for cleaner oceans

SCANSHIP HOLDING ASA

Financial Report

Second Half Year 2017 (2H 2017)

SCANSHIP HOLDING ASA

Financial report – 2H 2017

1. Key Financial Information 2H 2017

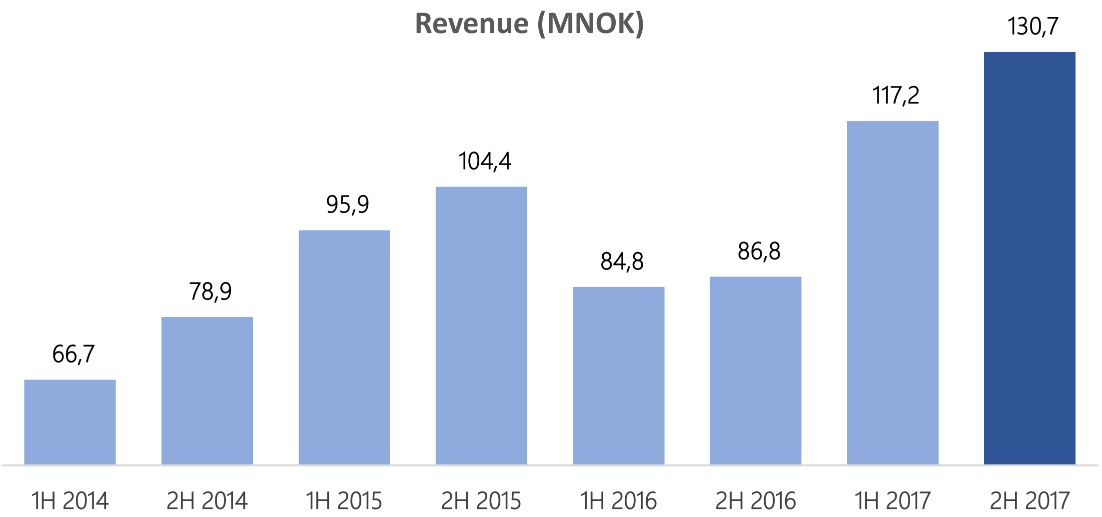
- Growth trajectory continues into best half year ever
- Significantly improved Revenue and EBITDA levels
- All-time high orderbook

(NOK million)	*Unaudited* **2H17**	*Unaudited* **2H16**	*Unaudited* **2017**	*Audited* **2016**
Total Revenue	130.7	86.8	247.9	171.6
Gross Margin %	*32 %*	*25 %*	*31 %*	*28 %*
EBITDA (before non-recurring items)	15.5	-3.1	27.4	-2.6
EBITDA	15.5	-3.9	26.0	-3.4
Operating Result (EBIT)	13.7	-5.2	22.9	-5.8
Result before tax	11.8	-4.4	19.7	-5.0
Project Backlog	469	250	469	250
Total Assets	155.6	125.6	155.6	125.6
Equity ratio	*37 %*	*36 %*	*37 %*	*36 %*

1.1 Revenue

Scanship's total revenues were 51 % higher in 2H 2017 compared to 2H 2016. The significant increase in the revenue level relates to the Project segment, with recorded revenue which was 103 % higher than in the same period in 2016. The revenue in the Aftersales segment was in line with the revenue in the same period in 2016.

The increase in Project revenues are driven by high activity, both related to engineering and planning of the new contracts awarded during the period, as well as by equipment deliveries and activity on the existing portfolio.



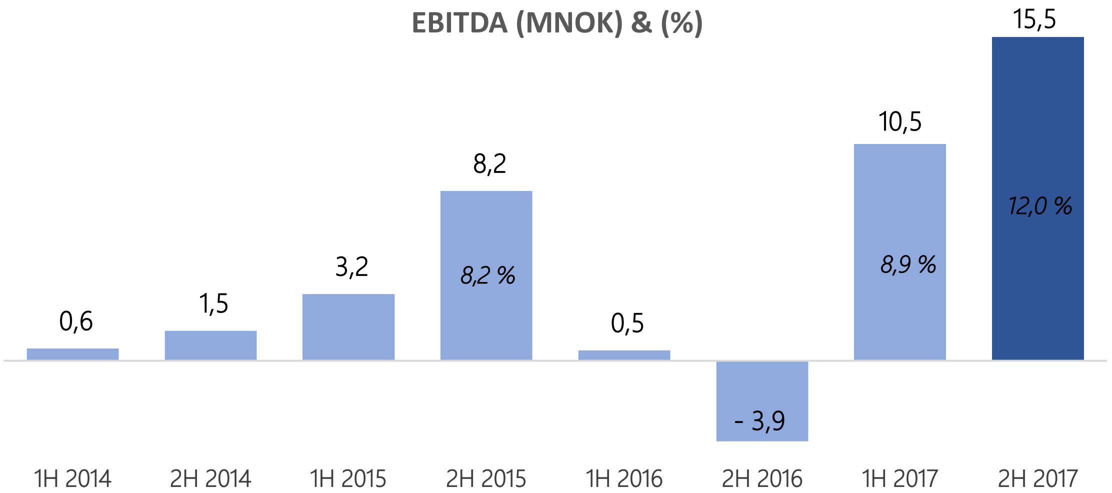
1.2 Gross Margin, Operating Cost, EBITDA

EBITDA in 2H 2017 was recorded at MNOK 15.5, compared to the MNOK – 3.9 in 2H 2016. The increase is driven by revenue growth and improved gross margins. Total Gross margin increased from 25,0% in the same period in 2016 to 32.1 % in 2H 2017.

The operating expenses for the year 2017 was lower than in 2016.

The Scanship Group booked non-recurring costs of MNOK 1.4 during the first six months of 2017 related to the strategic structured process. These were costs incurred by the parent company Scanship Holding ASA.

EBITDA before non-recurring items for the full year 2017 is MNOK 27.4 and MNOK 26.0 including these costs.



EBITDA = Earnings Before Interest Tax Depreciation and Amortization

1.3 Net financial items

The Net financial items in 2H 2017 was MNOK –1.9, compared to MNOK 0.8 in 2H 2016, the difference primarily being related to net effect of F/X derivate contracts. The F/X contracts per 31.12.17 have a maturity date in 2018, and a negative value compared to market rate 31.12 of MNOK 1.5. 2016 included a positive revaluation of prior year effects of currency contracts.

The Result before tax is MNOK 11.8 in 2H 2017 compared to MNOK - 4.4 in 2H 2016.

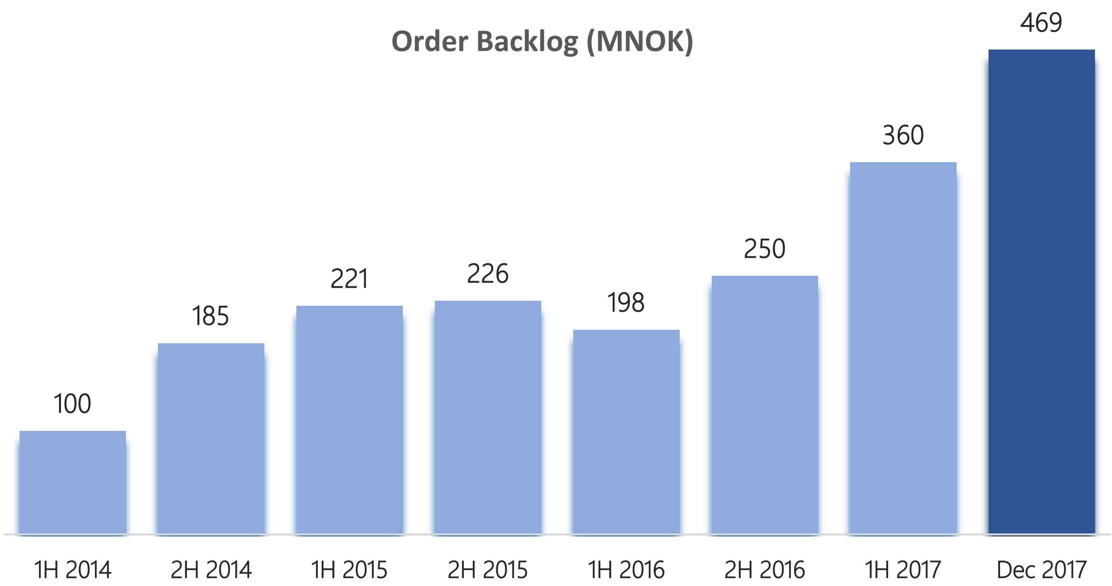
1.4 Cash Flow

The cash flow from operations was MNOK 17.6 in 2H 2017 compared to MNOK 4.5 in 2H 2016, and MNOK 11.3 for the year 2017 compared to MNOK -5.8 for 2016. Scanship has a relatively high cash flow from operations in the second half of 2017. As noted in the financial report for the first half year 2017, certain of the customer payments that were due for payment in the end of June, were received in the beginning of July.

The cash flow from operations are primarily used for reducing the drawn amount on the group’s bank overdraft facility.

2. Project Order Backlog

The order backlog is recorded at an all-time high MNOK 469 as of 31 December 2017, compared to MNOK 360 at 30 June 2017, and MNOK 250 as per 31 December 2016. During the last six months of 2017 six new cruise industry contracts have been signed for approx. MNOK 196, including contract with Norwegian Cruise Line for their four new-generation newbuilds.



3. Operations

Scanship develops and delivers environmental technologies that prevent pollution to sea.

With a comprehensive system portfolio, which includes garbage handling for waste recycling and incineration, foodwaste conveying and processing, and advanced wastewater purification, Scanship is a leading supplier to the cruise industry. The company also supplies systems for dewatering and drying of residues from foodwaste and wastewater. Scanship's technology enables waste recycling, prevents pollution to sea and secures treated effluent which meets the highest international effluent discharge standards.

In recent years, the company has entered the Aquaculture industry with its core technology for drying residues from landbased smolt facilities to prevent discharge to sea and to capture valuable nutrients for reuse.

Scanship Holding has its main office at Lysaker, Norway as well as offices in Tønsberg (Norway), Fort Lauderdale (USA) and Gdynia (Poland). Scanship has warehouse facilities in Tønsberg and Fort Lauderdale.

In 2H 2017 Scanship delivered equipment to STX France for the MSC Bellissima, to Meyer Turku for Mein Schiff 2, to Fincantieri for Viking Jupiter, to Kleven for Roald Amundsen and to Vard for Hanseatic Nature. In addition, Scanship delivered equipment to the Salangfisk project in the Aquaculture industry.

Scanship had in the same period completed commissioning and compliance test on Viking Sky at Fincantieri and Norwegian Joy at Meyer Werft. In total, 7 Scanship cruise newbuild systems were successfully handed over to shipowners after proof of compliance during 2H2017. Those were, in addition to the above, Mein Schiff 6 at Meyer Turku, Silver Muse and Viking Sun at Fincantieri, World Dream at Meyer Werft and MSC Meraviglia at STX France.

Scanship was during the last six months of 2017 awarded contract for supplying its advanced wastewater purification system to the largest cruise ships to be built at STX France, on the 5th Oasis Class ships for RCCL to enter service in 2021. Scanship was also awarded contracts for the delivery of a complete total clean ship system for a total of 4 NCL newbuilds at Fincantieri. These newbuilds are known as the Leonardo Project and represents the largest Scanship contract awards to date measured in Euro. The NCL newbuilds will enter service yearly from 2022. In the last week of December, Scanship was also awarded a total clean ship system for Silver Moon at Fincantieri that will be delivered from the yard in 2020. The contract awards during 2H2017 accumulated to an all-time high order backlog for Scanship.

Scanship entered into important cooperation agreements during the second half of the year. Virgin Voyages signed an agreement for the MAP Waste to Energy technology involving cooperation within marketing, assistance within third party approval processing and options to install MAP system on future newbuilds. The agreement was announced at a keel laying ceremony in Genova on the 31st of October, and news were widely published by Virgin Voyages around the world.

In the Aquaculture market, Scanship entered into a cooperation agreement with Skretting, Høst and Ivar to reuse the end product from the Scanship process at Marin Harvest as an additive for fertilizer production. The agreement has no immediate commercial value, but positions Scanship as a key enabler to a sustainable circular economy concepts in Aquaculture. Such concepts may create forward growth opportunities for Scanship in the Aquaculture market.

Scanship did also participate in a production license application together with Skretting, Seafarming Systems, Nutreco, Høst and Ivar for a concept on seabased fishfarming where Scanship is technology provider to separate out sludge for reuse. In the event such production license will be provided, Scanship will be awarded equipment contracts. The application process has been announced in several publications.

4. Product Development (R&D)

Scanship's focus in research and development during 2017 has been the further development of the MAP Waste to Energy. Scanship is aiming for commercialisation of the MAP Waste to Energy during 2019.

Scanship has invested MNOK 4.9 on its product development activities in 2017 compared to MNOK 5.9 for the year 2016, the difference primarily being related to the timing of equipment cost for the development projects.

The majority of the product development cost consists of working hours performed by Scanship's own employees.

5. Market Outlook

The cruise industry market continues to grow, and more ships are being ordered. Currently the total industry newbuilding order book includes 92 vessels to be delivered to the market until 2025. The newbuilding market is driven by an underlying growth of passengers to the industry, undersupply of ships in past years, and expectations of forward growth in the Asian Pacific region. Scanship forward orderbook includes system deliveries to 29 vessels in the next years, and the company is actively tendering for a significant part of the forward cruise industry orderbook.

The cruise industry is more focused on environmental initiatives and "cleaner oceans" than ever before. Combined with stricter enforcement of new regulations in the Baltic Sea, Scanship is seeing more focus from the industry when it comes to planning for future retrofits. This has translated into higher tendering activity within retrofit, and the company is currently working with several leads that can convert into retrofit contracts already in 2018.

With more ships being delivered to the market with Scanship systems or similar, the addressable market for sale of spares, consumables, service and repair is growing. Scanship is well positioned in this market space to obtain orders, and to grow the business in the Aftersales market.

Scanship is continuing to tender for more systems to smolt facilities and seabased closed systems in the Aquaculture industry. With successful operations on the first Scanship system delivered to Marin Harvest at Steinsvik in 2016, followed by the orders for Salangfisk, Sjøtroll and Follafoss (Salmar), the company is about to position itself for growth within this new business area. With an industry focus on sustainable fishfarming, reduced pollution to sea and circular economy, Scanship is experiencing higher demand for the company's offering both on landbased and seabased systems. In the short run, it has translated to a higher tendering activity within Aquaculture for Scanship.

Lysaker, 27 February 2018

The Board of Directors for Scanship Holding ASA

Consolidated Income statement

(NOK million)	Note	Unaudited 2H17	Unaudited 2H16	Unaudited 2017	Audited 2016
Revenue	2	130.7	86.8	247.9	171.6
Total operating revenue		**130.7**	**86.8**	**247.9**	**171.6**
Cost of goods sold		-88.8	-65.1	-171.5	-123.6
Gross Profit		**41.8**	**21.7**	**76.4**	**48.0**
Gross Margin		32.1 %	25.0 %	30.8 %	28.0 %
Employee expenses		-15.9	-14.3	-29.2	-28.1
Other operating expenses		-10.4	-10.5	-19.8	-22.5
EBITDA before non-recurring items		**15.5**	**-3.1**	**27.4**	**-2.6**
- EBITDA margin before non-recurring items		11.9 %	-3.6 %	11.1 %	-1.5 %
Non-recurring items	3	0	-0.8	-1.4	-0.8
EBITDA		**15.5**	**-3.9**	**26.0**	**-3.4**
-EBITDA margin		11.9 %	-4.5 %	10.5 %	-2.0 %
Depreciation and amortisation	4	-1.8	-1.3	-3.1	-2.4
Operating result (EBIT)		**13.7**	**-5.2**	**22.9**	**-5.8**
Net Financial items	5	-1.9	0.8	-3.2	0.7
Result before tax		**11.8**	**-4.4**	**19.7**	**-5.0**
Income tax revenue (+) /expense (-)		-3.0	0.3	-4.4	0.2
Result for the period		**8.8**	**-4.1**	**15.3**	**-4.8**

Consolidated statement of comprehensive income

(NOK million)	Note	Unaudited 2H17	Unaudited 2H16	Unaudited 2017	Audited 2016
Net result for the period		8.8	-4.1	15.3	-4.8
Items to be reclassified to profit or loss:					
Exchange differences or trans. of foreign op.		-0.9	0.3	-1.0	0.8
Net items to be reclassifies to profit or loss		-0.9	0.3	-1.0	0.8
Items not be reclassified to profit or loss					
Other comprehensive income net of tax		-	-	-	-
Total comprehensive income, net of tax		**7.9**	**-3.7**	**14.3**	**-4.0**
Attribute to					
Owners of the parent		7.9	-3.7	14.3	-4.0
Non controlling interest	6	-	-	-	-
		7.9	-3.7	14.3	-4.0
Earnings per share (NOK) 1)		0.08	-0.04	0.15	-0.04
Diluted earnings per share (NOK) 1)		0.08	-0.04	0.15	-0.04

1) Total shares: 95,505,525

Consolidated statement of financial position

(NOK million)	Note	*Unaudited* 31.12.17	*Audited* 31.12.16
ASSETS:			
Non-current assets:			
Property, plant and equipment	4	2.4	3.8
Intangible assets	4,7	31.6	28.8
Total non-current assets		**34.0**	**32.6**
Current assets:			
Inventories		4.0	3.5
Trade receivables		58.8	57.8
Contracts in progress	2	43.3	14.2
Other Receivables		9.9	13.9
Cash and cash equivalents		5.6	3.6
Total current assets		**121.6**	**93.0**
Total assets		**155.6**	**125.6**

(NOK million)		*Unaudited* 31.12.17	*Audited* 31.12.16
EQUITY AND LIABILITIES			
Equity:			
Share capital		9.6	9.6
Share premium		77.5	77.5
Stock option		0.5	0.5
Translation difference		-0.2	0.8
Retained earnings		-29.7	-42.9
Total equity		**57.6**	**45.4**
Liabilities			
Deferred tax liabilities	8	7.2	2.8
Long term borrowings	9	1.1	1.3
Total non-current liabilities		**8.3**	**4.1**
Current liabilities			
Trade creditors		46.4	31.5
Contract accruals	2	11.8	8.2
Unrealised change fair value FX derivatives	5	1.5	1.8
Income tax payable		1.4	0.5
Bank overdraft		20.8	23.9
Other Current liabilities		7.8	10.2
Total Current Liabilities		**89.7**	**76.1**
Total liabilities		**98.0**	**80.2**
Total equity and liabilities		**155.6**	**125.6**

Consolidated statement of changes in equity

Unaudited

(NOK million) **31.12.17**	**Share Capital**	**Share Premium**	**Other cap Reserves**	**Trans. Diff.**	**Retained Earnings**	**Total**
Equity at 31.12.2016	9.6	77.5	0.5	0.8	-42.9	45.4
Prior year corrections					-2.1	-2.1
Result for the period	-	-	-	-	15.3	15.3
Other Comprehensive income	-	-		-1.0	-	-1.0
Total Comprehensive income	**-**	**-**	**-**	**-1.0**	**13.2**	**12.2**
Stock Options	-	-	-	-	-	-
Equity at end of period	**9.6**	**77.5**	**0.5**	**-0.2**	**-29.7**	**57.6**

Audited

(NOK million) **31.12.16**	**Share Capital**	**Share Premium**	**Other cap. Reserves**	**Trans Diff**	**Retained Earnings**	**Total**
Equity at 31.12.15	9.6	77.5	0.4	-	-37.6	49.8
Result for the period	-	-	-	-	-4.7	-4.7
Other Comprehensive income	-	-	-	0.8	-0.6	0.2
Total Comprehensive income	**-**	**-**	**-**	**0.8**	**-5.3**	**-4.5**
Stock Options	-	-	0.1	-	-	0.1
Equity at end of period	**9.6**	**77.5**	**0.5**	**0.8**	**-42.9**	**45.4**

Consolidated cash flow statement

(NOK million)	*Unaudited* **2H17**	*Unaudited* **2H16**	*Unaudited* **2017**	*Audited* **2016**
Result before tax	*11.8*	*-4.4*	*19.7*	*-5.0*
Net cash flow from operating activities	17.6	4.5	11.3	-5.8
Net cash flow from investing activities	-2.7	-2.3	-5.2	-7.4
Net cash flow from financing activities	-11.9	-0.8	-4.2	-2.8
Net change in cash and cash equivalents	**3.0**	**1.4**	**2.0**	**-16.0**
Cash and cash equivalents at start of period	2.6	2.3	3.6	19.5
Cash and cash equivalents at end of period	**5.6**	**3.6**	**5.6**	**3.6**

Scanship has a particularly strong cash flow from operations in the second half of 2017. As noted in the financial report for the first half year 2017, certain of the customer payments that were due for payment in the end of June, were received in the beginning of July.

The cash flow from financing activities includes the down payments made to reduce the drawn amount on the bank overdraft facility. The drawn amount on the bank overdraft facility was MNOK 31.7 as of 30.06.17, and MNOK 20.8 as of 31.12.17, a reduction of MNOK 10.9 having been made during 2H 2017.

Selected explanatory notes

Note 1 General information

This interim financial information for the Second Half Year 2017 has been prepared pursuant to IAS 34 "interim financial reporting". The interim Financial Reporting should be read in conjunction with the annual Financial Statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS, as adopted by European Union. The accounting policies implemented are consistent with those of the annual financial statements for the year ended December 2016. The Board of Directors approved the Interim report February 27, 2017.

Note 2 Sales

(NOK million)	*Unaudited* 2H17	*Unaudited* 2H16	*Unaudited* 2017	*Audited* 2016
Project revenue	87.5	42.5	165.3	89.2
Aftersales	43.2	44.3	82.6	82.4
Sales	**130.7**	**86.8**	**247.9**	**171.6**

Revenue from projects is recognised under the percentage-of-completion method. Several estimates are made to calculate the stage of completion such as accrued cost and remaining internal project related work hours. Estimates on accrued cost and remaining hours have a direct influence over the amount of the revenue to recognize.

Project revenues

Total accumulated revenue and cost from project start-up has incurred as shown in the table below.

(NOK million)	*Unaudited* 31.12.2017	*Audited* 31.12.16
Acc. Project contract revenue recognised as revenue	305.5	234.2
Acc. Related cost accrued	207.0	159.0
Acc. Recognised profit / loss from contracts in progress	**98.5**	**75.2**

Recognised, not invoiced project revenues and -cost are included in the financial statement as work in progress under the below items:

(NOK million)	*Unaudited* 2017	*Audited* 31.12.16
Contract in progress	43.3	14.2
Contract accruals	-11.8	-8.2
Net work in progress	**31.4**	**6.0**

Segment information

Our revenues are segmented into Project Revenues and Aftersales. Transactions between units are based on market terms. The company's management uses each segment's operating profit when assessing earnings in the segments. The figures for each segment include transactions between segments. Transactions within the various segments are eliminated. All transactions between business units are based on market terms.

Unaudited

(NOK million) **2017**	**Projects**	**Aftersales**	**Admin & other**	**Elimination**	**Total**
Revenue	165.3	89.8	-	-7.1	247.9
Total revenue	**165.3**	**89.8**	**-**	**-7.1**	**247.9**
Cost of sales	-118.0	-58.3	-	5.0	-171.5
Employee expenses	-13.7	-10.6	-4.8	-	-29.2
Other Operating expenses	-9.6	-9.0	-3.3	2.1	-19.8
EBITDA (before non-recurring items)	**24.0**	**11.8**	**-8.1**	**0.0**	**27.4**
Non-recurring items	-0.4	-	-1.1	-	-1.4
EBITDA	**23.6**	**11.8**	**-9.2**	**0.0**	**26.0**
	14.3 %	*13.2 %*			*10.5 %*
Depreciation and amortisation	-2.4	-0.5	-	-	-2.9
Impairment	-0.2				-0.2
OPERATING PROFIT	**21.1**	**11.4**	**-9.2**	**0.0**	**22.9**
Net Contracts in progress	31.5	-	-	-	31.5

Audited

(NOK million) **2016**	**Projects**	**Aftersales**	**Admin & other**	**Elimination**	**Total**
Revenue	89.2	104.0	-	-21.6	171.6
Total revenue	**89.2**	**104.0**	**-**	**-21.6**	**171.6**
Cost of sales	-70.9	-67.9	-	15.2	-123.6
Employee expenses	-13.7	-12.4	-4.7	2.6	-28.1
Other Operating expenses	-10.0	-14.1	-2.2	3.8	-22.5
EBITDA (before non-recurring items)	**-5.4**	**9.6**	**-6.9**	**-**	**-2.6**
Non-recurring items	-0.4	-	-0.4	-	-0.8
EBITDA	**-5.8**	**9.6**	**-7.3**	**-**	**-3.4**
Depreciation and amortisation	-2.2	-0.0	-	-	-2.2
Impairment	-0.1				-0.1
OPERATING PROFIT	**-8.1**	**9.6**	**-7.3**	**-**	**-5.8**
Net Contracts in progress	6.0	-	-	-	6.0

All revenues are external, except elimination entries which are revenues between group companies. Geographic area cannot be determined as deliveries are made to vessels in international trade.

Note 3 Non-recurring items, and restructuring cost

The Scanship Group incurred non-recurring costs of MNOK 1.4 during the first six months of 2017 related to the strategic structured process during the period from November 2016 till May 2017. This was costs incurred by the parent company Scanship Holding ASA. For the financial year 2016 the costs reported on this line are MNOK 0.4 related to the strategic structured process, and MNOK 0.4 in restructuring cost incurred during Q4, in total MNOK 0.8.

Note 4 Depreciation and amortisation

	Unaudited	*Unaudited*	*Unaudited*	*Audited*
(NOK million)	**2H17**	**2H16**	**2017**	**2016**
Depreciation - fixed assets	1.0	0.6	1.5	1.1
Amortisation - Product Development	0.7	0.6	1.4	1.2
Impairment - Product Development	0.2	0.1	0.2	0.1
Total Depreciation and amortisation	**1.8**	**1.3**	**3.1**	**2.4**

Note 5 Financial items

	Unaudited	*Unaudited*	*Unaudited*	*Audited*
(NOK million)	**2H17**	**2H16**	**2017**	**2016**
Foreign exchange gain	3.3	1.2	6.6	1.8
Total Finance Income	**3.3**	**1.2**	**6.6**	**1.8**
Interest Expense	-0.7	-0.6	-1.5	-1.2
Foreign exchange loss	-2.6	-1.5	-4.7	-3.0
Loss on FX derivatives	-3.9	-2.1	-3.9	-4.3
Other financial cost		-		-0.1
Total Finance costs	**-7.2**	**-4.2**	**-10.1**	**-8.7**
Unrealised Increase of fair value of FX derivates	2.0	3.8	0.3	7.6
Unrealised decrease in fair value of FX derivatives	-	-	-	-
Net unrealised change in FX derivatives	**2.0**	**3.8**	**0.3**	**7.6**
Net Financial items	**-1.9**	**0.8**	**-3.2**	**0.7**

Liabilities – Financial Instruments

The company is exposed to foreign exchange rate risk related to the value of NOK relative to other currencies, mainly due to sales in different currencies. The Company has entered into FX derivative instrument contracts to reduce exchange rate risk in cash flows nominated in EUR, associated with sales in EUR in connection with cruise newbuilding contracts.

The FX derivatives are not designated as hedging instruments, and are therefore recognised at fair value through profit and loss.

There is no initial transaction cost. The Group receives the fair value in cash if exercised at maturity. The contracts entered into per 31.12.17 have maturity in 2018. The group uses level 2 in the IFRS 13 - hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly.

Unaudited (NOK million)	**31.12.17** **Level 2**	**31.12.16** **Level 2**
Forward FX contracts	-	0.1
Other FX derivatives	-1.5	-1.9
Net	**-1.5**	**-1.8**

The company has per 31.12.17 FX derivative contracts with nominal amounts of MEUR 4.2, all of which matures during 2018.

Note 6 Non-controlling interests

Scanship AS owns 70% of the company CHX Maritime Inc. CHX Maritime was founded fall 2015 and included in the consolidated accounts from 4Q15. The company's sole activity is development of an exhaust gas management system. Total assets in CHX Maritime was MNOK 4.0 as of 31 December 2017.

Note 7 Intangible assets

Intangible assets consist of several different development projects related to new technologies in waste handling. They are still under development and depreciation will start at completion of each project. Impairment tests for the intangible assets are performed in accordance with IAS 36. The intangible assets are valued on estimated discounted cash flow.

See also note 4.

Note 8 Deferred tax Liability

Calculation of deferred tax liabilities for the Norwegian entities are based on 23% income tax.

Note 9 Interest-bearing debt

(NOK million)	*Unaudited* **31.12.17**	*Audited* **31.12.16**
Bank overdraft facility	20.8	23.9
Long term debt - non-current	1.1	1.3
Balance at the end of Period	**21.9**	**25.2**

The bank overdraft facility was increased to a limit of MNOK 35 during 1H 2017. As of 30.06.17 the bank overdraft had a balance of MNOK 31.7.

Note 10 Subsequent events

There have been no other significant events after the end of the reporting period, than those noted in this report, and that would materially impact the 2017 financial results of the company.

Note 11 IFRS 15, Revenue from contracts with customers

IFRS 15 is a new accounting standard effective from 1 January 2018, to account for revenue from contracts with customers. The new standard establishes a five-step model to determine the principles for revenue recognition, and the application of these principles.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Scanship plans to adopt the new standard on the required effective date using the full retrospective method. The revenue recognition for the Group's operations in the Aftersales segment will not be affected by this new accounting standard.

The revenue recognition for the Project segment will be affected by IFRS 15. At this stage Scanship's preliminary assessment is that the company can recognise revenue from contracts with customers over time, according to IFRS 15 and point 15.35 c. in this standard. Scanship is recognising revenue over time today, when following the standards applicable for 2017. Based on the preliminary assessment made, the revenue recognition model under IFRS 15 will be a "cost to cost" model; recording revenue in accordance with the incurred costs on the project. For 2017 and in earlier years, Scanship has utilised a model based on the total estimated hours to complete the project, compared to the actual hours incurred per the reporting date.

Over the total lifetime of a project, the sum of revenue and cost recognised on the project will be the same, whether it is accounted for under the principles applicable for 2017 or the new IFRS 15 applicable for 2018. Information on the estimated accounting effect of IFRS 15 will be given in the Annual Report for 2017, and is not finalized at this point in time.

Statement by the Board of Directors and CEO

We confirm, to the best of our knowledge, that the consolidated financial statement for the period 1 July to 31 December 2017 for Scanship Holding ASA have been prepared in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the Company and the Group's assets, liabilities, financial position and results of operation. We also confirm, to the best of our knowledge, that the half year report includes a true and fair overview of the Company's and the Group's development, results and position, together with a description of the most important risks and uncertainty factors the Company and the Group are facing.

Lysaker, 27 February 2018

Narve Reiten	Bård Brath Ingerø	Susanne Schneider	Benedicte Bakke Agerup
Chairman	Director	Director	Director

Henrik Badin
CEO

SCANSHIP

for cleaner oceans

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