



KVARTALSRAPPORT 2. KVARTAL 2010
INTERIM REPORT TO 30 JUNE 2010



Marine
Port and Logistics
Energy

INTERIM REPORT FOR 2ND QUARTER AND FIRST HALF OF 2010

STATUS 30.06.2010

The EBITDA for TTS Group shows an improvement compared to previous quarters and is in line with the EBITDA in Q2 2009.

Marine og Port and Logistics divisions report improved or similar earnings as for same period last year and first quarter of 2010.

The Energy division reports improved earnings compared to first quarter but continue to have low activity and low margins on ongoing projects.

For the group in total the EBITDA improved with approx. MNOK 29 compared to first half of last year. All divisions show improved earnings.

The group reports growth in order intake during Q2. The growth stems mainly from the Marine division.

The group's backlog at the end of 2nd quarter is MNOK 3 789.

Earnings per share was NOK -0,05 in Q2. For the first half of 2010 earnings per share was NOK -0,43.

KEY FIGURES 2ND QUARTER AND 1ST HALF OF 2010

KEY FIGURES SECOND QUARTER 2010

	2. Quarter		PR. 2. Quarter		Year
MNOK	2010	2009	2010	2009	2009
Turnover	859	963	1 678	2 027	3 825
EBITDA	21,6	21,2	22,7	-6,3	-84,3
EBITDA margin (%)	2,5	2,2	1,4	-0,3	-2,2
Orderintake*	759	382,2	1 214	913	1 201
Order backlog*	3 789	5 615	3 789	5 615	4 510
EPS (NOK)	-0,05	-0,39	-0,43	-5,56	-5,72

(*) order intake and order backlog is adjusted for the MIPPSA contract that was cancelled in Q4 2009 (MNOK 321). The order backlog includes joint ventures.

TOTAL ASSETS AND DEBT

The total assets of the group was MNOK 3 633 at the end of 2nd quarter while the equity ratio was 24,8 %.

In July the group conducted a share issue towards Scana Industrier ASA for a total of MNOK 42 in order to strengthen the balance sheet of the company. If adjusted for the share issue the equity ratio would have been 25,9 %.

The covenants related to the debt facility from bank syndicate headed by Nordea is an equity ratio of 25 %. The company has received waiver for the equity ratio for Q2.

The covenant related to the "bond loan" (400 MNOK) is an equity ratio of 22.5%.

At the end of the 2nd quarter net interest bearing debt was MNOK 884,5 compared to MNOK 875,2 at the end of Q1. This compares to MNOK 1037,9 at the end of 2nd quarter of 2009. The group continues its efforts to reduce working capital.

ACCOUNTING PRINCIPLES

The company has prepared the accounts on the same basis as the annual accounts for 2009. In preparing the quarterly results, the group adhered to IAS 34.

GENERAL ASSEMBLY

On the 3rd of June the Annual General Assembly was held in TTS Group ASA.

Dividends

It was decided not to pay dividends for the year ending 31.12.2009.

New board of directors

The General Assembly unanimously appointed the following board of directors:

<u>Name</u>	<u>Status</u>
Trym Skeie	Re-elected
Anne Breive	Re-elected
Kjerstin Fyllingen	Not up for election
Bjarne Skeie	Re-elected
Rune Selmar	Newly elected

In addition to the shareholders representatives, the board also includes two employee representatives:

Olav Smeland
Anne-Karin Bedringås

The board elects its own chairman. Trym Skeie was re-elected Chairman.

BUSINESS AREAS

Marine division

	2. Quarter		PR. 2. Quarter		Year
MNOK	2010	2009	2010	2009	2009
Turnover	638,6	518,2	1 248,6	1 061,4	2 325,7
EBITDA	33,9	26,6	68,6	59,5	93,7
EBITDA margin (%)	5,3	5,1	5,5	5,6	4,0

In general the Marine division showed high activity and stable margins in most of its areas of operation. The activity was especially high within the product group Cargo Access, while the activities in the Service market was somewhat lower. A good market position in China and high activity in this market contribute significantly to the profitability of the division.

The order backlog inclusive of joint ventures was MNOK 3 166 at the end of 2nd quarter.

Port and Logistics division

	2. Quarter		PR. 2. Quarter		Year
MNOK	2010	2009	2010	2009	2009
Turnover	83,4	77,2	158,9	142,4	331,0
EBITDA	6,2	0,6	11,7	5,2	19,6
EBITDA margin (%)	7,4	0,8	7,4	3,7	5,9

Port and Logistics division had an high activity level during the quarter, especially relating to linkspans and equipment to the shipbuilding industry. During the quarter 3 large projects were successfully delivered.

The order backlog at the end of the second quarter was MNOK 156.

Energy division.

	2. Quarter		PR. 2. Quarter		Year
MNOK	2010	2009	2010	2009	2009
Turnover	137,3	367,9	270,1	820,9	1 180,4
EBITDA	-16,8	-5,6	-55,4	-70,9	-192,0
EBITDA margin (%)	-12,2	-1,5	-20,5	-8,6	-16,3

The activity level within drilling- and offshore equipment has been low during the 2nd quarter. This combined with low margins on ongoing projects result in a loss this quarter. The division was reorganized during the second quarter to optimize operations and reduce costs. During the quarter a contract for a complete drilling package to Vietnam was signed.

The order backlog for the division at the end of second quarter was MNOK 467.

Expectations going forward

There are still uncertainties related to the future market development.

The market for the Marine division has developed favourably with an increase in number of newbuilds. The market for Port and Logistic division shows a continued high activity.

For the Energy division, 2010 will be a challenging year. Despite signs of improvement in the market, the division expects low earnings in 2010 due to the low order backlog.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2010 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Company's and the Group assets, liabilities, financial position and profit as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Bergen, 18. august 2010
Board of Directors, TTS Group ASA

Trym Skeie
Chairman

Bjarne Skeie
Board member

Anne Breive
Board Member

Kjerstin Fyllingen
Boardmember

Olav Smeland
Board Member

Rune Selmar
Board Member

Anne-Karin Bedringås
Board member

Johannes D. Neteland
President

TTS Group ASA Q2 2010

NOK 1 000

	Ikke revidert/ Unaudited	Ikke revidert/ Unaudited	Ikke revidert/ Unaudited	Ikke revidert/ Unaudited	Revidert/ Audited
RESULTAT / PROFIT AND LOSS ACCOUNT	PR. 30.06.10	PR. 30.06.09	2.KV 2010	2.KV 2009	PR. 31.12.09
Driftsinntekter/ <i>Turnover</i>	1 663 781	2 016 981	849 010	958 958	3 784 085
Andre driftsinntekter/ <i>Other operating income</i>	13 815	9 881	10 194	4 355	41 232
Sum driftsinntekter/ <i>Total operating income</i>	1 677 596	2 026 863	859 204	963 313	3 825 317
Varekostnad/ <i>Raw materials and consumables used</i>	1 309 511	1 599 754	657 096	753 219	3 089 789
Andre driftskostnader/ <i>Other operating costs</i>	358 664	442 404	187 728	193 395	841 434
Resultat fra JV (- er inntekt) / <i>Result from JV (- is income)</i>	-13 328	-9 040	-7 189	-4 461	-21 641
Driftsresultat før avskrivninger/ <i>EBITDA</i>	22 749	-6 255	21 569	21 160	-84 265
Avskrivninger/ <i>Depreciation</i>	26 543	20 946	12 497	10 709	47 278
Andre avskrivninger/nedskrivninger/ <i>other depreciation/writedowns</i>	0	99 257	0	0	99 257
Driftsresultat/ <i>Operating profit</i>	-3 794	-126 458	9 072	10 451	-230 800
Finansinntekter/ <i>Financial income</i>	37 391	12 607	27 221	1 817	42 439
Finanskostnader/ <i>Financial expense</i>	81 987	51 833	46 451	25 017	123 581
Resultat før skattekostnader/ <i>Profit/loss before tax</i>	-48 390	-165 684	-10 158	-12 749	-311 942
Skattekostnad/ <i>Tax</i>	-19 470	-19 176	-7 070	-2 600	-63 460
Periodens resultat/ <i>Net profit/loss for the period</i>	-28 920	-146 508	-3 088	-10 149	-248 482

Oppstilling av totalresultatet

Periodens resultat/ <i>Net profit/loss for the period</i>	-28 920	-146 508	-3 088	-10 149	-248 482
Omregningsdifferanser/ <i>Translation differences</i>	-7 342	-7 251	-1 412	3 606	-41 337
Totalresultat/ <i>Comprehensive income</i>	-36 262	-153 759	-4 500	-6 543	-289 819
Fortjeneste pr. aksje (NOK)/ <i>Earnings per share (NOK)</i>	-0,43	-5,65	-0,05	-0,39	-5,72
Uvannet fortjeneste pr. aksje (NOK)/ <i>Diluted earnings per share (NOK)</i>	-0,43	-5,65	-0,05	-0,39	-5,72

BALANSE / BALANCE SHEET

	PR. 30.06.10	PR. 30.06.09	PR. 31.12.09
Immaterielle eiendeler/ <i>Intangible assets</i>	1 320 982	1 206 241	1 309 814
Varige driftsmidler/ <i>Tangible assets</i>	127 227	127 672	129 784
Finansielle anleggsmidler/ <i>Financial assets</i>	121 153	120 920	111 157
Sum anleggsmidler/ <i>Total fixed assets</i>	1 569 363	1 454 833	1 550 755
Varer/ <i>Inventories</i>	368 989	322 340	420 495
Andre fordringer/ <i>Other debtors</i>	1 498 932	2 188 556	1 526 318
Sum fordringer/ <i>Total debtors</i>	1 867 921	2 510 896	1 946 814
Bankinnskudd/kontanter/ <i>Bank deposits/cash</i>	196 055	219 711	191 907
Sum omløpsmidler/ <i>Total current assets</i>	2 063 976	2 730 607	2 138 720
Sum eiendeler/ <i>Total assets</i>	3 633 339	4 185 440	3 689 474
Aksjekapital/ <i>Share capital</i>	33 935	12 888	33 935
Sum opptjent egenkapital/ <i>Retained earnings</i>	865 687	822 409	901 948
Sum egenkapital/ <i>Total equity</i>	899 621	835 297	935 883
Avsetning for forpliktelser/ <i>Provisions</i>	25 271	22 887	22 339
Annen langsiktig gjeld/ <i>Other long-term liabilities</i>	469 068	587 326	430 537
Langsiktig gjeld/ <i>Long term liabilities</i>	494 339	610 213	452 876
Kortsiktig gjeld/ <i>Current liabilities</i>	2 239 379	2 739 931	2 300 715
Sum gjeld/ <i>Total liabilities</i>	2 733 718	3 350 144	2 753 591
Sum egenkapital og gjeld/ <i>Total equity and liabilities</i>	3 633 339	4 185 440	3 689 474
EK-andel/ <i>Equity to assets ratio</i>	24,8%	20,0%	25,4%

EGENKAPITAL / EQUITY	PR. 30.06.10	PR. 30.06.09	PR. 31.12.09
Egenkapital IB/Equity OB	935 883	989 056	989 056
Egne aksjer/ Own shares	-	-	625
Emisjon/Share issue	-	-	230 583
Totalresultat/ Comprehensive income	-36 262	-153 759	-289 819
Opsjonsplaner/Options cost	-	-	5 437
Egenkapital UB/Equity CB	899 621	835 297	935 883
KONTANTSTRØMSANALYSE / ANALYSIS OF CASHFLOW	PR. 30.06.10	PR. 30.06.09	PR. 31.12.09
EBITDA/EBITDA	22 749	-6 255	-84 265
Endring i netto omløpsmidler /Change in net current assets	-15 088	-454 181	-274 564
Kontantstrøm fra operasjonelle aktiviteter/Cash from operations	7 661	-460 436	-358 829
Kjøp av varige driftsmidler/Aquisition of tangible fixed assets	-18 458	-23 920	-44 674
Andre investeringsaktiviteter/Other investing activities	-626	-7 492	-65 268
Kontantstrøm fra investeringsaktiviteter/Cash from investments	-19 084	-31 412	-109 942
Opptak og nedbetaling av lån/New loans and repayment	58 192	481 525	253 611
Innbetaling av egenkapital/Paid-in equity	-	-	231 208
Netto betalte renter/Net interest paid	-40 903	-33 460	-77 737
Kontantstrøm fra finansieringsaktiviteter/Cash from financing	17 289	448 065	407 082
Endring i kontantbeholdning/Change in cash	5 866	-43 783	-61 689
Kontantbeholdning IB/Cash position OB	191 907	267 231	267 231
Valutaeffekt på kontanter og kontantekvivalenter/Foreign currency effect on cash	-1 718	-3 738	-13 635
Kontantbeholdning UB/Cash position CB	196 055	219 710	191 907

Notes to unaudited interim financial statement 2nd quarter 2010

Note 1 Segment information

From 01.01.10 TTS Group ASA reports on new segments according to the new organisation. Figures from 2009 have been revised.

	Marine		Port&Logistics		Energy		Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Turnover	1 248,6	1 061,4	158,9	142,4	270,1	820,9	0,0	2,1	1 677,6	2 026,9
EBITDA	68,6	59,5	11,7	5,2	-55,4	-70,9	-2,2	-0,1	22,7	-6,3

Q2

	Marine		Port&Logistics		Energy		Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Turnover	638,6	518,2	83,4	77,2	137,3	367,9	0,0	0,0	859,2	963,3
EBITDA	33,9	26,6	6,2	0,6	-16,8	-5,6	-1,7	-0,5	21,6	21,2

Note 2 General information

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

The consolidated financial statement cover TTS Group ASA with its subsidiaries and part of joint ventures.

The consolidated financial statement for the year ended 31 December 2009 is available at www.tts-group.com.

Note 3 Accounting principles

TTS Groups' financial reports are prepared in accordance with International Financial Reporting Standards (IFRS)

The consolidated financial statements for Q2 2010 have been prepared in accordance with IAS 34 for 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 2009.

The accounting principles applied are the same as those described in the consolidated financial statements of 2008.

This consolidated 2nd quarter results of 2010 was approved by the Board at 18th of August 2010.

Note 4 Estimates

The preparation of the interim accounts requires the use of valuations, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements 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 31 December 2009.

Note 5 Related parties

Note 19 in the consolidated financial statement of 2009 describe the transactions with related parties. During 2010 there have been no material changes or transactions that have significance for the financial position and profit for the period.

Note 6 Deferred tax assets

The group has recognised deferred tax assets primarily related to the Norwegian companies. The following criteria have been employed to estimate that it is probable that future taxable profit will be available against which unused tax losses can be utilised.

- The Group has sufficient temporary differences
- Tax losses result from particular identifiable causes

Note 7 Financial risk management

The Group's objectives and principles of financial risk management is consistent with what is stated in the consolidated financial statements for fiscal year 2009. There have been no material changes in the groups financial exposure compared to year-end 2009.

The group has completed negotiations of the repayment of MNOK 200 to the bank syndicat led by Nordea An instalment of MNOK 50 is due in Q3 2010 and the remainder is due in Q4 2010. The group efforts to reduce working capital continues.

Note 8 Events subsequent to the balance sheet day

5th of July 2010 TTS Group signed an agreement with Scana Industrier ASA to issue 6,722,920 shares in TTS Group ASA through a private placement at a price of NOK 6.30 per share. This represents a premium of 5% compared to closing price. The share issue represents 9.9% of the share capital of the company. The shares were registered at the 13th of July 2010.

TTS Group's subsidiary TTS-LMG Marine Cranes GmbH in Lübeck, Germany, has in Q3 signed a contract worth approximately NOK 50m for delivery of 4 shipsets of cargo cranes, 3 cranes for each vessel.

Note 9 Goodwill

At 31.12.2009 the group conducted an assessment of impairment losses for each cash generating unit based on requirements and policies in IAS 36. In 1 half of 2010, there has been no material matters that indicate a change in the assessments made.

Note 10 Contingencies – Ability

There is an ongoing mediation TTS and the bankrupt estate of Ability Drilling regarding the dispute of cancellation of landrigs. The trial is scheduled January the 10th 2011.

We also refer to note 26 of the Annual Report for 2009.