AKER BIOMARINE GROUP

BOARD OF DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

2017

Board of Directors' Report

BUSINESS AND LOCATION

Aker BioMarine has its headquarter at Fornebu, Norway. Our supply chain stretches from krill harvesting operations in Antarctica through the logistics hub in Montevideo to the krill oil manufacturing facility in Houston. The integrated value chain allows for efficient adaption to changing market demands and high product quality with full traceability.

Aker BioMarine, through its subsidiary Aker BioMarine Antarctic AS, owns and operates the krill-harvesting vessels Saga Sea and Antarctic Sea. Both vessels have onboard production of krill feed products and inter-mediates. We also own the newly acquired krill harvesting vessel Juvel and the freighter vessel La Manche, which refuels and offloads the krill harvesting vessels at sea and performs crew changes. The Company holds three krill harvesting licenses issued by the Norwegian Government.

To further strengthen our position in the market for krill derived products we have done the following transactions in 2017:

Building of new krill harvesting vessel

In April 2017 we entered into a shipbuilding contract with VARD, a Norwegian based shipbuilding company, to build a state-of-the-art krill-harvesting vessel. The new 130-metre-long krill vessel will be equipped with the latest and most advanced eco-friendly technology. The vessel is expected to be in operation for the 2019 krill harvesting season.

Acquisition of krill harvesting vessel Juvel

In May 2017, we acquired the krill harvesting vessel Juvel and associated patents from the bankruptcy estate of Emerald Fisheries AS.

Aqcuisition of Neptune's krill oil inventory and intellectual property (IP)

In August 2017, we acquired Neptune Technologies & Bioressources' krill oil inventory and IP. The acqui-sition gives us improved economy of scale allowing us to increase investments in new science and product innovations.

FINANCIAL INFORMATION

Profit and loss account

Our total revenue and other income increased by 8 percent to USD 125.5 million, up from USD 116.7 million in 2016. In 2017, 46.7 percent of our total product revenue came from sale of krill oil, up 4.2 percent from the previous year. 51.9 percent of the total revenue came from sale of krill meal.

Group Earnings before Interest, Tax, Depreciation, Amortization and special operating items ("EBITDA") was USD 17.2 million in 2017, compared with USD 35.5 million in 2016. The significant decrease primarily reflect lower gross margins on products sold in addition to planned growth initiated costs.

Depreciation and amortization totaled USD 18.6 million in 2017, compared with USD 19.4 million in 2016. The decrease is due to lower depreciation on the company's krill harvesting vessels offset by retirement of certain assets while the vessels were drydocked in the fourth quarter of 2017.

The transactions in 2017 have increased our interest bearing debt. Net financial expenses have therefore increased to USD 15.1 million from USD 9.9 million in 2016 including currency effects on our NOK denominated loans. There was no significant change in our financial income which was USD 1.2 million in 2017. Financial expenses include interest cost, guarantee fees, and other financial expenses.

The net loss in 2017 amounted to USD 17.8 million, compared with a net loss of USD 2.1 million in 2016.

Cash flow

Cash flow from operations was USD 9.2 million in 2017, a decrease of USD 11.7 million from 2016. The cash flow from operations was absorbed by net cash outflow on investments in vessels and the acquisition of Neptune's krill oil inventory and IP. Total cash outflow on investments amounted to USD 111.3 million. The investments were funded by new proceeds from Aker ASA by USD 100.4 million. Total cash flow from financing activity was USD 101.3 million. The difference between cash flow from operations and the operating loss in the statements of profit or loss mainly represents changes in working capital as well as finance expenses such as interest and guarantee fees included in the cash flow from operations figure.

Balance sheet and liquidity

As of 31 December 2017, the equity ratio was 16 percent, compared with 26 percent at year-end 2016. Cash and cash equivalents amounted to USD 2.7 million, compared with USD 3.5 million as of year-end 2016. Total assets amounted to USD 377.4 million and total equity was USD 59.3 million. Corresponding 2016 figures were USD 279.3 million in total assets and USD 74.0 million in total equity.

Interest-bearing debt amounted to USD 275.1 million as of 31 December 2017, of which USD 258.3 million is long-term and USD 16.8 million is short-term interest-bearing debt. Net interest-bearing debt (interest-bearing loans less cash and cash equivalents) amounted to USD 272.4 million as of 31 December 2017, up from USD 168.5 million as of 31 December 2016.

As of year-end 2017, net working capital (non-interest-bearing current assets less non-interest-bearing current debt) exclusive of bank deposits, amounted to USD 35.9 million, compared with USD 38.1 million as of 31 December 2016.

GOING CONCERN ASSUMPTION

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the going concern assumption, on which the financial statements have been prepared, is deemed appropriate.

FINANCIAL RISK AND RISK MANAGEMENT

Aker BioMarine is exposed to several risks and uncertainties relating to harvesting and offshore processing technologies, fluctuations in annual krill harvesting, onshore production processes and product quality, ability to develop new products, and general market demand, growth, and competition. Aker BioMarine is dependent on its largest customers; the three largest represent about 55 percent of 2017 revenues.

Aker BioMarine has adopted a risk management policy to identify, measure, and mitigate risks. For a more detailed discussion on market risk, credit risk, and liquidity risk, see Note 20 (Financial risk) to the consolidated financial statement.

EVENTS AFTER THE BALANCE SHEET DATE

On 15 January 2018, Aker BioMarine announced that it will acquire Enzymotec Ltd.'s krill oil inventory and IP including the brand K·Real® for a cash consideration of USD 26.4 million paid at closing.

HEALTH, SAFETY AND ENVIRONMENT

The krill-harvesting vessels Saga Sea and Antarctic Sea as well as the freighter La Manche operate in rough Antarctic waters. Crew health and working environment are important concerns. Despite the demanding conditions, illness and accident rates onboard are low. Safety first is a key focus throughout the company's value chain. Sick leave rates are low both at the factory in Houston and at global office locations.

To keep illness and accident rates low, the company carefully examines and improves work tasks and working environments. Aker BioMarine has put in place systems to ensure that crew members have access to medical attention in case of injury or illness when vessels are operating far from shore. The onboard working environment is deemed good, as evidenced by the low crew turnover rate.

Aker BioMarine's objective is to minimize personnel injuries, environmental harm, and vessel or property damage. The company conducts systematic safety drills that prepare crew and onshore personnel for handling demanding scenarios that might occur on board or onshore. Personnel safety is important to Aker BioMarine and efforts to further improve safety are ongoing.

There were four injury incidents on board company vessels in 2017; the overall sick leave is very low. The sick leave rate also is low at the onshore plant in Houston; four personnel incidents occurred at the plant. Aker BioMarine views accidents and hazardous conditions with great concern; incidents and procedures are reviewed and measures implemented to avoid reoccurrences.

ORGANIZATION

Aker BioMarine aims to be an attractive workplace. Fundamental to Aker BioMarine's human resources policy is ensuring equal opportunities for all employees, regardless of ethnicity, gender, religion, or age. Aker BioMarine's human resources policy includes measures aimed at preventing gender discrimination in terms of pay, promotion, recruitment, or other workplace-related issues. Aker BioMarine recruits employees from professional environments that include both men and women. Aker BioMarine believes it has, and aims to maintain, a balanced workforce. Aker BioMarine does not tolerate discrimination or harassment of any kind.

As of 31 December 2017, Aker BioMarine had 341 employees (2016: 282), of whom 83 worked in Norway, 69 in the United States, 4 in Uruguay, 2 in Australia, 4 in China and 179 onboard the two krill harvesting vessels and the freighter La Manche. Aker BioMarine has employees from approximately 27 different nationalities and 21.5 percent of employees are women. Group management had two female members as of 2017. There are no women among shareholder-elected Board members; however, one of the Board's two employee representatives is female.

CORPORATE GOVERNANCE

Aker BioMarine's corporate governance policy is intended to ensure an appropriate division of roles and responsibilities among shareholders, the Board of Directors, and executive management.

As of 31 December 2017, Aker BioMarine is wholly owned by Aker ASA.

Fornebu, 26 February 2018
The Board of Directors and CEO of Aker BioMarine AS

MATTS JOHANSEN
CEO

FRANK GREBSTAD
Director, elected by the employees

FRANK O. REITE
Director

TORILL NIELSEN
Director, elected by the employees

OLA SNØVE
Board Chairman

KJELL INGE RØKKE
Director

ØYVIND ERIKSEN
Director

Statements of profit or loss

for the year ended December 31

Amounts in thousands of U.S. Dollars	Note	**2017**	2016
Revenues from sale of products	2	**124 153**	115 188
Other income	2	**1 387**	1 549
Total revenues and other income		**125 540**	116 737
Net change in inventories	12	**(8 090)**	3 146
Production and misc. operating expenses	3,18	**(66 469)**	(54 309)
Salaries and payroll expenses	4,23	**(33 767)**	(30 028)
Special operating items	5	**-**	(7 140)
Total operating expenses before depreciation, amortization and impairment		**(108 326)**	(88 330)
Depreciation and amortization	10,11	**(18 551)**	(19 353)
Impairment charges	11	**(345)**	(596)
Operating profit (loss)		**(1 682)**	8 458
Net financial expenses	6	**(15 072)**	(9 941)
Net profit (loss) before tax expense		**(16 754)**	(1 482)
Tax expense	9	**(1 011)**	(573)
Net profit (loss) after tax expense		**(17 765)**	(2 055)

AKER BIOMARINE GROUP ACCOUNTS

Statements of other comprehensive income

for the year ended December 31

Amounts in thousands of U.S. Dollars	Note	**2017**	2016
Net loss		**(17 765)**	(2 055)
Other comprehensive income (loss)			
Defined benefit plan income gains (losses)1)	4	**(118)**	(77)
Total items that will not be reclassified to profit and loss		**(118)**	(77)
Change in fair value cash flow hedges	8,10,20	**3 153**	-
Total items that will be reclassified to profit and loss		**3 153**	-
Total other comprehensive income (loss)		**3 035**	(77)
Total comprehensive income (loss)		**(14 730)**	(2 132)

[1)] The Defined benefit plan income gains (losses) have no income tax impact as it is part of the unrecognized deferred tax asset, see Note 9.

Balance sheet as of December 31

Amounts in thousands of U.S. Dollars	Note	**2017**	2016
ASSETS			
Property, plant and equipment	10,20	**206 804**	141 185
Intangible assets	11	**95 421**	67 695
Other non-interest-bearing non-current receivables	20	**2 099**	2 085
Investments in equity-accounted investee	7	**205**	106
Total non-current assets		**304 529**	211 070
Inventories	12	**36 198**	39 035
Accounts receivable and prepaid expenses	13,20	**30 817**	25 729
Derivative assets	8,20	**3 153**	-
Cash and cash equivalents	14,20	**2 715**	3 506
Total current assets		**72 883**	68 270
Total assets		**377 412**	279 341

Amounts in thousands of U.S. Dollars	Note	**2017**	2016
LIABILITIES AND OWNERS' EQUITY			
Share capital	24	**63 684**	63 684
Other paid-in equity		**156 486**	156 486
Total paid-in equity		**220 170**	220 170
Translation differences and other reserves		**154**	154
Retained earnings		**(161 028)**	(146 299)
Total equity		**59 296**	74 025
Interest-bearing debt	15,20	**258 322**	155 742
Other non-interest-bearing non-current liabilities	16	**11 871**	6 693
Total non-current liabilities		**270 193**	162 435
Interest-bearing current liabilities	15,20	**16 812**	16 255
Accounts payable and other payables	10,20	**31 110**	26 625
Total current liabilities		**47 922**	42 881
Total liabilities		**318 115**	205 315
Total equity and liabilities		**377 412**	279 341

Fornebu, 26 February 2018
The Board of Directors and CEO Aker BioMarine AS

Matts Johansen
CEO

Frank Grebstad
Director,
elected by employees

Frank O. Reite
Director

Torill Nielsen
Director,
elected by employees

Ola Snøve
Chairman

Kjell Inge Røkke
Director

Øyvind Eriksen
Director

Statements of cash flow

for the year ended December 31

Amounts in thousands of U.S. Dollars	Note	**2017**	2016
Net profit (loss) after tax		**(17 765)**	(2 055)
Tax expenses	9	**1 011**	573
Net interest and guarantee expenses	6	**10 717**	7 671
Interest and guarantee premiums paid		**(8 632)**	(5 764)
Interest received		**823**	373
Taxes paid		**(846)**	(648)
Impairment charges	11	**345**	596
Depreciation and amortization	10,11	**18 551**	16 829
Foreign exchange loss (gain)		**1 116**	4 855
Change in accounts receivable, other current receivables, inventories, accounts payable and other		**3 855**	(1 550)
Net cash flow from operating activities		**9 175**	20 880
Payments for property, plant and equipment	10	**(80 959)**	(10 788)
Payments for intangibles	11	**(30 238)**	(109)
Investments in associated companies and other companies		**(99)**	-
Net cash flow from investing activities		**(111 296)**	(10 897)
Proceeds from issue of debt and change in overdraft facility	15,20	**4 227**	1 147
Repayment of debt	15,20	**(3 252)**	(10 376)
Proceeds from owners	15	**100 356**	-
Net cash flow from financing activities	15	**101 331**	(9 229)
Net change in cash and cash equivalents		**(791)**	754
Cash and cash equivalents as of January 1,	14	**3 506**	2 752
Cash and cash equivalents as of December 31.	14	**2 716**	3 506

Statements of changes in equity

Amounts in thousands of U.S. Dollars	Share capital	Share premium	Other paid-in capital	Other reserves	Retained earnings	Total
Balance as of December 31, 2016	63 684	192 102	(35 616)	154	(146 299)	74 025
Net profit (loss) for the year	-	-	-	-	(17 765)	(17 765)
Other comprehensive income (loss)	-	-	-	-	3 035	3 035
Total comprehensive income (loss)	-	-	-	-	(14 729)	(14 729)
Balance as of December 31, 2017	**63 684**	**192 102**	**(35 616)**	**154**	**(161 028)**	**59 297**

Notes to the consolidated financial statements

NOTE 1 – BASIS FOR PREPARATION

These consolidated financial statements consolidate the profit or loss statements and balance sheet for Aker BioMarine AS (the "Company") and its subsidiaries (together, the "Group"). The Company is a limited liability company domiciled in Norway with its registered office at Oksenøyveien 10, 1366 Lysaker, Norway.

The consolidated financial statements have been prepared in accordance with IFRS and IFRS Interpretation Committee (IFRS IC) interpretation as adopted by the EU.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except as otherwise described in the sections below.

Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- Asset acquisition of Neptune Technologies & Bioressource's (Neptune) krill business (note 7)
- Acquisition of the krill vessel Juvel (note 10)
- Construction of new krill harvesting vessel (note 10)

Summary of significant accounting policies

Accounting policies that relate to the consolidated financial statements as a whole are set out below, while those that relate to specific areas of the consolidated financial statements are shown in the corresponding note. All accounting policies have been consistently applied to all the years presented.

Management regards the following as the most significant accounting policies for these financial statements:

- Revenue recognition from the sale of Superba™ Krill oil and QRILL™ branded ingredients (note 2)
- Measurement of our krill based products held as Inventories at year end (note 12)
- Recognition and measurement of expenditure on vessels and machinery included in Property, plant and equipment (note 10)
- Impairment of intangible assets (note 11)

Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable, and constitute management's best judgment at the date of the consolidated financial statements. In the future, actual experience could differ from those estimates.

The key estimates and judgments that could have a significant effect upon the Group's financial results relate to:

- Expenses included in indirect production cost recognized to inventories (note 12)
- Technical assessment of the useful life of the Group's vessels and machinery (note 10)
- Calculating the fair value of tangible and intangible assets allocated to the Krill cash generating unit (note 11)

Where appropriate, present values are calculated using discount rates reflecting the currency and maturity of the items being valued. Further details of estimates and judgments are set out in the related notes to the consolidated financial statements.

Foreign currencies

Transactions recorded in the financial statements of each subsidiary are done in its functional currency, i.e. the currency that best reflects the primary economic environment in which the entity operates. The consolidated financial statements are presented in U.S. Dollars ("USD"), which is the Group's presentation currency as the Group's cash flow and economic returns are principally denominated in USD, and is the functional currency of each key subsidiary.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of each transaction. Receivables, liabilities and other monetary items in foreign currencies are translated into the functional currency at the exchange rates on the balance sheet date. Foreign currency exchange gains or losses resulting from such transactions are recognized in the consolidated statement of profit or loss.

Consolidation

Subsidiary undertakings are entities over which the Group has the power to govern the financial and operating policies. Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary undertaking is the fair values of the assets transferred and the liabilities incurred by the Group, including those from any contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

An acquisition of a group of assets that does not constitute a business is accounted for as asset acquisition in accordance with accounting standards applicable.

Inter-company transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiary undertakings have been changed where necessary to ensure consistency with the policies adopted by the Group.

New standards issued, but not yet effective
The following IFRS standards, amendments and IFRS IC interpretations issued by the IASB, have not been early adopted:

IFRS 9:
IFRS 9 Financial instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The standard will be applied 1 January 2018, and Aker Biomarine will implement the standard retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The implementation will have an insignificant impact on equity.

The Group does have financial assets that under IFRS 9, based on evaluation of business model applied, will be measured at fair value over the profit and loss; however, this is in line with how these assets previously have been accounted for. Changes will be performed for the Groups expected loss recognition process where the practical expedient will be utilized and expected credit losses (ECL) calculated based on a matrix taking into account customer risk, trends, and geographical segments. Due to the Group having historically low losses, there will be no material impact.

In regards to the Groups cash flow hedges, current accounting practice is aligned with IFRS 9. Based on the Groups assessment there are no new classification requirements, following IFRS 9 implementation, which will have a material impact on accounting for financial assets or liabilities.

IFRS 15:
IFRS 15 will be implemented by the Group with an effective date of 1 January 2018. The standard replaces the existing revenue recognition standard, including IAS 18 Revenue. The Group will implement the effects of the new standard with a cumulative effect at date of application; however, the impact on equity is immaterial. In order to identify areas of potential change under IFRS 15, the Group have assessed all significant revenue streams and the individually significant contract arrangements. Under IFRS 15 the Groups revenue from sale of Superba™ Krill oil and QRILL™ will be recognized at a point in time, when the customer obtains control over the goods, which will be based on the contractual terms of the agreements. Upon sale of product, each sale would normally constitute two performance obligations, the product sold and the freight. Some contractual terms may therefore result in the Group delivering freight services after control has passed to the customer, however this timing effect would have an insignificant impact on equity and the profit and loss. As the Group hires logistical services companies performing the freight, the revenues from delivering freight services will from an agent-perspective be netted with freight costs incurred.

There are no other implementation impacts of IFRS 15.

IFRS 16:
The standard is effective from 1 January 2019 and replaces IAS 17 currently applied by the Group on lease accounting. Although early adoption is permitted, the Group has decided to apply the new standard from 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting the IFRS 16 will be recognized as an adjustment to opening balance of Equity on 1 January 2019 and with no restatement of comparative figures.

IFRS 16 Leasing will change how the Group account for primarily lease contracts for warehouses and offices currently accounted for as operating leases. As a result, assets and liabilities will increase with a value close to the net present value of future lease payments and EBITDA will increase as the lease payments will be presented as depreciation and finance cost. As presented in note 18 Leasing, the Group's future minimum payments under non-cancellable operating leases amounted to USD 7.7 million. The Group does not expect the implementation of IFRS 16 to impact its ability to comply with loan covenants as described in note 15.

Disclosure materiality
Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision making of the users of these consolidated financial statements or not applicable.

In these consolidated financial statements amounts have been rounded to the nearest thousand, unless otherwise stated. As a result of rounding differences, amounts may not add up to the total.

Notes to the consolidated financial statements

NOTE 2 – REVENUE

Revenue represents amounts recoverable primarily from the sale of Superba™ Krill oil and QRILL™ branded ingredients during the year. Revenue is measured at the fair value of consideration received or receivable on sale, including rebates, fair value adjustments and excluding VAT. Revenue is recognized when the amount can be reliably measured and it is probable that future economic benefits will flow to the Company.

Revenue recognition occurs in the period when the product is delivered and the main risks and benefits of ownership are transferred to the customer. The revenue recognition conditions are reviewed for each individual sale based on the individual contracts and other actual circumstances such as Incoterms on delivery. Revenues are deferred until all the criteria are met.

Geographic information	Revenues from sale of products based on customer location		Other income based on customer location	
			Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016	**2017**	2016
Norway	**26 739**	29 541	**116**	110
EU	**28 544**	24 671	**1 162**	1 126
United States	**36 194**	33 096	**87**	313
Australia	**8 836**	9 195	**-**	-
Asia	**14 399**	13 162	**-**	-
Other regions	**9 441**	5 522	**22**	-
Total	**124 153**	115 188	**1 387**	1 549

In 2017, the two largest customers comprised 32% and 15% of the Group's total revenues from sale of products (2016: 32% and 11%). In addition to revenue from the sale of krill derived products, the Group receives royalty income from certain trademarks and licenses. Royalty income is recognized in accordance with the relevant agreement.

Other income by category	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Royalty	**1 250**	1 439
Other	**137**	110
Total	**1 387**	1 549

The Group's operations occur in one reportable segment, the production and sale of krill products. As such, the production and sale of krill based products is managed as an integrated business.

The Executive Management Team (EMT) assesses the performance based on Underlying EBITDA. This measurement basis is defined as operating profit before depreciation, amortization, write-downs and impairments, and special operating items. Special operation items include, if material, gains or losses on sale of assets, restructuring expenses and other transactions of either non-recurring nature or special in nature compared to ordinary operational income or expenses. See description of the Alternative Performance Measures (APM) attached to the consolidated financial statement.

The EMT has provided the following information at December 31, 2017 and 2016:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Nutraceuticals (Superba™)	**57 968**	49 103
Aquaculture (QRILL™ Aqua)	**59 665**	63 855
Pet and other products	**6 229**	2 230
Other income	**1 679**	1 549
Total revenue and other income	**125 540**	116 737
Total operating expenses before depreciation, amortization and impairment	**(108 326)**	(88 330)
Special operating items	**-**	7 140
Underlying EBITDA	**17 214**	35 547

The following table reconciles Underlying EBITDA to Net income (loss) in the consolidated statements of profit or loss.

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Net income (loss)	**(17 765)**	(2 055)
Tax expense	**1 011**	573
Net financial items	**15 072**	9 941
EBIT	**(1 682)**	8 458
Depreciation, amortization and impairment	**18 896**	19 949
Special operating items	**-**	7 140
Underlying EBITDA	**17 214**	35 547

Special operating items mainly include legal and settlement fees as specified in Note 5. These costs are not included in management's assessment of Underlying EBITDA. There are no Special operating items of material amount in 2017. See Note 5 Special operating items.

NOTE 3 – PRODUCTION AND MISC. OPERATING EXPENSES

Operating expenses are presented based on nature of the expenses in the consolidated statements of profit or loss. Production and operating expenses are recognized in the same period as the corresponding revenue from sale of product is recognized. Salaries and payroll expenses, other operating expenses and other expenses are recognized when they occur or when the Group has a liability for future expenses.

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Fuel	**(11 470)**	(10 561)
Maintenance and services	**(13 063)**	(9 684)
Sales, marketing, freight and other selling costs	**(9 730)**	(6 870)
Travel expenses	**(3 561)**	(3 159)
Insurance	**(2 238)**	(2 260)
Office rent and administration	**(4 032)**	(3 431)
Extraction, encapsulation and other production costs *)	**(15 401)**	(10 356)
Other operating expenses	**(6 974)**	(7 987)
Total production and misc. operating expenses	**(66 469)**	(54 309)

*) Increase relates to the krill oil factory in Houston acquired in May 2016, previously equity accounted, see Note 7 Asset acquisition and business combinations.

Government grants

During 2017 the Group received grants of USD 0.5 million (2016: USD 0.7 million). The grants are partly included in the 'Production and misc. operating expenses' line item and partly 'Asset under construction' to net the costs that the grants are intended to compensate. There are not any unfulfilled conditions or other contingencies on these grants. The Group did not benefit directly from any other forms of government assistance.

Remuneration to the Group auditors (excluding VAT):

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Audit fees	**(158)**	(155)
Other audit and attestation services	**(56)**	(10)
Total	**(214)**	(165)

NOTE 4 – SALARIES AND PAYROLL EXPENSES

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Salaries	**(16 114)**	(15 697)
Crew salaries	**(11 185)**	(11 073)
Employer's social security contribution	**(2 094)**	(1 060)
Pension expenses	**(881)**	(530)
Other benefits	**(3 494)**	(1 668)
Total	**(33 767)**	(30 028)
Numbers of employees at year end	**341**	282

Pension plans

The Group has a combination of defined contribution plans and defined benefit plans that cover virtually all employees and comply with laws and regulations set forth in the different countries of operations. The Group's defined benefit obligation cover three employees. At the end of the year the defined benefit obligation was USD 1.0 million and the assets were USD 0.7 million. The fair value of the net obligation has been calculated using an appropriate discount rate. During the year the Group expensed USD 0.1 million, net of settlements and curtailment, on the defined benefit plan (2016: 51 thousand), and USD 0.8 million for the defined contribution plan (2016: 0.5 million). In addition USD 0.1 million is expensed over other comprehensive income due to changes in actuarial assumptions (2016: USD 0.1 million).

Notes to the consolidated financial statements

NOTE 5 – SPECIAL OPERATING ITEMS

Amounts in thousands of U.S. Dollars	Year ended 31 December 2017	2016
Gain on sale of fixed assets	-	215
Legal and settlement fees	-	(7 355)
Total	-	(7 140)

There are no Special operating items of material amount in 2017. In 2016 Aker BioMarine and Neptune entered into a settlement and broad patent cross-licensing agreement, thus ending all outstanding litigation between the companies. In 2017 Aker BioMarine Antarctic AS acquired Neptune's krill business, see Note 7 Asset acquisition and business combination.

NOTE 6 – FINANCIAL INCOME AND EXPENSES

Financial income comprises interest income on financial investments and net foreign exchange gains recognized in the consolidated statement of profit or loss. Financial expenses include interest expense and guarantee fees. Financial income and expenses are presented on a net basis in the consolidated statement of profit or loss.

Amounts in thousands of U.S. Dollars	Year ended 31 December 2017	2016
Interest income, bank deposits	**27**	7
Interest income loans and receivables (amortized cost)	**1**	87
Foreign exchange gains (realized and unrealized)	**1 152**	1 747
Total financial income	**1 179**	1 841
Interest expense on financial liabilities valued at amortized cost	**(10 745)**	(7 497)
Foreign exchange losses (realized and unrealized)	**(2 966)**	(1 809)
Other financial expenses	**(2 540)**	(2 474)
Total financial expenses	**(16 251)**	(11 780)
Net financial expenses	**(15 072)**	(9 941)

Other financial expenses include interest on loans from and guarantee fee payable to the parent company Aker ASA.

NOTE 7 – ASSET ACQUISITION AND BUSINESS COMBINATIONS

On 7 August 2017, Aker BioMarine Antarctic AS acquired Neptune's krill business. The transaction increases the Group's market share, as Neptune will cease to produce and sell krill oil. The total purchase price was USD 35.0 million including transaction fees of USD 1.0 million incurred up to the date of signing. The assets and liabilities recognized as part of the transaction mainly comprise inventory, customer relationships and trademarks. See Note 11 Intangible assets and Note 12 Inventory.
The following table summarizes the assets and liability identified by management:

Amounts in million of U.S Dollars	
Intangible assets	30.2
Inventory	4,8
Total transaction price	35.0

As part of completing the transaction, the Group paid the remaining USD 2.0 million of the Neptune-settlement accounted for in 2016, which was not due before 31 December 2017. As related to a previous patent settlement, the payment is not included in the transaction price of USD 35 million.

In May 2016 the Group acquired the remaining 50 percent of shares in the krill oil factory in Houston, Aker BioMarine Manufacturing and Aker BioMarine Financing, prior to the transaction a Joint Venture with Naturex S.A and accounted for as a joint venture in accordance with IFRS 11 (equity accounting).

NOTE 8 – DERIVATIVE ASSETS

Amounts in thousands of U.S. Dollars	As of 31 December, 2017	2016
Forward exchange contracts assets	**3 153**	-
Total	**3 153**	-

The Group entered in May 2017 into a currency contract with DNB for hedging of currency risk from future instalment related to the vessel under construction, see Note 20 for further description of the derivative.

NOTE 9 – INCOME TAX

The Group is headquartered in Norway and pays taxes according to the rates applicable in the countries and states in which it operates. Most taxes are recorded in the statement of profit or loss and relate to taxes payable for the reporting period (current tax), but also deferred taxes. Deferred tax is calculated based on the differences between the accounting value and tax value of assets and liabilities at the balance sheet date using the applicable tax rate.

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Income tax expense for the period		
Current income tax expense in respect of current year	**(1 011)**	(573)
Prior period adjustments	**-**	-
Current income tax expense	**(1 011)**	(573)

Reconciliation of nominal statutory tax rate to effective tax rate:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Profit (loss) before tax	**(16 754)**	(1 482)
Calculated income tax at statutory rate of 24%	**4 021**	371
Tax differential Norway and abroad	**(442)**	6
Unrecognized change in deferred tax assets	**(1 284)**	12 310
Permanent differences	**168**	(3 381)
Currency translation and other *	**(3 474)**	(9 878)
Total tax expense	**(1 011)**	(573)
Effective tax rate	**-6%**	-39%

* The Group files its tax return in NOK

Deferred tax assets comprise:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Property, plant and equipment and intangible assets	**(1 728)**	1 639
Inventory	**(792)**	112
Other	**836**	(38)
Tax losses carried forward	**69 845**	66 380
Interest rate deductability carry forward	**4 475**	3 258
Deferred tax assets	**72 636**	71 352
Unrecognized deferred tax assets	**(72 636)**	(71 352)
Recognized deferred tax assets	**-**	-

Current income tax expenses relates to subsidiaries in US (35 percent Federal tax rate) and Australia (30 percent).

The movement in deferred tax assets from USD 71.3 million to USD 72.6 million is mainly due to changes in the USD/ NOK foreign exchange rate, taxable losses and tax regulations.

Based on the historical losses of the Group, it was concluded that deferred tax assets could not be recognized in the balance sheet as of 31 December 2017 or 2016. The Norwegian tax authorities have questioned USD 77.2 million of the tax loss carried forward from 2008. Part of the questioned amount has been approved in 2017, while USD 36.2 million is still questioned. The Group believes that the entire tax deductions are in accordance with the tax laws. If the view of the Group prevails, the unrecognized deferred tax asset will increase by USD 8.3 million.

Notes to the consolidated financial statements

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, less any accumulated depreciation and any accumulated impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful lives of each major component of property, plant and equipment. Assets under construction are not depreciated until the items are available for use as intended by management.

Expenditures to replace a component of property, plant and equipment are capitalized if it is probable that future economic benefits associated with the asset will flow to the Group and the costs can be measured reliably. Gains and losses are recognized upon asset de-recognition. The costs of consumables used and day-to-day maintenance of property, plant and equipment are expensed as incurred. Costs incurred for major inspections and overhauls or to improve a vessel's operating efficiency, functionality or safety are capitalized.

Major inspections of vessels are performed on a regular basis as required by the classification society, such as Det Norske Veritas and according to laws and regulations. The costs of such inspections are, including replacement spares and labor costs, capitalized and amortized over the average expected life between major inspections. All other costs relating to maintenance of vessels is charged to the statement of profit or loss on consumption or as incurred.

Assets that will be disposed, which are classified as held-for-sale, are reported at the lower of their book value and their fair value less cost to sell. Depreciation of vessels is included in the cost of inventory conversion (see Note 12).

Movements in property, plant and equipment in 2017 and 2016:

Amounts in thousands of U.S. Dollars	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land	Total
Acquisition cost as of 1 January, 2017	**103 700**	**90 157**	**5 973**	**7 864**	**207 694**
Investments	6 916	7 589	67 501	-	82 006
Investments from merger & acquisition	-	-	-	-	-
Asset retirements	(5 839)	(4 422)	-	-	(10 261)
Other reclassifications	-	550	(773)	223	-
Acquisition cost as of 31 December, 2017	**104 777**	**93 874**	**72 701**	**8 087**	**279 439**
Acc. depreciation and impairment as of 1 January, 2017	**(39 028)**	**(24 461)**	**(2 654)**	**(367)**	**(66 510)**
Depreciation for the year	(6 930)	(7 849)	-	(180)	(14 959)
Impairment	-	-	-	-	-
Asset retirements	4 185	4 648	-	-	8 833
Other reclassifications	-	-	-	-	-
Acc. depreciation and impairment as of 31 December, 2017	**(41 773)**	**(27 662)**	**(2 654)**	**(547)**	**(72 636)**
Book value as of 31 December, 2017	**63 004**	**66 213**	**70 047**	**7 540**	**206 804**
Depreciation period	10-20 years	3-20 years			
Depreciation method	Straight-line	Straight-line			

Amounts in thousands of U.S. Dollars	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land	Total
Acquisition cost as of 1 January, 2016	**105 204**	**55 296**	**15 610**	**-**	**176 110**
Investments	3 651	2 376	4 925	-	10 952
Investments from merger & acquisition	-	19 430	-	16 570	36 000
Asset retirements	(5 231)	(13 234)	-	-	(18 465)
Other reclassifications	76	26 289	(14 562)	(8 706)	3 097
Acquisition cost as of 31 December, 2016	**103 700**	**90 157**	**5 973**	**7 864**	**207 694**
Acc. depreciation and impairment as of 1 January, 2016	**(35 040)**	**(27 785)**	**-**	**-**	**(62 825)**
Depreciation for the year	(7 912)	(7 020)	(224)	-	(15 156)
Asset retirements	3 924	11 782	-	-	15 706
Other reclassifications	-	(1 438)	(2 430)	(367)	(4 235)
Acc. depreciation and impairment as of 31 December, 2016	**(39 028)**	**(24 461)**	**(2 654)**	**(367)**	**(66 510)**
Book value as of 31 December, 2016	**64 672**	**65 697**	**3 319**	**7 497**	**141 185**
Depreciation period	10-20 years	3-20 years			
Depreciation method	Straight-line	Straight-line			

The main additions of property, plant and equipment in 2017 arise from the acquisition of the vessel Juvel and the new krill harvesting vessel under construction. Total investment in the new vessels as of 31 December is USD 64.2 million including USD 0.6 million in interest and USD 0.5 million in loan fee capitalized on the new krill vessel. In addition, USD 14.5 million was invested in the existing operating vessels during docking, USD 2.3 million in Houston factory and USD 1.1 million in other fixed assets.

The vessel Juvel was acquired in May 2017 from the bankruptcy estate of Emerald Fisheries AS for USD 30.5 million. The vessel was delivered in June 2017, and was sold "as is" with equipment, factory and patents. The vessel has been layed up since May 2016, and a substantial ramp-up is required before the vessel is ready for operations and use as intended by management.

In April 2017 the Group entered into a shipbuilding contract with Vard and Optimar the to build a new and modern krill harvesting vessel. Steel cutting started in June 2017 in Tulca Romania (Vard) and continues with outfitting in Vard Brattvåg. The vessel is scheduled for completion in December 2018 and will be operative from the harvesting season 2019. See Note 20 for hedge of currency risk related to the instalments. The new vessel is leveraging on know-how, design and experience from the Groups current operations.

The main additions of property, plant and equipment in 2016 relates to the acquisition of Aker BioMarine Manufacturing LLC, see Note 7.

In the consolidated statement of profit and loss, the Group has recognized USD 18.6 million in depreciation and amortization. This amount comprise USD 15 million (2016: USD 15.2 million) as depreciation expenses on fixed assets, USD 1.4 million (2016: USD 2.5 million) as fixed asset retirements and USD 2.2 million (2016: USD 1.7 million) in amortization of intangible assets. See also Note 11 Intangible assets.
As of 31 December 2017, the Group has USD 99 million in commitments for further investments in property, plant and equipment (2016: USD 0). See also description of foreign currency hedge contract in Note 20 Financial risk.

For details on mortgages and pledging of security, see Note 15.

Notes to the consolidated financial statements

NOTE 11 – INTANGIBLE ASSETS

Goodwill

Goodwill resulting from business combinations is allocated to each of the cash generating units ("CGU"), which are expected to benefit from synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Impairment is determined for goodwill by assessing the recoverable amount of each unit to which the goodwill relates. When the recoverable amount of the unit is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Development

Expenditures for research activities performed to gain new scientific, technical or other knowledge are expensed when incurred. Development expenditures are capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The amount capitalized includes the cost of materials and direct attributable expenses.

License agreements

License agreements acquired separately are measured at cost. Following initial recognition, the Group's license agreements are recorded less any accumulated amortization and impairment losses. The Group's license agreements are amortized on a straight-line basis and tested for impairment if impairment indicators exist.

Movements in intangible assets for 2017:

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agreements	Customer relation	Trademark	Total
Acquisition cost as of 1 January, 2017	**65 153**	**5 734**	**23 118**	**-**	**-**	**94 005**
Additions - external cost	-	67	-	26 277	3 894	30 238
Asset retirements	-	(371)	-	-	-	(371)
Reclassifications	-	-	-	-	-	-
Acquisition cost as of 31 December, 2017	**65 153**	**5 430**	**23 118**	**26 277**	**3 894**	**123 872**
Amortization and impairment losses as of 1 January, 2017	**-**	**(5 042)**	**(21 269)**	**-**	**-**	**(26 311)**
Amortization for the year	-	(345)	(943)	(876)	-	(2 164)
Impairment	-	(195)	(150)	-	-	(345)
Asset retirements	-	369	-	-	-	369
Reclassifications	-	22	(22)	-	-	-
Amortization and impairment losses as of 31 December, 2017	**-**	**(5 191)**	**(22 384)**	**(876)**	**-**	**(28 451)**
Book value as of 31 December, 2017	**65 153**	**239**	**734**	**25 401**	**3 894**	**95 421**
Amortization period		5-10 years	10-12 years	10 years		
Amortization method		Straight-line	Straight-line	Straight-line		

Movements in intangible assets for 2016:

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agreements	Total
Acquisition cost as of 1 January, 2016	**65 153**	**5 941**	**23 118**	**94 212**
Additions - external cost	-	109	-	109
Asset retirements	-	(316)	-	(316)
Reclassifications	-	-	-	-
Acquisition cost as of 31 December, 2016	**65 153**	**5 734**	**23 118**	**94 005**
Amortization and impairment losses as of 1 January, 2016	**-**	**(4 929)**	**(19 397)**	**(24 326)**
Amortization for the year	-	(432)	(1 276)	(1 708)
Impairment	-	-	(596)	(596)
Asset retirements	-	319	-	319
Reclassifications	-	-	-	-
Amortization and impairment losses as of 31 December, 2016	**-**	**(5 042)**	**(21 269)**	**(26 311)**
Book value as of 31 December, 2016	**65 153**	**692**	**1 849**	**67 695**
Amortization period		5-10 years	10-12 years	
Amortization method		Straight-line	Straight-line	

Impairment testing

The Group tests goodwill for impairment on an annual basis. Goodwill is allocated to the Krill business that represents all business operations of the Group as of 31 December 2017 and 2016, with the exception of the CLA/Tonalin licensing agreements that generate royalty income (see Note 3) and is separate from the Krill business cash generating unit.

The recoverable amount for the Krill business as a cash generating unit is estimated based on its value in use. The estimated value in use is based on discounted future cash flows. The following assumptions were applied in 2017 and 2016:

- Projected cash flows are based on management's best estimates of budget and the business plan for the Krill business for the subsequent five year period. The budget is based on detailed budgets prepared by the various departments in the Krill business. For subsequent periods, the model is based on estimated terminal growth of 2.0 percent, which is in line with long-term forecasts for growth in GDP. In the forecast and budget for the period 2018-2022, revenue projections is based on agreements entered into, actual historical prices along with management's evaluation of the potential for new agreements. The budgeted operating margin is in accordance with management`s forecast which is based on the scalability in the business model. As large proportion of the Group's operating expenses are independent of production volumes means that increased sales levels will contribute to higher operating margins.

- The terminal value in the model used to calculate value in use in 2017 is based on operating margin which is on a par with the projected operating margin for 2022. Capital expenditure is based on the long-term technical and operations program.

- 11.5 percent discount rate before tax has been applied to calculate the recoverable amount (2016: 11.5 percent). The discount rate is estimated based on a weighted average of equity return requirements and expected costs of debt, assuming a projected debt-to-equity ratio of 1 (2016: 1). The equity return requirement is estimated using the capital asset pricing model ("CAPM") and accordingly adjusted from post- to pre-tax. The cost of debt is based on risk-free interest rates (10-year U.S. treasury government bonds), adjusted upwards to reflect long-term financing costs and the asset's risk profile.

The sensitivity of the value in use has been tested by using simulations of various combinations of discount rates (post tax) and changes in volumes and prices. No reasonably possible combination of these factors results in a value in use being lower than the value recognized in the balance sheet as of 31 December 2017 and 2016.

Notes to the consolidated financial statements

The recoverable amount of the Krill business would equal its carrying amount if the discount rates and growth rates were to change as follows:

	2017		2016	
Figures in %	From	To	From	To
Pre-tax discount rate*	10,0 %	15,4 %	10,0 %	15,3 %
Long term growth rate*	2,0 %	-8,1 %	2,0 %	-7,1 %

* Holding all other variables constant

Development
In 2017, the Group capitalized USD 67.000 in development costs related to development of production processes, production technology for krill oil and maintenance of patents and licenses (2016: USD 109.000). The Group expensed USD 4.9 million in 2017 (2016: USD 3.5 million) relating to research and development costs.

Licensing agreements/production technology
The net amount recognized in the financial statements for license agreements/production technology of USD 0.7 million (2016: USD 1.8 million) relates to two existing license agreements which will expire in 2018. Based on realized royalty revenue in 2017 and projections received from the licensee partners, impairments of USD 0.3 million were identified in 2017 (2016: USD 0.6 million).

Customer relationships and Trademark
The investments of USD 26.2 million in Customer Relationship and USD 3.9 million in Trademark relate to the assets recognized in the acquisition of Neptune's krill business in August 2017. See further details in Note 7 Asset acquisition and Business combinations.

NOTE 12 – INVENTORIES

Inventories are measured at the lower of actual production cost (including freight) and net realizable value. Acquisition cost is based on the actual cost of warehoused materials. The cost of finished goods and work in progress comprises the costs of raw materials, direct labor and other direct costs, and related production overheads. Indirect costs allocated to inventories, includes salaries, depreciation and certain other operating expenses.

Net realizable value is the estimated sales price in the ordinary course of business, less the costs of completion and sales such as freight and commission. The impairment from actual production cost (including freight) to net realizable value is recognized in "Net change in inventories".

The production of both Superba™ Krill oil and QRILL™ branded ingredients is highly complex where the Group controls the entire value chain from harvesting of raw krill in the Antarctic, to the onboard krill meal processing, oil extraction and quality control. Furthermore, the process is very sensitive to harvesting conditions, such as length of the harvesting season and other external factors like quality of the krill harvested. These factors all influence the parameters for capitalization of indirect production costs in the Group and full cost of the products.

Inventory balances as of 31 December 2017 and 2016 are shown below:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Raw materials	**8 963**	13 965
Finished goods	**27 235**	25 070
Total	**36 198**	39 035
Carrying value of inventories recognized at net realizable value	**16 753**	13 390
Cost of inventories recognized at net realizable value	**19 756**	14 054
Write-down of inventories recognized towards net change in inventories in the period*	**3 003**	664
Carrying value of inventories pledged as security	**27 460**	27 375

*) Includes weight corrections, replacements to customers and obsolesence

At 31 December 2017 finished goods include USD 2.5 million from acquisition of Neptune's krill business, see Note 7 Asset acquisition and Business combinations.

Movements in inventory during the year comprise:

Amounts in thousands of U.S. Dollars	**2017**
Book value of inventory at year end 31 December 2016	**39 035**
Cost of goods sold	**-81 767**
Produced inventory	**75 935**
Other changes	**-1 833**
Acquired inventory	**4 829**
Book value of inventory at year end 31 December 2017	**36 198**
Net change in inventories - reconciliation	
Cost of goods sold	**-81 767**
Produced inventory	**75 935**
Other changes	**-2 258**
Net change in inventories	**-8 090**

NOTE 13 – ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Accounts receivable	**19 301**	16 874
Prepaid expenses and other receivables	**11 516**	8 854
Total	**30 817**	25 729

The increase in prepayments and other receivables relates mainly to increased stock of fuel, packing material and other equipment related to the operation of the vessels.

NOTE 14 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated balance sheet and cash flow statement comprise cash at banks, including restricted deposits, and on hand.

Cash and cash equivalents comprise the following items:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Cash and bank deposits	**1 829**	2 794
Restricted bank deposits	**886**	712
Cash and cash equivalents	**2 715**	3 506

Restricted bank deposits relate to employee tax withholdings used to settle tax remittances with the tax authorities on a periodic basis. As of 31 December 2017, the Group had drawn USD 14.4 million (2016: USD 10.2 million) out of a total of USD 14.5 million available in an overdraft facility.

For a discussion of interest risk and sensitivity analysis associated with financial assets and liabilities, see Note 20.

NOTE 15 – INTEREST BEARING DEBT

The Group recognizes interest-bearing debt initially at fair value, net of transaction costs incurred. Subsequently the debt is carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statements of profit or loss over the period of the debt using the effective interest method.

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Non-current liabilities		
Secured bank loans	**136 672**	133 840
Non-current NOK-denominated loan from Antarctic Harvesting Holding AS	**1 334**	1 334
Non-current USD-denominated debt to Aker ASA	**100 356**	-
Other secured debt	**19 960**	20 567
Book value total interest-bearing non-current liabilities	**258 322**	155 742
Current liabilities		
Current portion of secured bank loans	**2 359**	6 029
Overdraft facility, NOK	**14 453**	10 226
Book value total interest-bearing current liabilities	**16 812**	16 255
Book value total interest-bearing liabilities	**275 134**	171 996

In December 2017, the Group extended the termination term on the revolving credit facility, see the line 'Secured bank loan – DNB' in the table below.

Notes to the consolidated financial statements

Terms and debt repayment schedule:

Loan	Currency	Nominal interest rate	Year of maturity	Installments
Non-current liabilities and repaid liabilities				
Secured bank loan - CAT	USD	LIBOR + 3.95%	2022	Semi-annual
Secured bank loan - DNB	USD	LIBOR + 3.4%	2023	Bullet
Secured loan from Innovation Norway - 1	NOK	5.2% (fixed)	2026	Semi-annual
Secured loan from Innovation Norway - 2	NOK	5.2% (fixed)	2026	Semi-annual
Secured loan from Innovation Norway - 3	NOK	4.70% (floating)	2023	Semi-annual
Loan from AKER ASA	USD	Libor + 5%	2019	n/a
Overdraft facility with DNB	USD	NIBOR + 2.5%	n/a	n/a
Seller credit Naturex	USD	LIBOR +1.1%	2019	Quarterly

LOAN TERMS AND CONDITIONS

All financial covenants presented below are the ones currently applied to the Group. The covenants compliance tests referred to below are all based on historical figures for the Group.

Secured USD-denominated bank loan (Caterpillar Finance) covenants

The Caterpillar Finance loan agreement features covenants on equity and debt to equity ratio and minimum net worth in Aker BioMarine AS. The company complied with all covenants in 2017 and 2016.

Secured USD-denominated bank loan (DNB) covenants

The DNB loan agreement features covenants on EBITDA ("Earnings Before Interest, Tax, Depreciation and Amortization"). For purposes of the DNB loan agreement, EBITDA is operating profit before depreciation, amortization, write downs and impairments, and Special Operating Items." The loan covenants also have leverage ratio requirements. The Group is compliant with all loan covenants.

Loans from Innovation Norway

The loans from Innovation Norway do not feature any restrictive covenants associated with key financial performance figures.

Overdraft facility

Total amount drawn on the overdraft facility from DNB shall not exceed the sum of:
1) 75 percent of external accounts receivable; and
2) 60 percent of total inventory.

The Group's borrowings did not exceed the borrowing base in 2017 or 2016.

The following table display debt secured by mortgaged assets:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Secured bank loans	**139 031**	139 869
Other secured debt	**19 960**	20 567
Overdraft facility	**14 453**	10 226
Total	**173 445**	170 663
Book value of assets pledged as security		
Operating assets	**251 748**	193 462

The following table reconciles the movements in liabilities to cash flow from financing activities:

Amounts in thousands of U.S. Dollars	Secured bank loans	Proceeds from owner	Other long term loans	Bank overdraft	Total
Balance at 1 January 2017	139 870	1 334	20 567	10 226	**171 997**
Changes in Financing cash flows					
New loanfrom owner- Aker ASA		100 356			**100 356**
Increase withdrawal overdraft facility- DNB				4 227	**4 227**
Instalment Innovation Norway - 1	(384)				**(384)**
Instalment Innovation Norway - 2	(808)				**(808)**
Instalment Innovation Norway - 3	(178)				**(178)**
Instalment -Caterpillar Finance	(882)				**(882)**
Naturex			(1 000)		**(1 000)**
Total changes in Financing cash flows	(2 252)	100 356	(1 000)	4 227	**101 331**
Other changes, liability related					
Interest charged to loan	243		393		**636**
Effect of changes in foreign exchange rates	1 170				**1 170**
Total liability related changes	1 413	-	393	-	**1 806**
Balance at December 31, 2017	139 031	101 690	19 960	14 453	**275 134**

NOTE 16 – OTHER NON-CURRENT LIABILITIES

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Guarantee premium payable to Aker ASA	**8 692**	6 505
Interest payable to Aker ASA	**2 942**	-
Pension liabilities	**237**	188
Total	**11 871**	6 693

Aker has issued a guarantee for the secured bank loan with DNB. The Group pays a guarantee fee to Aker of 5 percent of NOK 305 million (guarantee amount). The fee accrues up to the maturity date of the DNB loan and become payable at the same time. The interest payable to Aker ASA relates to the interest-bearing long-term loan from Aker ASA of USD 100 mill.

NOTE 17 – ACCOUNTS PAYABLE AND OTHER PAYABLES

Accounts payable and other payment liabilities comprise the following items:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Accounts payable	**11 432**	6 653
Accrued expenses	**13 141**	11 424
Other current liabilities	**6 537**	8 548
Total	**31 110**	26 625

Foreign exchange and liquidity risks are described in Note 20.

NOTE 18 – LEASING

Operating lease commitments

Leases in which a significant proportion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

The lease agreements summarized below are for the Group's rent of several office and storage locations around the world.

Operating lease payments have the following schedule:

	Minimum lease payment	
Amounts in thousands of U.S. Dollars	**2017**	2016
Within one year	**1 521**	1 538
In 1-5 years	**4 647**	4 578
Five years or more	**1 557**	3 592
Total	**7 725**	9 708

Lease expense recognized in 2017 under the above agreements amounted to USD 1.5 million (2016: USD 1.5 million) in addition to 1.6 mill in warehouse rent on short-term basis, total USD 3.1 million. Amount recognized as sub-lease income amounted to USD 0.2 million.

NOTE 19 – FOREIGN EXCHANGE RATES

In preparing the Group's consolidated financial statements, the following exchange rates have been applied:

Country	Norway	European Union (EU)
Denomination	NOK	EUR
	1	1
Average exchange rate year ended 31 December, 2017	0,121	1,128
Exchange rate at 31 December, 2017	0,122	1,199
Average exchange rate year ended 31 December, 2016	0,119	1,106
Exchange rate at 31 December, 2016	0,116	1,054

The monthly average exchange rates and the exchange rates as of 31 December have been used in translating profit or loss and balance sheet items, respectively. If the monthly average fails to provide a reasonable approximation of the exchange rate to apply to the nominal transaction price, then the exchange rate on the date of the transaction will be applied.

Notes to the consolidated financial statements

NOTE 20 – FINANCIAL RISK

The Group has exposure to the following financial risks from its ordinary operations; market risk (including foreign exchange rate risk, interest-rate risk and bunker risk), credit risk and liquidity risk. To manage these risks, risk management is carried out in order to create predictability and stability for operating cash flows and values. Management can use financial derivatives to hedge against risk relating to operations, financing, and investment activities if the financial derivative has been approved by the Board of Directors. In 2017 the Group entered into a currency contract with DNB for hedging of future currency risk against NOK in future payment obligations related to the construction of the new krill harvesting vessel, see further description of the contract below.

Credit risk

The Group's main credit risk relates to receivables from customers. Exposure to that risk is monitored on a routine basis and credit evaluations are performed on customers as appropriate. When entering into significant sales contracts, the sales department seeks to reduce credit risk through more stringent payment terms including requirement of up-front payments. The Group has had low losses on receivables as the sales department is maintaining close contact with each customer and by routine billing and cash collection.

The book value of financial assets represents the maximum credit exposure.

Aging profile of accounts receivable and bad debt provisions:

	Year ended December 2017		Year ended December 2016	
Amounts in thousands of U.S. Dollars	Gross accounts receivable	Bad debt provision	Gross accounts receivable	Bad debt provision
Not at maturity	15 885		13 768	
Due within 030 days	2 731		1 315	
Due within 31-120 days	343		551	
Due within 121 365 days	191		1 240	
More than one year	250			
Total accounts receivable	**19 400**		16 874	
Bad debt provision		**99**		325

Bad debt write-offs for accounts receivable are included under operating expenses in the consolidated profit and loss.

The Group`s two most significant customers account for USD 4.0 million of the receivables carrying amount at 31 December, 2017 (2016: USD 3.9 million).

Transferred receivables:
The carrying amounts of the trade receivables include receivables that are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial liabilities as they mature. The Group does not hedge against exposure to interest-rate fluctuations on debt and is therefore exposed to fluctuations on the variable-rate amount of interest-bearing liabilities, which was USD 249 million as of 31 December 2017 (2016: USD 145 million).

Overview of maturities including estimated interest payments by category of liability:

Amounts in thousands of U.S. Dollars	Book value at 31 December, 2017	Nominal values	Up to 6 months	6-12 months	1-2 years	3-5 years	More than 5 years
			2017 maturity structure — loans and interest				
Secured bank loans	139 031	173 680	4 673	4 689	9 311	147 012	7 995
Other non-current interest bearing liabilities	19 960	20 460	1 050	1 050	10 260	300	7 800
Interest bearing debt, non-current, related parties	101 690	101 690	-	-	-	-	101 690
Overdraft facility	14 453	14 453	14 453	-	-	-	-
Total 2017 maturity of loans and interest on interest-bearing debt	**275 134**	**310 283**	**20 176**	**5 739**	**19 571**	**147 312**	**117 485**
Accounts payable and other current liabilities	31 110	31 110	31 110	-	-	-	-
Non-current non-interest-bearing liabilities	11 871	11 871	-	-	11 634	-	237
Total liabilities	**318 115**	**353 264**	**51 286**	**5 739**	**31 205**	**147 312**	**117 722**

Amounts in thousands of U.S. Dollars	Book value at 31 December, 2016	Nominal values	Up to 6 months	6-12 months	1-2 years	3-5 years	More than 5 years
			2016 maturity structure — loans and interest				
Secured bank loans	139 869	154 032	8 493	3 861	128 049	4 080	9 549
Other non-current interest bearing liabilities	20 567	20 567	500	1 000	11 267	7 800	
Interest bearing debt, non-current, related parties	1 334	1 874	90	-	180	270	1 334
Overdraft facility	10 226	10 226	10 226	-	-	-	-
Total 2016 maturity of loans and interest on interest-bearing debt	**171 996**	**186 699**	**19 309**	**4 861**	**139 496**	**12 150**	**10 883**
Accounts payable and other current liabilities	26 625	26 625	26 625	-	-	-	-
Non-current non-interest-bearing liabilities	6 693	6 693	-	-	6 505	-	188
Total liabilities	**205 315**	**220 017**	**45 934**	**4 861**	**146 001**	**12 150**	**11 071**

Notes to the consolidated financial statements

Market risk

i) Foreign exchange risk

The Group operates in a global market and is exposed to currency fluctuations, primarily through fluctuations in the USD, NOK and EUR exchange rates. In addition the Group has operations with exposure to local currencies in Uruguay, Australia and China, but these exposures are regarded minimal. The Group has USD as its presentation and functional currency in the main group companies. The Group has NOK denominated financial instruments, thus the balance sheet is exposed to changes in NOK/USD exchange rate.

The Group seeks to ensure that revenues and expenses are in the same currency. Future cash flows are estimated and offset. The Group periodically assesses the need for foreign currency hedging; entering into foreign currency derivative contracts is generally subject to Board approval. Currency risk is managed on an overall Group level.

Aker BioMarine uses derivatives to hedge the currency risks related to the instalments on the construction of the new vessel, see Note 8 and Note 10. The instruments fixes currency exposure related to payments in NOK on future instalments. The arrangement is accounted for as a cash flow hedge, where upon reclassification from OCI, the amounts becomes a basis adjustment. The majority of the remaining instalments are due in 2018, the last in 2019. No ineffectiveness was recognized in the consolidated statement of profit and loss in 2017.

The table below gives aggregated numbers related to the cash flow hedges for the period 2017. In 2016 the Group had no cash flow hedge arrangements.

Amount in USD million	2018	2017	2016
Expected to be reclassified to related fixed asset	3.0	-	-
Reclassified to related fixed asset from OCI during the year	-	0.4	-

The fair value of the hedges represents the difference between the USD/NOK foreign exchange rate as of 31.12.2017, and the foreign exchange rate agreed upon at maturity of the instruments through 2018 and 2019. As of 31.December 2017 an asset of USD 3.1 million was recognized and is presented under “derivative asset” in the balance sheets.

The Group’s exposure to foreign exchange risk at year end, based on nominal amounts of 1.000 is shown in the table below (all amounts presented in USD):

	Year ended 31 December, 2017		Year ended 31 December, 2016	
Amounts in thousands of U.S. Dollars	Euro	NOK	Euro	NOK
Accounts receivable	**1 844**	**29**	1 058	71
Cash	**-**	**682**	-	463
Other assets	**-**	**-**	218	248
Secured bank loan	**-**	**(13 682)**	-	(15 590)
Accounts payable	**(4 128)**	**(7 917)**	(1 470)	(2 920)
Other balance sheet items	**(954)**	**(4 593)**	(272)	(7 479)
Gross balance sheet exposure	**(3 238)**	**(25 481)**	(466)	(25 207)
Currency forwards				
Net exposure	**(3 238)**	**(25 481)**	(466)	(25 207)

Sensitivity analysis

A 10 percent increase or decrease in USD relative to the Euro and the NOK would have reduced or increased the Group’s profit before tax with USD 0.4 million and USD 2.6 million, respectively.

ii) Interest rate risk

The Group’s borrowings and any surplus cash balances are held at variable and fixed interest-rates linked to the Norwegian or London interbank offered rate (NIBOR and LIBOR). A movement of 100 basis points in the interest rate on borrowings and surplus cash balances through the year would have affected the Groups profit before tax with USD 2.2 million. (2016: USD 1.6 million)

Interest rate profile

At the close of the year, the interest- rate profile for the Group's interest-bearing financial instruments was as follows:

Amounts in thousands of U.S. Dollars	Year ended 31 December, 2017	Effective interest rate year ended 31 December, 2017	Year ended 31 December, 2016	Effective interest rate year ended 31 December, 2016
Fixed-interest instruments				
Secured loans from Innovasjon Norge	**(13 885)**	**5.27%**	(14 343)	5,20%
Loan from Antarctic Harvesting Holding AS	**(1 334)**	**7.00%**	(1 334)	7,00%
Net fixed interest	**(15 219)**		(15 677)	
Floating-interest instruments				
Financial assets				
Cash and cash equivalents	**2 715**	**variable *)**	3 506	variable *)
Financial liabilities				
Secured bank loan - Innovasjon Norge	**(1 097)**	**4,76%**	(1 218)	5,00%
Secured bank loan - Caterpillar Finance	**(4 192)**	**5,64%**	(4 583)	3,20%
Secured bank loan - DNB	**(119 868)**	**4,86%**	(119 697)	6,20%
Liquidity loan from Aker ASA	**(100 356)**	**6,45%**	-	
Seller Credit Naturex	**(12 160)**	**2,10%**	(12 767)	2,10%
Overdraft facility	**(14 453)**	**variable **)**	(10 226)	variable **)
Net variable interest	**(249 411)**		(144 985)	
Total net interest-bearing debt	**(264 630)**		(160 662)	

*) different cash and cash equivalents carry different interest rates, as such no effective interest rate has been calculated

**) different loans/ receivables carry different interest rates, as such no effective interest rate has been calculated

iii) Bunker risk

One of the Group's significant operating costs is the bunker cost. As such, the Group is exposed to bunker price fluctuations since the vessels use bunkers as fuel. The profitability and cash flow of the Group will therefore depend upon the market price of bunkers. The Group does not hedge the bunker price risk, but monitor movement in prices closely in order to implement other actions.

Fair values

The fair values quoted in the table below are categorized within the fair value hierarchy, described below, and based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All fair values using Level 2 valuation techniques are based on discounted cash flow models.

The short-term nature of financial instruments such as cash and bank deposits results in the book value approximating fair value. The same approach applies to receivables and debt associated with the business cycle. Financial assets that are classified as held for sale and financial assets at fair value through profit and loss are recorded at fair value.

Notes to the consolidated financial statements

Per 31 December 2017		Carrying amount						Fair value
Amounts in thousands of U.S. Dollars	Designated at fair value through profit and loss	Loans and receivables/ other liabilites	Qualified for hedge accounting	**Total book value**	Level 1	Level 2	Level 3	**Total fair value**
Other non-interest-bearing non-current assets	1,663	436		2,099		2,099		2,099
Accounts receivables		19,301		19,301		19,301		19,301
Forward exhange contracts			3,153	3,153		3,153		3,153
Other non-interest-bearing current receivables		5,130		5,130		5,130		5,130
Cash and cash equivalents		2,715		2,715		2,715		2,715
Total financial assets	**1,663**	**27,582**	**3,153**	**32,398**	**0**	**32,398**	**0**	**32,398**
Secured bank loans		139,031		139,031		139,031		139,031
Interest-bearing non-current liabilities, related parties		101,690		101,690		101,690		101,690
Interest-bearing non-current liabilities,external		19,960		19,960		19,960		19,960
Overdrafts		14,453		14,453		14,453		14,453
Accounts payable and other interest free liabilities		27,326		27,326		27,326		27,326
Total financial liabilities	**0**	**302,460**	**0**	**302,460**	**0**	**302,460**	**0**	**302,460**

Per 31 December 2016		Carrying amount					Fair value
Amounts in thousands of U.S. Dollars	Designated at fair value through profit and loss	Loans and receivables/ other liabilites	**Total book value**	Level 1	Level 2	Level 3	**Total fair value**
Other non-interest-bearing non-current assets	1,433	652	2,085		2,085		2,085
Accounts receivables		16,549	16,549		16,549		16,549
Other non-interest-bearing current receivables		8,527	8,527		8,527		8,527
Cash and cash equivalents		3,506	3,506		3,506		3,506
Total financial assets	**1,433**	**29,235**	**30,668**	**0**	**30,668**	**0**	**30,668**
Secured bank loans		139,841	139,841		138,773		138,773
Interest-bearing non-current liabilities, related parties		1,334	1,334		1,334		1,334
Interest-bearing non-current liabilities,external		20,567	20,567		20,469		20,469
Overdrafts		10,226	10,226		10,226		10,226
Accounts payable and other interest free liabilities		26,625	26,625		26,625		26,625
Total financial liabilities	**0**	**198,593**	**198,593**	**0**	**197,427**	**0**	**197,427**

Capital management
One objective of the group's asset management is to build and maintain financial flexibility to realize its strategic goals. The capital structure should reflect the Group's operational risk, and offer flexibility for potential investments. The Group's liquid funds should be readily available and subject to a conservative investment strategy involving low risk. As a wholly owned subsidiary of Aker ASA, the company has been dependent on financial support relating to fund expansion.

The Group manages its capital structure and makes any necessary modifications based on an ongoing assessment of the financial conditions under which the business operates, and short- to medium term projections. The capital structure is managed through adjustment of dividend payout, issuance of new shares, or repayment or incurrence of new debt (including subordinated debt from Aker). The company intend to commence payment of regular dividends as soon as it is able; however, the company is in a development and growth phase and thus subject to higher volatility in its net cash flows than a mature company.

NOTE 21 – CONTINGENCIES AND LEGAL CLAIMS
The Group recognizes a provision when it has a legal or constructive obligation as a result of a past event, when it is probable that payment or the transfer of other assets will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

With worldwide operations, the Group is involved in disputes in the ordinary course of its business activities. Provisions to cover projected losses arising from such disputes are made to the extent negative outcomes are probable and reliable estimates can be prepared. However, the final outcome of any such dispute is inherently uncertain, and the resulting liability may exceed any provision made. As of 31 December 2017 and 31 December 2016, no provisions were made for legal claims.

NOTE 22 – RELATED PARTIES
The Group's consolidated financial statements include the following transactions and intercompany balances with Aker and companies controlled by Aker. Refer to Note 23 for remuneration to key management.

Aker ASA is the controlling shareholder of the Group.

Transactions with Aker and affiliates

	Year ended 31 December,	
Amounts in thousands of U.S. Dollars	**2017**	2016
Office rent, facilities services and IT	**(509)**	(633)
Interest expenses and guarantee fee	**(4 791)**	(2 591)
Total	**(5 300)**	(3 224)

The interest expense relates to the interest-bearing debt to Aker, refer to Note 15 for details on amounts due as of 31 December 2017. The guarantee fees relates to the guarantee provided from Aker related to the Group's long-term loan with DNB (see Note 16). Management believes that the services are provided on arms-length principles and conditions.

NOTE 23 – SALARIES AND OTHER REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT
No remuneration was paid to board members and employee representatives in 2017 (2016: USD 19.406).

Board remuneration

		Year ended 31 December,	
Amounts in U.S Dollars	**Board membership**	2017	2016
Ola Snøve	Chairman of the Board	-	-
Gabriella T.Bastiani*	Board member	-	7 507
Bjørn Flatgård*	Board member	-	11 899
Kjell-Inge Røkke**	Board member	-	-
Øyvind Eriksen**	Board member	-	-
Frank O. Reite**	Board member	-	-
Frank Grebstad	Employee representative	-	-
Torill Nielsen	Employee representative	-	-
Total		**-**	**19 406**

* Resigned after the general shareholder meeting 19 February 2016
** Elected at annual shareholder meeting 19 February 2016

Notes to the consolidated financial statements

Remuneration paid to the CEO

The CEO is member of the defined contribution pension and insurance plans that cover all employees. The Group uses standard employment contracts; customary terms govern severance pay for the Group CEO in the event of resignation or dismissal. The Group does not offer any share incentive programs for employees. The previous Executive Management Compensation Program consisting of a short-term ("Annual Bonus") and long-term ("Value Creation Bonus") incentive scheme expired at year-end 2016. From 2017 the Group does not offer any incentive program for Executive Management and the other employees. In 2017 the achieved Value Creation Bonus was paid to eligible executives. The total payment was USD 3.1 million, whereof the CEO was paid USD 1.6 million. See the 2016 consolidated financial statements for further details on the Value Creation Bonus scheme

The CEO may be dismissed upon three months' notice. In the event that the company terminates the employment, the CEO is entitled to three months' severance pay after the end of the notice period. The CEO is covered by the company's defined contribution pension plan. The pension is capped at a salary of 12 times the National Social Security base amount.

Payments to the CEO for the year ended 31 December 2017 and 2016:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Fixed salary	**290 300**	264 607
Annual bonus	**320 902**	85 065
Value creation bonus	**1 641 208**	-
Other remuneration	**1 929**	2 497
Net pension cost	**9 899**	9 030
Total	**2 264 238**	361 199

NOTE 24 – GROUP COMPANIES

Aker ASA owns 100 percent of the shares in the parent company Aker BioMarine AS. As of 31.December 2017 the number of shares was 69 053 544 with par value of NOK 5.50 per share. All shares care equal right and obligations.

Aker ASA's main shareholder is TRG Holding AS. The main shareholder of TRG Holding AS, The Resource Group TRG AS, owns through its fully owned company Antarctic Harvesting Holding AS 60 percent of the shares in Aker BioMarine Antarctic AS.

The consolidated financial statements for the Group in 2017 included the following subsidiaries:

Company	The Group's shareholding in %	The Group's share of voting rights in %	Administrative headquarters Location	Country
Aker BioMarine Antarctic AS	40	100*	Lysaker	Norway
Aker BioMarine Antarctic S.A.	100	100	Nueva Palmira	Uruguay
Aker BioMarine Antarctic US LLC	100	100	Issaquah	USA
Aker BioMarine Antarctic Services AS	100	100	Lysaker	Norway
Aker BioMarine Antarctic Australia Pty Ltd	100	100	Melbourne	Australia
Aker BioMarine Manufacturing LLC	100	100	Houston	USA
Aker BioMarine Financing LLC	100	100	Houston	USA
Odalson S.A.	100	100	Montevideo	Uruguay
Aker BioMarine US Holding Inc	100	100	Issaquah	USA
Aker BioMarine Asia Ltd	100	100	Hong Kong	China
Aker BioMarine Shanghai International Trading Co Ltd	100	100	Shanghai	China

*) Aker BioMarine AS has all voting rights except for certain fundamental matters which require consent from both shareholders

The consolidated financial statements for the Group in 2016 included the following subsidiaries:

Company	The Group's shareholding in %	The Group's share of voting rights in %	Administrative headquarters Location	Country
Aker BioMarine Antarctic AS	40	100*	Lysaker	Norway
Aker BioMarine Antarctic S.A.	100	100	Nueva Palmira	Uruguay
Aker BioMarine Antarctic US Inc	100	100	Issaquah	USA
Aker BioMarine Antarctic Services AS	100	100	Lysaker	Norway
Aker BioMarine Antarctic Australasia Pty Ltd	100	100	Melbourne	Australia
Aker BioMarine Manufacturing LLC	100	100	Houston	USA
Aker BioMarine Financing LLC	100	100	Houston	USA
Odalson S.A.	100	100	Montevideo	Uruguay
Aker BioMarine US Holding Inc	100	100	Issaquah	USA

*) Aker BioMarine AS has all voting rights except for certain fundamental matters which require consent from both shareholders

NOTE 25 – EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of Enzymotec:

On 17 January 2018 the Group entered into a Purchase Agreement with Enzymotec Ltd on acquisition of assets and certain liabilities related to the global krill operations of Enzymotec. The purchase price is USD 26.4 million and to be settled in cash. Under this agreement the Group will take over the customer contracts and portfolio of Enzymotec to increase its market share and strengthen its position. There will be no transfer of people, and no shares have been acquired. Furthermore, the acquisition will give Aker BioMarine knowledge about the production process, research, QA and other aspects of the krill-segment of Enzymotec. The Group assess the acquisition to be a business combination, and acquisition costs to date have been expensed. At the date of authorization of this consolidated financial statement, the purchase price allocation is incomplete, and has not yet been disclosed. This due to both the transaction being recent, as well as the transition services, provided by seller, being incomplete per this date.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Alternative performance measures, meaning financial performance measures not included within the applicable financial reporting framework, are used by the Group to provide supplemental information by excluding items that in our view, do not give indications of the periodic operating results. Financial APMs are used to enhance comparability of the results from a period to the next, and management uses these measures internally when driving performance in terms of long- and short-term forecasts. The measures are adjusted IFRS measures, and are defined, calculated and consistently applied in financial reporting. The Group focuses on EBITDA and underlying EBITDA when presenting the period's financial result. Underlying EBITDA is adjusted for special operating items.

Financial APMs should not be considered as substitute for measures of performance in accordance with applicable financial reporting framework, and are upon disclosure subject to internal control procedures.

The Group's financial APMs

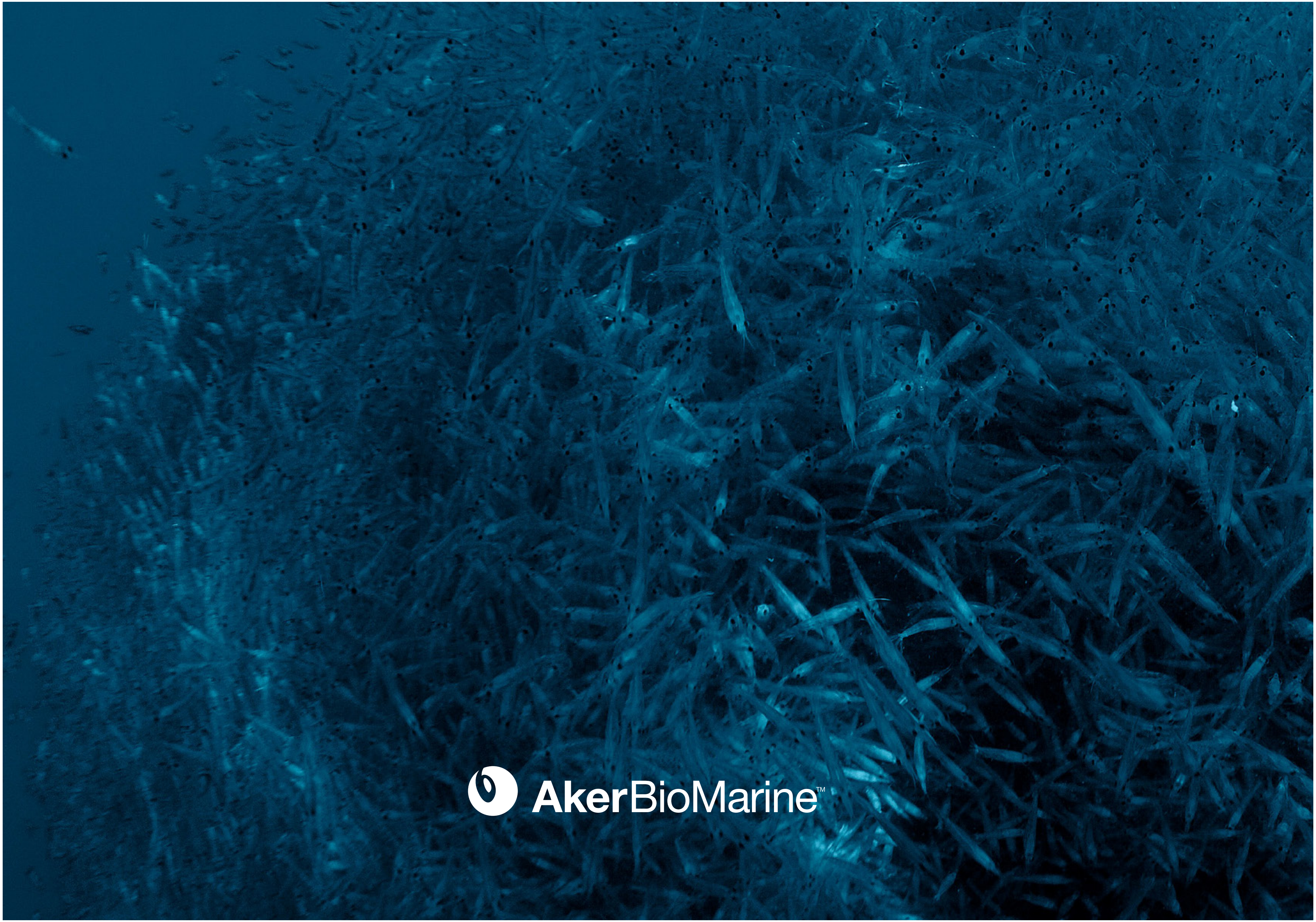
EBITDA: EBIT + depreciation and amortization and impairments.

Underlying EBITDA: EBITDA + special operating items. Special operation items include gains or losses on sale of assets, restructuring expenses and other material transactions of either non-recurring nature or special in nature compared to ordinary operational income or expenses.

The following table reconciles Underlying EBITDA to EBIT and Net income (loss) in the consolidated statements of profit or loss.

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	**2017**	2016
Net income (loss)	**(17 765)**	(2 055)
Tax expense	**1 011**	573
Share of loss from equity accounted investees	**-**	-
Net financial items	**15 072**	9 941
EBIT	**(1 682)**	8 458
Depreciation, amortization and impairment	**18 896**	19 949
Special operating items	**-**	7 140
Underlying EBITDA	**17 214**	35 547

A specification of special operating items is provided in Note 5.


AkerBioMarine™