



**Report for
2nd quarter
and first half 2016**

Highlights and key figures second quarter and first half 2016

Highlights

- Revenues increased by 103 per cent compared to Q2 2015
- EBITDA increased by 168 per cent compared to Q2 2015
- Strong order backlog of NOK 1,699 million (NOK 1,594 million)
- Closed acquisition of the Norwegian signal company Railcap
- Selected as subcontractor to Alstom in the coming ERTMS tender process
- Building an efficient project organisation for large upcoming projects in Norway and Sweden

Key figures Q2 2016

- Revenues of NOK 553.7 million (NOK 273.1 million)
- EBITDA of NOK 43.4 million (NOK 16.2 million)
- EBITA of NOK 37.1 million (NOK 11.9 million)
- EBIT of NOK 33.6 million (NOK 8.3 million)

Key figures first half 2016

- Revenues of NOK 914.9 million (NOK 448.2 million)
- EBITDA of NOK 47.8 million (NOK 11.6 million)
- EBITA of NOK 36.1 million (NOK 3.3 million)
- EBIT of NOK 29.1 million (NOK -3.8 million)

Unless otherwise stated, all comments made to the interim financial information for NRC Group in this report relate to pro forma figures for 2015 and 2016. Figures presented in brackets are figures for the corresponding periods in 2015. All figures are unaudited unless otherwise stated.

Key figures (pro forma)

(Amounts in NOK 1 000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Revenue	553 662	273 067	914 911	448 176	1 318 852
EBITDA	43 360	16 208	47 757	11 598	102 637
EBITA	37 093	11 884	36 117	3 332	85 416
EBIT	33 613	8 321	29 046	-3 793	71 743
EBT	31 202	5 794	23 865	-8 858	63 703
EBITDA (%)	7,8 %	5,9 %	5,2 %	2,6 %	7,8 %
EBIT (%)	6,1 %	3,0 %	3,2 %	-0,8 %	5,4 %
Employees	689	602	689	602	596
Investments	16 864	17 039	24 113	26 464	39 586
Order back log (NOK million)	1 699	1 594	1 699	1 594	1 395

Includes pro forma figures for 2016 and 2015, adjusted for transaction costs and one-offs.

Key figures (actual reported)

The table below sets out the actual reported figures for NRC Group for the periods indicated. Revenue in the second quarter 2016 amounted to NOK 549.0 million (NOK 94.0 million) and for the first half 2016 NOK 905.1 million (NOK 113.0 million). Net profit for the second quarter 2016 was NOK 12.1 million (NOK 20.6 million) and for the first half 2016 NOK 2.4 million (NOK 3.3 million). Net profit for first half 2016 includes transaction costs and one-offs of NOK 12.8 million (NOK 22.4 million). Net profit for the first half 2015 includes recognition of deferred tax assets of NOK 36 million. Net profit for the fiscal year 2015 includes negative one-offs of NOK 12 million, transaction costs of NOK 22 million and recognition of deferred tax assets of NOK 58 million. Figures for NRC Rail Norge and SJT are included from June 2015, Litz and Elektrobyggnad from November 2015, Segermo from December 2015 and Railcap from June 2016. The income statement for the second quarter, first half and total year 2015 has been re-presented to reflect the divestment of the Nordic Geo business.

(Amounts in NOK 1 000)	Q2 2016	Q2 2015 (Re-presented)	YTD 2016	YTD 2015	FY 2015 (Re-presented)
Revenue	548 996	94 026	905 113	112 949	769 330
Operating profit/loss (EBIT)	19 787	-10 335	16 072	-17 282	22 115
Net profit/loss	12 045	20 612	2 388	3 285	47 597

Comments on second quarter and first half 2016 results

Significant revenue and profit improvement

NRC Group had a strong quarter and continued with significant revenue and profit growth. Total revenue growth was 103 per cent compared to second quarter 2015. The EBITDA increased by 168 per cent to reach NOK 43.4 million with an EBITDA margin of 7.8 per cent.

The good market conditions have contributed to maintaining the order backlog. As of second quarter 2016, the order backlog amounted to approximately NOK 1.7 billion, an increase of 6.6 per cent compared to Q2 2015.

NRC Group is focusing on organic growth and is continuing to add growth through a value-creating acquisition strategy. The acquisition of Railcap, completed in May 2016, will significantly strengthen the signalling resources and strengthen NRC Group's market position in general.

In June 2016, Jernbaneverket announced that Alstom was prequalified to the coming ERTMS tender process in Norway. NRC Group is selected as one of the subcontractors to Alstom. NRC Group's part of the scope will be all on-site installation work in addition to the test and commissioning of the system. A potential contract to Alstom will give the NRC Group a unique experience for possible future service agreements for the ERTMS system. The ERTMS tender process is a NOK 26 billion investment for a countrywide implementation of the new signalling system rollout within 2030.

As communicated in the first quarter 2016 report a new joint office has been set up in Gothenburg in Sweden. During the first half of 2016, NRC Group has recruited and built an efficient project organisation, which has the competence and experience to be a competitive provider for large upcoming projects in Norway and Sweden.

Entering peak season after a solid start of the year we expect a strong second half of 2016.



Operations per business segment

NRC operates within two business segments, Rail and Geo

Rail

The Rail division is a fully integrated rail infrastructure contractor covering the Norwegian and Swedish markets. The Rail division is a full-range supplier for the construction of all types of rails including train, tram and subway. Main service offerings include groundwork, specialized track work, power supply and signalling work. The Rail division has all the necessary approvals to work within the train, tram and subway segments.

Geo

The Geo division operates within acquisition, processing and modelling of geographic information. The Geo division supplies a wide range of mapping and geographic services that satisfy various standards and specifications, in addition to customized client solution.

Rail business segment

(Amounts in NOK 1 000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Revenue	508 297	255 034	833 214	411 220	1 227 768
EBITDA	44 299	19 242	49 027	16 017	107 493
EBITA	39 154	15 646	39 688	9 240	93 646
EBIT	35 673	12 083	32 617	2 115	79 973
EBITDA (%)	8,7 %	7,5 %	5,9 %	3,9 %	8,8 %
EBIT (%)	7,0 %	4,7 %	3,9 %	0,5 %	6,5 %
Employees	377	307	377	307	300
Investments	16 279	15 761	22 979	22 216	32 736
Order back log (NOK million)	1 615	1 475	1 615	1 475	1 264

Includes pro forma figures for 2016 and 2015, adjusted for transaction costs and one-offs.

Revenue in the second quarter 2016 amounted to NOK 508.3 million (NOK 255.0 million), while revenues for the first half of 2016 was NOK 833.2 million (NOK 411.2 million), an increase of 103 per cent.

The increase in revenue is mainly explained by high activity in Sweden and Norway and a normalised situation in the Swedish market compared to last year. In Sweden last year, an extraordinary political situation lead to postponed project funding.

EBITDA for the second quarter of 2016 was NOK 44.3 million (NOK 19.2 million), while EBITDA first half was NOK 49.0 million (NOK

16.0 million). The increase in EBITDA compared to first half 2015 is due to increased revenue and improved margins in the projects. During the first six months of 2016, we have increased the number of employees with 23 per cent in order to manage further expected growth.

The order backlog for the Rail division is NOK 1,615 million (NOK 1,475 million).

The market sentiment in Sweden and Norway is strong. The company's strong position in these respective markets give the group a solid position for further growth.

Geo business segment

(Amounts in NOK 1 000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Revenue	45 365	18 033	81 697	36 956	91 084
EBITDA	6 550	-329	10 714	1 229	8 126
EBITA	5 457	-1 017	8 482	-162	4 934
EBIT	5 457	-1 017	8 482	-162	4 934
EBITDA (%)	14,4 %	-1,8 %	13,1 %	3,3 %	8,9 %
EBIT (%)	12,0 %	-5,6 %	10,4 %	-0,4 %	5,4 %
Employees	305	291	305	291	293
Investments	585	1 278	1 134	4 248	6 850
Order back log (NOK million)	84	119	84	119	132

The Geo division constitutes of operations in UK, Germany, Romania and Indonesia. As per second quarter 2016, the Geo business accounts for approximately 8.9 per cent of the total business in the NRC Group.

Revenue in second quarter 2016 amounted to NOK 45.4 million (NOK 18.0 million), while revenue for first half 2016 amounted to NOK 81.7 million (NOK 37.0 million). The increase is mainly in UK due to a British rail infrastructure

project as well as a contract with TomTom.

EBITDA for the second quarter was NOK 6.6 million (NOK -0.3 million), while EBITDA for the first half of 2016 was NOK 10.7 million (NOK 1.2 million). The increase is mainly due to increased revenue in UK.

The order reserve for the Geo division is NOK 84.0 million (NOK 119.0 million).

Financial position

Due to normal seasonal fluctuations cash flow from operating activities for the second quarter 2016 was NOK -10.6 million (NOK -2.2 million) and NOK -26.3 million (NOK -16.4 million) for first half 2016. Net cash flow was NOK -52.2 million in the second quarter 2016 (NOK 19.5 million) and NOK -84.3 million (NOK 3.7 million) in first half 2016.

Cash position at 30 June was NOK 167.4 million.

Corporate

On 20 May 2016, it was announced that the company, through its wholly owned subsidiary in Norway, had acquired 100 per cent of the shares in Railcap AS for an enterprise value of NOK 48 million. The acquisition was financed by payment in cash of NOK 27.7 million and by the issuance of 366 879 new shares in NRC Group. The shares are subject to a lock-up period of 18 months.

In reference to the agreement 20 May for the company's acquisition of Railcap AS, a share capital increase related to the 366,879 consideration shares issued to the sellers of Railcap AS was registered with the Norwegian Register of Business Enterprises the 23 May. After the transaction the company's share capital is NOK 35,311,362 divided into 35,311,362 shares, each with nominal value NOK 1.

Employees

NRC Group employees have a high level of competence. This represents the foundation for the growth. As of 30 June 2016, 689 people were employed in the operative companies, 377 in the Rail division and 305 in the Geo division. NRC Group ASA had seven employees as of 30 June 2016.

Health, safety and environmental considerations are priority areas. NRC Group has adopted HSE policies and implemented guidelines to comply with applicable local regulations and to maintain and develop its HSE standards. NRC Group's HSE efforts are managed on both central and regional levels. NRC Group's Rail division is the first ISO certificated railway constructor in Norway.

Risks

NRC Group is exposed to both operational and financial risks. Operational risks include risk assessment and contingency appraisal in project tendering, change management in project execution and resource optimization following fluctuations in seasonal demand in the business of NRC Group.

NRC Group aims to undertake operational risk that the business units can influence and control. NRC Group has developed risk management processes that are well adapted to the business. This includes analysis of project risk in the tendering phase to ensure appropriate pricing and risk management. NRC Group also seeks to minimize the exposure to risk that cannot be managed.

Financial risks include market risk, credit risk and liquidity risk. Market risk includes currency risk and interest rate risk. The exposure to currency risk is limited, but by having operational units in different operational currencies, NRC Group is to some extent exposed to currency risks. NRC Group has not utilized any hedging instruments to limit the risks associated with foreign exchange.

Work in progress and trade receivables are set out contractually, and this means that the amount of capital committed is determined by the credit terms of the contracts. A major part of the business is with state owned companies like Jernbaneverket and Trafikverket. NRC Group's liquidity reserves will normally be at its lowest in the spring and summer due to the seasonally relatively high amount of working capital committed. Liquidity risk is overall considered low.

NRC Group's customers are primarily municipalities or government agencies, or companies or institutions where municipalities or government agencies have a dominant influence. NRC Group considers the risk of potential future losses from this type of customer to be low.

Outlook

The market sentiment in Sweden and Norway is strong. NRC Group's firm position in these respective markets give the group a solid position for further growth.

Condensed consolidated statement of income

Reported figures

(Amounts in NOK 1 000)	Q2 2016	Q2 2015 (Re-presented)	YTD 2016	YTD 2015	FY 2015 (Re-presented)
Revenue	548 996	94 026	905 113	112 949	769 330
Operating expenses	519 574	102 233	870 592	127 341	729 299
Operating profit/loss before depr. and amort. (EBITDA)	29 422	-8 207	34 520	-14 392	40 032
Depreciation	6 155	1 303	11 377	2 064	11 189
Operating profit/loss before amortisation (EBITA)	23 267	-9 509	23 144	-16 456	28 842
Amortisation	3 480	826	7 071	826	6 727
Operating profit/loss (EBIT)	19 787	-10 335	16 072	-17 282	22 115
Net financial items	-2 411	-1 509	-5 181	-2 274	-5 574
Profit/loss before tax (EBT)	17 376	-11 844	10 892	-19 557	16 541
Taxes	-2 881	35 232	-2 066	35 084	41 934
Profit/loss from continuing operations	14 495	23 388	8 826	15 527	58 475
Profit/loss from discontinued operations	-2 450	-2 776	-6 438	-12 242	-10 878
Net profit/loss	12 045	20 612	2 388	3 285	47 597
Profit/loss attributable to:					
Shareholders	12 045	20 612	2 388	3 285	47 597
Net profit / loss	12 045	20 612	2 388	3 285	47 597
Comprehensive profit/loss:					
Recalculation of pension obligations	-50	-60	-100	-126	89
Currency translation differences	-36 609	4 733	-51 943	5 034	28 618
Total comprehensive profit/loss	-24 614	25 285	-49 655	8 193	76 304
Total comprehensive profit/loss attributable to:					
Shareholders	-24 614	25 285	-49 655	8 193	76 304
Total comprehensive profit/loss	-24 614	25 285	-49 655	8 193	76 304
Earnings per share:					
From continuing operations	0,42	1,67	0,25	1,11	3,02
From discontinued operations	-0,07	-0,20	-0,18	-0,87	-0,56
From total net profit/loss	0,35	1,47	0,07	0,24	2,46

Reported figures 2016 include Railcap from June 2016, transaction costs of NOK 2.0 million and one-offs of NOK 10.8 million. Reported figures for fiscal year 2015 include reported figures for NRC Rail Norge and SJT from June, Litz and Elektrobyggnad from November, Segermo from December, transaction costs of NOK 22 million related to the completion of the acquisitions and one-offs of NOK 12 million related to restructuring costs. The financial information for 2015 has been re-presented to reflect the divestment of the Nordic Geo business. The interim financial information has not been audited.

Condensed consolidated statement of income

Pro forma figures

(Amounts in NOK 1 000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Revenue	553 662	273 067	914 911	448 176	1 318 852
Operating expenses	510 302	256 859	867 154	436 578	1 216 215
Operating result before depr. and amort. (EBITDA)	43 360	16 208	47 757	11 598	102 637
Depreciation	6 267	4 324	11 640	8 266	17 221
Operating result before amortisation (EBITA)	37 093	11 884	36 117	3 332	85 416
Amortisation	3 481	3 562	7 071	7 125	13 673
Operating profit/loss (EBIT)	33 613	8 321	29 046	-3 793	71 743
Profit/loss before tax (EBT)	31 202	5 794	23 865	-8 858	63 703
Key Figures:					
EBITDA (%)	7,8 %	5,9 %	5,2 %	2,6 %	7,8 %
EBIT (%)	6,1 %	3,0 %	3,2 %	-0,8 %	5,4 %
EBT (%)	5,6 %	2,1 %	2,6 %	-2,0 %	4,8 %
Employees	689	602	689	602	596
Investments	16 864	17 039	24 113	26 464	39 586
Order back log (NOK million)	1 699	1 594	1 699	1 594	1 395

Includes pro forma figures for 2016 and 2015, adjusted for transaction costs and one-offs.

The table below shows a reconciliation of revenue and EBIT for the periods indicated. The table shows the reported figures and pro forma figures for NRC Group, including reported figures for NRC Rail Norge and SJT from June 2015, Litz and Elektrobyggnad from November 2015, Segermo from December 2015 and Railcap from June 2016 only. The income statement for second quarter, first half and total year 2015 has been re-presented to reflect the divestment of the Nordic Geo business. The actual reported figures for full year 2015 have been audited.

(Amounts in NOK 1 000)	Q2 2016	Q2 2015 (Re-presented)	YTD 2016	YTD 2015	FY 2015 (Re-presented)
Revenue:					
NRC Group (reported)	548 996	94 026	905 113	112 949	769 330
NRC Rail Group (pro forma)	4 666	179 041	9 798	335 227	549 522
NRC Group (pro forma)	553 662	273 067	914 911	448 176	1 318 852
EBIT:					
NRC Group (reported)	19 787	-10 335	16 072	-17 282	22 115
NRC Rail Group (pro forma)	987	1 040	135	-8 928	15 453
Transaction costs / one-offs	12 839	17 617	12 839	22 417	34 175
NRC Group (pro forma)	33 613	8 321	29 046	-3 793	71 743

Consolidated balance sheet

(Amounts in NOK 1 000)

ASSETS	30.06.2016	30.06.2015	31.12.2015
Patents, licenses and other intangible assets	28 660	19 530	37 861
Deferred tax assets	42 992	36 391	42 992
Goodwill	552 902	284 320	533 822
Intangible non-current assets	624 554	340 241	614 675
Tangible non-current assets	109 365	118 646	120 593
Total non-current asset investments	7 768	10 911	8 393
Total non-current assets	741 687	469 798	743 661
Total inventories	121 893	53 751	114 302
Total receivables	368 764	177 845	245 060
Cash and cash equivalents	167 447	56 475	258 229
Total current assets	658 104	288 071	617 590
Total assets	1 399 791	757 869	1 361 251

(Amounts in NOK 1 000)

EQUITY AND LIABILITIES	30.06.2016	30.06.2015	31.12.2015
Paid-in-capital:			
Share capital	35 311	22 636	34 945
Treasury shares	-1 643	-1 978	-1 728
Share premium	673 713	237 892	650 623
Other equity:			
Currency translation differences	-47 328	-17 764	4 615
Retained earnings	42 467	-3 978	40 549
Total equity	702 521	236 808	729 004
Pension obligations	5 857	4 786	5 306
Non-current interest-bearing liabilities	105 437	166 621	162 088
Deferred taxes	45 984	18 473	27 600
Other non-current liabilities	4 850		100
Total non-current liabilities	162 128	189 880	195 094
Total interest-bearing current liabilities	129 624	101 450	87 841
Total other current liabilities	405 519	229 731	349 312
Total current liabilities	535 143	331 181	437 153
Total equity and liabilities	1 399 791	757 869	1 361 251

Statement of changes in equity

(Amounts in NOK 1 000)	Share capital	Treasury shares	Share premium	Currency translation differences	Retained earnings	Total equity
Equity at 1 January 2015	10 071	-1 978	97 703	-24 003	-7 137	74 656
Profit for the period					3 285	3 285
Other comprehensive income for the period				6 239	-126	6 113
Share capital	12 565					12 565
Share premium			140 307			140 307
Costs recognised through equity			-118			-118
Total comprehensive income for the period	12 565	0	140 189	6 239	3 159	162 152
Equity at 30 June 2015	22 636	-1 978	237 892	-17 764	-3 978	236 808
Equity at 1 January 2016	34 944	-1 728	650 623	4 615	40 549	729 003
Profit for the period					2 388	2 388
Other comprehensive income for the period				-51 943	-100	-52 043
Share capital	367					367
Share premium			18 833			18 833
Costs recognised through equity			0			0
Sale of own shares		85	3 888			3 973
Total comprehensive income for the period	367	85	22 721	-51 943	2 288	-26 482
Equity at 30 June 2016	35 311	-1 643	673 344	-47 328	42 837	702 521

Consolidated cash flow statement

(Amounts in NOK 1 000)	Q2 2016	Q2 2015 (Re-presented)	YTD 2016	YTD 2015 (Re-present.)
Profit/loss before tax	17 376	-11 844	10 892	-19 557
Net cash flow from operating act. – continuing operations	-10 578	7 570	-26 336	1 146
Net cash flow from operating act. – discontinuing oper.	0	-9 775	0	-17 571
A = Net cash flow from operating activities	-10 578	-2 205	-26 336	-16 425
Net cash flow from investing act. – continuing operations	-29 041	-142 075	-29 025	-142 651
Net cash flow from investing act. – discontinuing oper.	0	0	-19 697	-776
B = Net cash flow from investing activities	-29 041	-142 075	-48 722	-143 427
Net cash flow from financing act. – continuing operations	-12 552	164 350	-9 228	164 330
Net cash flow from financing act. – discontinuing oper.	0	-525	0	-812
C = Net cash flow from financing activities	-12 552	163 825	-9 228	163 518
A+B+C Net change in cash and cash equivalents	-52 172	19 545	-84 286	3 666
+ Cash and cash equivalents at the start of the period1)	223 136	36 511	258 228	52 390
Currency translation differences	-3 518	419	-6 496	419
= Cash and cash equivalents at the end of the period1)	167 447	56 475	167 447	56 475
Cash and cash equivalents - continuing operations	167 447	48 445	167 447	48 445
Cash and cash equivalents - discontinued operations		8 030	0	8 030

1) The cash flow statement for 2015 has been re-presented to reflect the divestment of the company's Nordic Geo business. Cash and cash equivalents at the start of 2015 include cash balance of NOK 18,330 million in the Nordic Geo business.

Business segments

Pro forma figures

(Amounts in NOK 1 000)

Revenue	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Rail	508 297	255 034	833 214	411 220	1 227 768
Geo	45 365	18 033	81 697	36 956	91 084
Total	553 662	273 067	914 911	448 176	1 318 852
EBITDA	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Rail	44 299	19 242	49 027	16 017	107 493
Geo	6 550	-329	10 714	1 229	8 126
Other	-7 489	-2 705	-11 984	-5 648	-12 982
Total	43 360	16 208	47 757	11 598	102 637
EBITA	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Rail	39 154	15 646	39 688	9 240	93 646
Geo	5 457	-1 017	8 482	-162	4 934
Other	-7 517	-2 745	-12 053	-5 746	-13 164
Total	37 093	11 884	36 117	3 332	85 416
EBIT	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Rail	35 673	12 083	32 617	2 115	79 973
Geo	5 457	-1 017	8 482	-162	4 934
Other	-7 517	-2 745	-12 053	-5 746	-13 164
Total	33 613	8 321	29 046	-3 793	71 743

Includes pro forma figures for 2016 and 2015, adjusted for transaction costs and one-offs.

Geographical information

Pro forma figures

(Amounts in NOK 1 000)

Revenue	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Norway	166 891	126 035	285 175	203 367	523 093
Sweden	341 406	128 999	548 039	207 853	713 267
Other countries	45 365	18 033	81 697	36 956	91 084
Total	553 662	273 067	914 911	448 176	1 327 444

The table above includes pro forma figures for 2016 and 2015.

Notes to the financial statement

General information

The legal and commercial name of the company is NRC Group ASA.

The company is a Norwegian public limited liability company incorporated in Norway under the Norwegian Public Limited Liability Companies Act with registration number 910 686 909. The company has its registered address at Fornebuporten, Oksenøyveien 10, 1366 Lysaker, Norway.

The company is listed at Oslo Børs under the ticker "NRC" and with ISIN NO0003679102.

Accounting policies and basis for preparation

The condensed consolidated financial statements as per 30 June 2016 are prepared in accordance with IFRS and comprise NRC Group ASA and its subsidiaries. The interim financial report is presented in accordance with revised IAS 34, Interim Financial Reporting. The accounting principles applied in the interim and first half report are the same as those described in the consolidated accounts for 2015.

The interim and half year accounts do not contain all the information that is required in complete annual accounts, and they should be read in connection with the consolidated accounts for 2015. The interim accounts have been prepared in accordance with the same principles that are used in the annual accounts for 2015. The result from discontinued businesses is presented on a separate line in other comprehensive income. The report has not been audited.

The selected historical consolidated financial information set forth in this section has been derived from the company's consolidated, unaudited interim financial reports for 2016, unaudited interim financial reports for 2015 and audited financial report for the full year of 2015. The consolidated income statement and cash

flow statement have been re-presented to reflect the company's divestment of the Nordic Geo business.

To increase understanding of the preceding year's comparative figures, adjusted pro forma statements have been prepared and presented separately. All comments on the income statement in this report are based on pro forma figures unless otherwise stated.

The pro forma financial information for second quarter, first half and full year for 2015 and second quarter and first half of 2016 included in this report have not been audited.

Use of estimates

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the NRC Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2015.

Changes in the group's structure

On 20 May 2016, NRC Group acquired 100 per cent of the shares in Norwegian signalling company Railcap AS for an enterprise value of NOK 48 million.

Presented below is an allocation of the purchase price based on the opening balance. Allocation of the purchase price was prepared using the acquisition method as regulated in IFRS 3. The purchase price has been allocated at the fair value of the assets and liabilities of Railcap AS. The allocation is not final. The acquisition resulted in goodwill of NOK 46 million.

	<u>Railcap AS</u>
Cash settlement	27 662
Value of issued shares in NRC ASA	19 200
Sellers credit	5 000
Cash in target	-4 961
Net settlement	46 901
Tangible and intangible assets	687
Other non-current assets	199
Current assets	7 118
Tax payable and deferred tax	-1 524
Other current liabilities	-5 650
Net identifiable assets and liabilities	830
Goodwill	46 071

In March 2016, the company signed an agreement to divest its Geo business in Norway, Sweden and Finland to Norwegian Terratec AS.

Transactions between related parties

Helge Midttun, Chairman of the Board of Directors, and Middelborg AS, a company owned by board member Mr. Kristian Lundkvist, perform some administrative services for the NRC Group. The services are invoiced based on the arm's length principle for transactions between related parties. These transactions have been considered as immaterial between the company and said parties and thus no third party evaluation during 2016 has been warranted. Aside the above, the NRC Group has not during the last three financial years and up until the date of this report had any closely related parties other than its subsidiaries and associated companies.

Shareholder information

NRC Group ASA held its Annual General Meeting Thursday 12 May 2016. All items were approved in accordance with the Notice to the General Meeting.

On 23 May 2016, the share capital increase related to the 366,879 consideration shares issued to the sellers of Railcap AS was registered with the Norwegian Register of Business Enterprises.

As of 30 June, the company's issued share capital is 35,311,362 shares, each with a par value of NOK 1. The total number of shareholders as of 30 June 2016 was 2,118 and foreign shareholders accounted for approximately 31.6 per cent of the share capital.

The company owns 61,190 of the issued shares, which represents approximately 0.2 per cent of the total number of the issued shares.

Events after the end of the quarter

In beginning of July, Arvika Municipality in Sweden appointed Segermo to a contract for groundwork and structural work relating to building a concrete dam in the South part of Arvika. The contract is valued at approximately SEK 73 million. The work will commence in August 2016, and the project is scheduled for completion in March 2018.

Additionally, in July, Trafikverket appointed Svensk Järnvägsteknik to a frame agreement for track related work in the East region of Sweden. The frame agreement effected in July 2016 and will continue to July 2018 with an additional two years option period. The estimated total value of the frame agreement is SEK 39 million.

Moreover, in July, Infranord AB appointed Elektrobyggnad to a contract of changing 45 kilometres of the catenary system at Ånge Central Station in Sweden. The work will commence in June 2017 and the project is scheduled for completion in August 2017. The contract is valued at approximately SEK 49 million.

Lastly, in July, Obrascón Huarte Lain S.A (OHL), a Spanish international concessions and construction group, appointed NRC Rail Norge to a contract of track works relating to the EPC Ski contract. The EPC Ski contract is part of the Follo Line Project, currently the largest transport project in Norway. The contract is valued at approximately NOK 108 million. The work will commence in February 2017, and the main part of the project will be executed in the period 2017 to 2018.

IR Policy

The company's objective is to serve the financial market precise and relevant information about the company to ensure that the share price reflects the underlying values and future prospects.

The company discloses price sensitive information relating to significant contracts and investments or other material changes or events in NRC Group to investors and other market players through the Oslo Stock Exchange - www.newsweb.no - and the

company's website – www.nrcgroup.no. In addition, the company intends to publicly disclose all tenders awarded with value exceeding NOK 30 million. All tenders awarded are normally subject to a 10-days appeal period before the award is definitive. The company's policy is to not inform the market of expiry of any such appeal period unless an actual appeal has been filed and the company is informed by the customer that the appeal is being considered and that this may lead to a delay or cancellation of the contract. Information about other tenders awarded will be updated quarterly as part of the company's order backlog.

Statement of the Board of directors and CEO

The Board of directors and CEO have today reviewed and approved the condensed consolidated financial statements and Board of director's report for the period from 1 January to 30 June 2016. The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by EU.

To the best of our knowledge, the interim financial report gives a fair view of NRC Group's assets, liabilities, financial position and performance. In addition, the report gives a fair overview of important events in the reporting period and their impact on the financial statements, and describes the principal risks and uncertainties associated with the next reporting period.

Oslo, 17 August 2016

The Board of Directors of NRC Group ASA

Helge Midttun
Chairman of the Board of Directors

Kristian G. Lundkvist
Board member

Brita Eilertsen
Board member

Kjersti Kanne
Board member

Harald Arnet
Board member

Øivind Horpestad
CEO

NRC Group ASA

Company information

Visiting address:

Fornebuporten
Oksenøyveien 10
NO - 1366 Lysaker

Postal address:

P.O.Box 18,
NO - 1324 Lysaker

Tel: +47 90 40 70 97

Email: contact@nrcgroup.no

Board of Directors:

Helge Midttun - Chairman of the Board of Directors
Kristian G. Lundkvist
Brita Eilertsen
Kjersti Kanne
Harald Arnet

Financial calendar:

8 November 2016	3rd quarter 2016 Result report and presentation
15 February 2017	4 th quarter 2016 Result report and presentation