Net book value, end of period/ Bokført verdi, periodeslutt	682 609	544 503	701 807	129 536	63 409	141 821

Please find additional information on intangible assets, assumptions and sensitivity information is presented in the annual report 2015, note 7.

Note 8 Non-current assets

	Non-current assets/ anleggsmidler		
	31.03.2016	31.03.2015	31.12.2015
Net book value, beginning of period/ Bokført verdi, periodestart	134 521	160 897	160 897
Acquisition/ Oppkjøp	-	-	2 979
Divestment/ Avhendelse	-	-	-
Additions/ Tilgang i året	1 626	1 059	9 634
Depreciations/Amortizations/ Avskrivninger	-5 783	-4 496	-29 318
Impairment/ Nedskrivninger	-	-	-20 098
Foreign currency differences/ Omregningsdifferanser	-6 597	1 747	10 427
Net book value, end of period/ Bokført verdi, periodeslutt	123 767	159 207	134 521

Note 9 Equity accounted investments

	31.03.2016	31.03.2015	31.12.2015
Net book value, beginning of period/ Bokført verdi, periodestart	84 975	102 582	102 582
Acquisition/ Oppkjøp	-	-	66 006
Divestment/ Avhendelse	-	-	-
Reclassification/ Reklassifisering	-	-	-81 876
Share of profit (+) / loss (-) / Andel overskudd (+) / underskudd (-)	-3 551	8 382	1 007
Share of dividend received/ Utbytte mottatt	-	-	-
Foreign currency differences/ Omregningsdifferanser	14 049	6 312	-2 744
Net book value, end of period/ Bokført verdi, periodestutt	95 473	117 276	84 975

As per 31.03.2016 equity accounted investments 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.

Note 10 Inventories

	31.03.2016	31.03.2015	31.12.2015
Inventories, incl non current/ Råvarer og ferdigvarer inkl. ukurans	411 350	266 343	439 515
Obsolescence/ Ukurans	-25 358	-36 683	-25 358
Total inventories/ Sum varelager	385 992	229 660	414 157

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	31.03.2016		31.03.2015		31.12.2015	
	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 Q1/2016 discussions are still ongoing.

Note 12 Change of control in 50/50 owned companies

Governing agreements for the 50/50 owned company, TTS Hua Hai Ships Equipment Ltd Co. was changed in Q2/2015. Please find additional information on the 2015 effects in TTS Annual report 2015, note 27.

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.

There is no change to the assessment in Q1/2016.

Note 13 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 2015.

The 17th December 2015, the bondholders agreed to an extension of the subordinated debt until 18 April 2017. The TTS General Assembly approved the extension at January 5th 2016.

The amendments mainly involves a 15-month extension of the maturity date from 18th January 2016 to 18th April 2017, and a change of fixed coupon rate from 8% to 12%p.a. Changes also include minor amendments to conversion and redemption provisions. Terms and conditions in the renewed agreement have been evaluated according to IAS 39. Based on the evaluation the renewed agreement is considered a prolonging of the prior bond debt agreement.

There has been no execution related to the subordinated bond facility during the 1th quarter of 2016. The nominal amount and conversion price of the convertible bond loan is unchanged from 4th quarter 2015 and is MNOK 95.3, giving right to 19.184.104 shares upon conversion.

The bond debt is classified as long term debt as per 31.March 2016.

On December 18th 2015 TTS Group ASA entered into an agreement with Nordea and DNB on new financing agreements for credit and guarantee facilities, which represents an extension of the agreements the company had at the beginning of the prior fiscal year. The extended agreements expire on December 31st 2016, and are presented as short-term debt.

The credit facility in the extended agreement is 1 125 MNOK, and consist of:

- MNOK 175, term loan facility (DNB)
- MNOK 300, multi-currency overdraft facility (Nordea)
- MNOK 650, guarantee facility (Nordea MNOK 490, DNB MNOK 160)

As of Q1/2016 debt covenant requirements are

- EBITDA

<i>NOK mill</i>	<i>Q1-16</i>	<i>Q2-16</i>	<i>Q3-16</i>	<i>Q4-16</i>
EBITDA Covenant accumulated	≥ 15	≥ 35	≥ 60	≥ 100

- Equity ratio min 25,0% (nominal value of remaining bond-debt is to be included in the basis of calculation)
- Minimum liquidity reserve (MNOK 50)

At end of 1st quarter 2016 TTS Group meet the set covenants.

At the end of 1st quarter 2016, TTS Group has drawn MNOK 175 out of the total MNOK 175 loan facility with DNB. TTS group has drawn MNOK 172 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.

	31.03.2016	31.03.2015	31.12.2015
Bank deposits in fully owned companies/ Bankinnskudd i heleide datterselskaper	51 905	51 688	78 466
Bank deposits in 50/50 owned companies/ Bankinnskudd i 50/50 eide selskaper	246 458	-	335 720
Bank deposits / Bankinnskudd	298 363	51 688	414 186

An overall description of debt facilities, and additional information regarding financial risk management is available as part of the notes to the annual report 2015.

Note 14 Subsequent events

At 22nd April 2016, TTS Group announced two new contracts related to production of hatch covers with an order value of approx. MNOK 94 to be delivered from TTS Hua Hai Co. Ltd during 2016 - 2017.

At 22nd April 2016, TTS Group announced a new contract related to delivery of a 10 000 ton ship lift system with an order value of approx. MNOK 100 to be delivered from TTS Syncrolift AS in 2nd half of 2017.

At 25th April 2016, TTS Group announced that Mrs. Toril Eidesvik has been appointed as new CEO of TTS Group effective as from 25th April 2016. Mr. Bjørn Andersson, former CEO, continues his work in TTS Group as EVP Business Development.

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