



REPORT for 2nd QUARTER 2015 CONSOLIDATED



VARDIA INSURANCE GROUP ASA - CONSOLIDATED

HIGHLIGHTS

- Gross written premiums in the 2nd quarter 2015 were NOK 365.0 million, an increase of 29.5% compared to the 2nd quarter 2014
- The Group's gross loss ratio for 2nd quarter 2015 was 73.2%, and the loss ratio for own account was 78.2%. Comparable figures for 2nd quarter 2014 were 74.3% and 77.2%
- The cost ratio f.o.a. for the Group was 81.2% for the 2nd quarter 2015 down from 107.0% for the 2nd quarter 2014. The high cost ratios in 2014 and 2nd quarter 2015 is because only incremental acquisition costs can be deferred in the consolidated accounts, ref. the annual report for 2014
- The implementation of the cost improvement program announced in the 1st quarter report is progressing in accordance with plan
- Net loss for the 2nd quarter 2015 was NOK 43.3 million compared with a net loss of NOK 42.9 million for 2nd quarter 2014
- The Board has decided to restructure the Group, whereby the distribution activities will become independent companies with immediate effect. This will significantly improve future results and reduce the required need for capital

KEY FIGURES (consolidated)	(NOK 1,000)				
	Q2 2015	Q2 2014*	30.06.15	30.06.14*	31.12.14
Gross premiums written	365 015	281 938	743 654	562 726	1 166 551
Gross premiums earned	324 569	212 438	626 564	397 997	919 221
Premiums earned f.o.a.	81 883	51 434	164 437	97 288	224 288
Gross Incurred claims	-237 720	-157 920	-477 783	-313 527	-811 322
Incurred claims f.o.a.	-64 031	-39 684	-131 937	-76 805	-185 188
Operating expenses for own account	-66 520	-55 011	-135 748	-112 730	-243 749
Other income/expenses	4 942	4 692	8 486	12 435	18 443
Techn. result before changes in sec.reserves**	-43 725	-38 569	-94 762	-79 812	-186 207
Net financial income	4 927	1 884	2 304	2 495	14 423
Operating result	-38 798	-36 686	-92 458	-77 317	-171 783
Changes in security reserves etc.	-4 026	-5 000	-6 026	-8 305	-15 279
Profit/Loss before tax	-42 824	-41 686	-98 484	-85 622	-187 062
Total profit/loss for the year (after tax)	-43 300	-42 879	-98 911	-86 870	-188 758
* figures are restated to reflect decreased deferral of incremental acquisition costs					
** figures are ex. allocated return on investment transferred from the non-technical account					
Gross loss ratio	73,2	74,3	76,3	78,8	88,3
Gross cost ratio	38,1	40,8	38,4	44,7	41,5
Gross combined ratio	111,3	115,1	114,7	123,5	129,8
Loss ratio f.o.a.	78,2	77,2	80,2	78,9	82,6
Cost ratio f.o.a.	81,2	107,0	82,6	115,9	108,7
Combined ratio f.o.a.	159,4	184,1	162,8	194,8	191,2
Solvency capital			307 748	151 015	58 690
Capital adequacy			16 %	-2 %	-27 %
Solvency margin			94 %	4 %	-107 %
Profit/Loss after tax per share*	-0,37	-1,32	-1,30	-2,96	-6,15
*Earnings per share diluted is equivalent. See note 10 to the consolidated annual accounts.					

The Company and its business

Vardia Insurance Group ASA is a Norwegian Insurance group serving the private and commercial market in the Scandinavian countries. The Company was established in 2009 and obtained its own insurance license in 2011. The Company started to write premiums for its own account in Sweden in 2011, Norway in 2012, and Denmark in 2014.

The 2nd quarter report of the Vardia Insurance Group reflects the recent key developments of the Group: The Consolidated Operating Result is negative as a consequence of recent changes in the application of accounting principles. The underlying performance of the operations are however continuing to evolve in accordance with plans. The sales organization performs well, and gross premiums written continues to grow. The claims ratio continues to improve, as does the cost ratio. The accounting treatment of variable sales cost in the proprietary sales organization results in significant operating losses. However, the challenging cost situation is not only a reflection of accounting principles, but also reflects an underlying cost structure that needs to be reduced. The implementation of the cost improvement program announced in the 1st quarter report is progressing in accordance with plan.

Premium income

The Company continues to achieve strong growth. In 2nd quarter 2015 gross premiums written was NOK 365.0 million compared to NOK 281.9 million in 2nd quarter last year, a growth rate of 29.5%. Gross earned premiums for the same period were NOK 324.6 million, an increase of 52.8%. Premiums earned for own account for 2nd quarter 2015 aggregated NOK 81.9 million, which is a growth of 59.2%.

In 1st half year 2015 gross written premiums was NOK 743.7 million compared to NOK 562.7 million in 1st half year 2014. This represents an increase of 32.2%. Gross earned premiums for the same period was NOK 626.6 million, an increase of 57.4%. Premiums earned for own account in 1st half year was NOK 164.4 million, which is a growth rate of 69.0%.

Gross premiums written during the 2nd quarter is divided between Norway with NOK 198.0 million (increase 27.2%), Sweden with NOK 154.5 million (increase 23.4%) and Denmark NOK 12.5 million. During the quarter, the Company's average monthly new sales was NOK 86.1 million, an increase of about 3% compared to the same period last year. The renewal rate during the quarter was 85%. As at 31 March 2015, Private Lines accounted for about 72% and Commercial Lines about 28% of premium income. Both private and commercial businesses contributed significantly to the portfolio growth during the quarter.

Vardia Insurance Group ASA had a premium portfolio of NOK 1,444.2 million as per 30 June 2015, and the portfolio is divided between Norway with NOK 795.9 million, Sweden with NOK 617.1 million and Denmark with NOK 31.2 million. At the end of June, the Group has over 150.000 customers.

Results and allocation

The accounts for the 2nd quarter 2015 are materially and negatively impacted by the change in the accounts relating to the capitalization and amortization of sales cost. Reference is made to the information given in the 4th quarter 2014 report, the annual report for 2014, the Prospectus dated 7 May, 2015, and the 1st quarter 2015 report. The Company's operating result before changes in minimum-security reserve was a loss of NOK 38.8 in the 2nd quarter 2015. In 2nd quarter 2014, the operating result was a loss of NOK 36.7 million.

The gross loss ratio in the 2nd quarter 2015 was 73.2%, whilst the loss ratio for own account was 78.2%. The corresponding ratios for the same quarter last year were 74.3% and 77.2% respectively. The main reason for the increased difference between gross and net loss ratios is that an increase in the net IBNR reserves within certain lines of business has been necessary to fulfill the minimum requirements from the FSA. The development in loss ratio is according to plan for the Company. For the 1st half year 2015 the gross loss ratio was 76.3% and for own account 80.2%. The corresponding figures for 1st half year 2014 were 78.8% and 78.9%.

Gross loss reserve was NOK 437 million, of which NOK 198 million was IBNR reserves calculated by the Group's actuary. The Company's participation in the Norwegian Natural Perils Pool showed a loss ratio of 124% for the 1st half year 2015 and a net loss of MNOK 2. The provision for Natural Perils Fund was MNOK 0.4 pr. 31.12.14. The difference of NOK -1.60 million has been allocated to other equity per 30.06.2015.

The gross cost ratio for the 2nd quarter 2015 was 38.1%. In 2nd quarter 2014 the gross cost ratio was 40.8%. The cost ratio f.o.a. for the 2nd quarter 2015 was 81.2%. In 2nd quarter 2014 the cost ratio f.o.a. was 107.0%. For the 1st half year 2015 the gross cost ratio was 38.4% against 44.7% in the 1st half year 2014. For the 1st half year 2015 the cost ratio f.o.a. was 82.6% against 115.9% in the 1st half year 2014. The higher cost ratios in 2014 and 1st half year 2015 are due to the fact that only incremental acquisition costs can be deferred in the consolidated accounts.

Net financial income during the 2nd quarter 2015 was NOK 4.9 million. The Company pursues a conservative investment policy. By end of June 2015 NOK 260 million was invested in low risk money market funds. The Company has posted a currency gain of NOK 1.0 million in the 1st half year due to the exposure to Swedish and Danish kroner.

Other income, mainly commission on agency agreements, was NOK 4.9 million in the 2nd quarter 2015. Security reserves have been increased by NOK 4.0 million during the quarter.

Group result before tax for the 2nd quarter was a loss of NOK 42.8 million, and the total result after tax and components of comprehensive income was a loss of NOK 43.3 million. For the 1st half year 2015 the total result (after tax and components of comprehensive income) was a loss of NOK 98.9 million which has been allocated to equity.

The Company, as the holding company of the Group, reported a loss after tax and components of comprehensive income of NOK 25.2 million for the 2nd quarter 2015. For the 1st half year 2015 the total result (after tax and components of comprehensive income) was a loss of NOK 46.2 million which has been allocated to equity.

Capital/cash flow

Net cash flow from operational activities was negative NOK 55.8 million, and net cash flow from investment activities was negative NOK 11.3 million during the quarter. Net cash flow from financial activities was NOK 341.9 million. Cash and cash equivalents increased during the quarter with NOK 274.8 million from NOK 103.1 million to NOK 377.9 million.

The reinsurers' share of gross technical reserves were NOK 871.6 million on 30 June 2015, compared to NOK 600.0 million on 30 June 2014. The number of shareholders by the end of 2014 was around 3,000.

On 30 June 2015, solvency capital for the Group was NOK 307.7 million. Solvency margin was 93.5%. The Group's capital ratio was 15.7%. The minimum regulatory requirement for capital adequacy is 8%. The Company, as the listed parent insurance company, had a solvency margin of 337.1% and a capital ratio of 49.2% at the end of 2nd quarter 2015. As at 30 June 2015, The Company is thus in breach of the solvency margin on group level and has obtained an exemption from these requirements from the FSA until 3 July 2015.

The Company has raised a subordinated Tier 2 loan of NOK 75 million. The loan documents were signed on 2 July and the loan was paid on the 3 July. Including the subordinated loan, the solvency margin on group level increased to 118.5%.

The subsidiaries Vardia Forsikring AS, Vardia Försäkring AB, Vardia Agencies AS, Vardia Forsikringsagentur A/S, Vardia Eksterne Kanaler AS (previously Saga Forsikring AS) and Rein Forsikring AS are all held in the Company's balance sheet at cost.

During 2nd quarter 2015, the Group's total assets increased from NOK 1,661.6 million to NOK 2,007.9 million. The increase is due to the recent capital issue and growth of the insurance portfolio.

Preparations Solvency 2

The Company has, as part of its risk management system, conducted a self-assessment of risk and capital situation in line with the Solvency 2 Directive 2009/138/EC Article 45 (Own Risk and Solvency Assessment - ORSA process). The ORSA report for 2014 was passed on to The Financial Supervisory Authority of Norway (FSA) on 4 June 2014. FSA commented the report in a letter dated 22 December 2014. The comments from the FSA will be implemented in the 2015 report. The Company has also in the 2nd quarter 2015 continued with the preparations for the Pillar 3 Reporting and the Pillar 2 requirements. The ORSA-report for 2015 is expected to be finalized and sent to the FSA in October 2015.

Management changes

By mutual agreement, the Board of Directors of Vardia Insurance Group ASA (Vardia), and Ivar S. Williksen announced on 27 April 2015 that they have agreed that Mr. Williksen would resign as President and CEO of Vardia with immediate effect. The Company appointed Rune Olsen Arneberg, the current Chief Operating Officer, as interim CEO. On 7 July 2015 the Board of Directors of Vardia appointed Mr. Espen Husstad as President & CEO of Vardia. Mr Husstad has been CEO of Aon Norway since 2008, and holds a Ph.D. in pure mathematics and technology. He will join Vardia on or about 1 October.

The Board has today appointed Mr. Terje Finholdt as CFO of the Vardia Group, while at the same time asking Mr. Ivar Z. Pedersen to continue as the Director of Accounting. Mr. Finholdt holds a master degree in business and economics from Norwegian School of Management (BI) and a master degree in audit and accounting from Norwegian School of Economics (NHH), and he has extensive insurance background as CFO. He has been actively involved in the preparations for the restructuring of the Group announced today. Mr. Carsten Müller, CEO of Vardia Denmark will leave his position on 11 August and Mr. Lars Sørensen, currently CFO, will take on the position of CEO of the Danish operation.

Restructuring the Group

The Board has carefully reviewed the strategic options of the Group, as previously explained in the Prospectus dated 7 May 2015. Under the accounting principles applicable for the current legal structure, the Company would need NOK 150 million of additional equity capital in order to meet the statutory capital adequacy requirements. As a consequence, the Board has decided to organize its sales and distribution activities through external partners by selling the distribution activities in Norway and Sweden to current management with a long term partnership and distribution agreement implemented immediately. By electing to distribute through independent channels, sales and its related costs are presented in a more balanced way, and reported results will be improved compared to the current practice. Consequently, the capital need of the Group is reduced. Furthermore, Vardia Agencies AS will be sold, and the remaining Norwegian subsidiaries will be merged into the Company. The Board proposes to call for an Extraordinary General Meeting for approval of the restructuring, and a Board authorization to increase the share capital up to 10%.

Future developments

The Company's operational performance continued to improve in accordance with plans during the 2nd quarter. The sales performance during the quarter, with average monthly sales of NOK 86 million and a 29.5% increase in gross written premiums compared to 2nd 2014, is further confirmation that there is a demand in the market for a concept such as Vardia offers, and that the business model is working well.

The gross claims ratio has declined in 2nd quarter 2015 and the underlying improvement of the portfolio is as expected and according to plan.

While the proposed restructuring creates a new legal structure for the Group, the implementation risk is considered to be modest. The Board is confident that the organization will continue to perform as well as it has historically. Vardia and its exclusive distribution channels will continue to focus on serving its customers in the best way possible, and create value for shareholders in the process.

Oslo, 10 August 2015

The Board of Directors of Vardia Insurance Group ASA

Consolidated income statement		(NOK 1,000)				
	Note	Q2 2015	Q2 2014*	30.06.15	30.06.14	31.12.2014
Premium income	2					
Gross premiums written		365 015	281 938	743 654	562 726	1 166 551
Ceded reinsurance premiums		-275 393	-213 270	-555 309	-428 546	-869 497
Premiums written for own account		89 622	68 668	188 345	134 180	297 054
Change in premium reserves gross		-40 446	-69 500	-117 090	-164 729	-247 330
Reinsurance share		32 707	52 266	93 182	127 837	174 564
Premiums earned for own account		81 883	51 434	164 437	97 288	224 288
Allocated return on investment transferred from the non-technical account		693	785	1 267	1 507	3 238
Other insurance-related income		4 942	4 692	8 486	12 435	18 443
Claims	2					
Gross claims paid		-250 300	-126 183	-472 019	-260 584	-603 552
Reinsurance share		194 675	94 021	358 963	197 743	458 561
Change in gross claims reserve		12 580	-31 737	-5 764	-52 943	-207 770
Reinsurance share		-20 986	24 215	-13 117	38 979	167 573
Claims incurred for own account		-64 031	-39 684	-131 937	-76 805	-185 188
Operating expenses						
Sales costs		-106 715	-68 967	-207 258	-139 384	-323 676
Insurance-related administration costs		-16 860	-17 663	-33 434	-38 522	-57 849
Commission received		57 056	31 619	104 944	65 176	137 776
Total operating expenses for own account		-66 520	-55 011	-135 748	-112 730	-243 749
Technical result before changes in security reserve etc.		-43 032	-37 784	-93 495	-78 305	-182 969
Change in security reserve etc.						
Change in security reserve		-4 026	-5 000	-6 026	-8 305	-15 279
Total change in security reserve etc.		-4 026	-5 000	-6 026	-8 305	-15 279
Technical result		-47 058	-42 784	-99 521	-86 610	-198 248
Net financial income						
Interest income and dividends etc. on financial assets		0	0	0	0	0
Interest costs		4 927	1 884	2 304	2 495	14 423
Total financial income		4 927	1 884	2 304	2 495	14 423
Allocated return on investment transferred to the technical account		-693	-785	-1 267	-1 507	-3 238
Non-technical result		4 234	1 099	1 037	988	11 185
Profit before tax		-42 824	-41 686	-98 484	-85 622	-187 062
Tax		0	0	0	0	-868
Profit before components of comprehensive income	5	-42 824	-41 686	-98 484	-85 622	-187 930
Other income and expenses						
Revaluations		0	-1 171	0	-1 171	-1 171
Exchange rate differences		-475	-22	-427	-77	3 677
Actuarial gains and losses on pensions		0	0	0	0	-3 334
Tax on other result components		0	0	0	0	0
Total other income and expenses		-475	-1 193	-427	-1 248	-828
Profit for the year		-43 300	-42 879	-98 911	-86 870	-188 758

* Figures for Q2 2014 are restated.

Consolidated statement of financial position				(NOK 1,000)	
	Note	30.06.2015	30.06.2014*		
Assets					
Goodwill		57 792	57 792	57 792	
Other intangible assets	4	75 314	50 739	69 278	
Deferred tax benefit		0	-	0	
Plant and equipment	4	9 406	6 989	8 168	
Financial assets					
Investments in shares and parts		0	0	0	
Bonds and other fixed-income securities	6	260 000	0	0	
Reinsurance share of gross technical reserves		871 582	599 972	791 965	
Receivables in connection with direct insurance and reinsurance		473 528	404 356	399 700	
Other receivables		29 025	20 400	23 594	
Prepaid costs and earned income not received		113 293	66 121	97 227	
Cash and cash equivalents		117 915	218 874	184 977	
Total assets		2 007 855	1 425 243	1 632 701	
Equity and liabilities					
Share capital		32 579	2 572	2 579	
Subscribed but unregistered capital		0	-	0	
Share premium		864 256	551 773	552 382	
Other paid-in-equity		2 541	1 589	2 541	
Other equity		-636 695	-434 337	-538 280	
Provision for Natural Perils Fund		0	2 587	428	
Provision for Guarantee scheme		7 067	1 831	7 067	
Total equity	3	269 748	126 015	26 716	
Provision for liabilities					
Gross premium reserve		721 493	512 851	610 404	
Gross claims reserve		437 384	269 129	431 422	
Other technical provisions		38 000	25 000	31 974	
Pension liabilities		8 019	4 173	8 019	
Financial liabilities					
Other liabilities		38 906	22 779	33 721	
Liability for current tax		0	1 504	868	
Liabilities in connection with direct insurance and reinsurance		332 697	375 542	341 894	
Accrued costs and received unearned income		161 608	88 250	147 682	
Total liabilities		1 738 107	1 299 228	1 605 984	
Total equity and liabilities		2 007 855	1 425 243	1 632 701	
Statement of cash flow - consolidated				(NOK 1,000)	
	Q2 2015	Q2 2014	30.06.15	30.06.2014	31.12.2014
Net cash flow from operational activities	-55 755	-22 610	-133 139	-61 316	-64 712
Net cash flow from investment activities	-11 295	-3 043	-15 797	-12 274	-42 277
Net cash flow from financial activities	341 874	161 411	341 874	161 411	160 913
Net change in cash and cash equivalents	274 824	135 758	192 938	87 821	53 924
Cash and cash equivalents at the beginning of the period	103 091	83 116	184 977	131 053	131 053
Cash and cash equivalents at the end of the period	377 915	218 874	377 915	218 874	184 977
Net cash flow for the period	274 824	135 758	192 938	87 821	53 924
Specification of cash and cash equivalents					
Cash in hand and bank	377 915	218 874	377 915	218 874	184 977

Total cash and cash equivalents	377 915	218 874	377 915	218 874	184 977		
Statement of changes in equity - consolidated							
	(NOK 1,000)						
	Share capital	Share premium	Other equity	Other earned equity	Natural per-ils fund	Guarantee scheme	Total
Equity as at 1st January 2014	2 080	380 912	960	-343 858	0	1 831	41 925
Increase in equity in Q1 2014	25	9 917					9 942
Subscribed equity, paid 3rd April 2014*		172 182					172 182
Cost related to capital issue		-9 868					-9 868
Changes in provisions in Q1 2014				-1 762	1 762		0
Profit before OCI				-43 936			-43 936
Other result components (net after tax)				-55			-55
Other				-388			-388
Equity as at 31st March 2014	2 105	553 143	960	-389 999	1 762	1 831	169 802
* 172.182 is made up of share capital 467 (subscribed but not registered) and share premium 171.715							
Equity as at 1st April 2014	2 105	553 143	960	-389 999	1 762	1 831	169 802
Increase in equity in Q2 2014	467	-467					0
Cost related to capital issue		-903					-903
Changes in provisions in Q2 2014				-825	825		0
Profit before OCI				-41 686			-41 686
Other result components (net after tax)				-1 193			-1 193
Option expenses			629				629
Other				-634			-634
Equity as at 30th June 2014	2 572	551 773	1 589	-434 337	2 587	1 831	126 015
Equity as at 1st July 2014	2 572	551 773	1 589	-434 337	2 587	1 831	126 015
Subscribed equity, registered in Q3*		1 245					1 245
Cost related to capital issue		-160					-160
Changes in provisions in Q3 2014				2 403	-2 403		0
Profit before OCI				-16 696			-16 696
Other result components (net after tax)				-88			-88
Option expenses			475				475
Other				2 350			2 350
Equity as at 30th Sept. 2014	2 572	552 858	2 064	-446 368	184	1 831	113 141
* 1.245 is made up of share capital 8 (subscribed but not registered) and share premium 1.237							
Equity as at 1st October 2014	2 572	552 858	2 064	-446 368	184	1 831	113 141
Increase in equity in Q4 2014	7	-7					0
Cost related to capital issue		-469					-469
Changes in provisions in Q4 2014				-5 480	244	5 236	0
Profit before OCI				-85 612			-85 612
Other result components (net after tax)				508			508
Option expenses			477				477
Other				-1 329			-1 329
Equity as at 31st Dec. 2014	2 579	552 382	2 541	-538 281	428	7 067	26 716
Equity as at 1st January 2015	2 579	552 382	2 541	-538 281	428	7 067	26 716
Changes in provisions in Q1 2015				-300	300		0
Profit before OCI				-55 660			-55 660
Other result components (net after tax)				49			49
Other				510			510
Equity as at 31st March 2015	2 579	552 382	2 541	-593 682	728	7 067	-28 385
Equity as at 1st April 2015	2 579	552 382	2 541	-593 682	728	7 067	-28 385
Increase in equity in Q4 2014	30 000	315 572					345 572
Cost related to capital issue		-3 698					-3 698
Changes in provisions in Q1 2015				728	-728		0
Profit before OCI				-42 950			-42 950
Other result components (net after tax)				-476			-476
Other				-315			-315
Equity as at 30th June 2015	32 579	864 256	2 541	-636 695	0	7 067	269 748

Note 1 Accounting principles

The accounts and the report from the Board of Directors for 2nd quarter 2015 are prepared according to IAS 34. The consolidated accounts is prepared according to IFRS from 2013. Reference is made to the annual report for 2013 and 2014. The accounts for 2nd quarter 2014 has been restated according to the same accounting principles as for the year 2014.

NOTE 2 Segment information

Norway (NOK 1,000)	Q2 2015	Q2 2014	30.06.15	30.06.2014	31.12.2014
Gross premiums written	198 021	155 694	408 427	327 717	684 401
Premiums earned f.o.a.	46 983	28 315	98 188	54 889	127 523
Other income	1 977	2 472	3 152	7 156	7 726
Incurred claims and operating expenses f.o.a.	-57 049	-45 680	-134 911	-92 406	-228 701
Technical result	-8 089	-14 893	-33 571	-30 361	-93 452

Sweden (NOK 1,000)	Q2 2015	Q2 2014	30.06.15	30.06.2014	31.12.2014
Gross premiums written	154 458	125 082	311 486	233 836	473 666
Premiums earned f.o.a.	33 186	23 084	63 572	42 364	96 132
Other income	2 956	2 219	5 325	5 279	10 717
Incurred claims and operating expenses f.o.a.	-56 606	-41 159	-98 643	-84 741	-172 958
Technical result	-20 463	-15 857	-29 746	-37 098	-66 108

Denmark (NOK 1,000)	Q2 2015	Q2 2014	30.06.15	30.06.2014	31.12.2014
Gross premiums written	12 536	1 162	23 742	1 173	8 484
Premiums earned f.o.a.	1 713	35	2 677	35	633
Other income	9	0	9	0	0
Incurred claims and operating expenses f.o.a.	-16 895	-7 855	-34 131	-12 388	-27 279
Technical result	-15 173	-7 820	-31 445	-12 353	-26 646

NOTE 3 Changes in equity

The company had a capital issue of net NOK 346 million in the 2nd quarter 2015. 375.000.000 new shares were issued. Reference is made to the statement of changes in equity.

NOTE 4 Other intangible assets

The Group has during 2 quarter 2015 net investments in intangible assets and plant and equipment of NOK 11.3 million. This refers mainly to the development of the groups insurance systems. The Groups insurance system is written off over 7 years.

NOTE 5 Earnings per share

a) Earnings per share (NOK 1,000)

Earnings per share is calculated by dividing the profit before components of comprehensive income on a weighted average of outstanding ordinary shares through the quarter, own shares deducted.

	Q2 2015	Q2 2014	30.06.2015	30.06.2014	31.12.2014
Profit before OCI	-42 824	-41 686	-98 484	-85 622	-187 930
Earnings per share	-0,37	-1,32	-1,30	-2,96	-6,15

b) Earnings per share, diluted (NOK 1,000)

By calculation of diluted earnings per share, a weighted average of total outstanding shares through the quarter is used adjusted for the effect of conversion of potential shares that can cause dilution. The company has one category of potential shares that can cause dilution: stock options. The number of shares is compared with the number of shares that would have been issued if all stock options were exercised. The difference is added in the calculation as issued shares without consideration.

	Q2 2015	Q2 2014	30.06.2015	30.06.2014	31.12.2014
Profit before OCI	-42 824	-41 686	-98 484	-85 622	-187 930
Weighted average of ordinary shares (in 1000)	116 919	31 642	75 511	28 940	30 562

Adjusted for stock options (in 1000)	118 465	33 286	77 057	30 583	32 205
Earnings per share diluted	-0,37	-1,32	-1,30	-2,96	-6,15

Earnings per share diluted is for Vardia Insurance Group ASA equivalent to the earnings per share. The earnings per share diluted will only be different if conversion of shares increases the deficit per share.

NOTE 6 Bond and other fixed-income securities

The Group has in the 2nd quarter 2015 invested NOK 260 million in low risk money market funds. The managers of the funds are Danske Bank, Storebrand and Nordea.

Vardia Insurance Group ASA

- The Board of Directors and the CEO's statement

The Board of Directors and the CEO has today discussed and approved the accounts and the report from the Board of Directors for 2nd quarter 2015 for Vardia Insurance Group ASA and consolidated. The report for 2nd quarter 2015 is prepared in agreement with the requirements in IAS 34 (interim financial reporting).

We confirm, to the best of our knowledge, that the presented set of financial statements for the period 1 January to 30 June 2015 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Company's assets, liabilities, financial position and profit and loss 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 three months of the financial year and their impact on the presented set of financial statements, a description of the principal risks and uncertainties for the remaining nine months of the financial year, and major related parties transactions.

Oslo, 10 August 2015

The Board of Directors of Vardia Insurance Group ASA

Åge Korsvold <i>Chairman</i>	Karl Høie <i>Vice Chairman</i>	
Line Sanderud Bakkevig	Nina Charlott Gullerud	
Nils Aakvik	Ole Erik Alnæs (Employee representative)	Rune Olsen Arneberg <i>CEO</i>