Q1 report 2018

POSITIVE OPERATIONAL PERFORMANCE

HIGHLIGHTS

- Revenues of USD 8.2 million in Q1 2018 vs. USD 7.6 million in Q1 2017
- Adjusted EBIT of USD 0.2 million in Q1 2018 vs USD 0.5 million in Q1 2017
- Operating profit (EBIT) of USD 0.2 million in Q1 2018 vs USD 0.2 million in Q1 2017
- Positive group development continues, but EBIT impacted by significant losses in Norway and end of several long term projects during Q4 2017
- Good billing ratio(3) of 81% in Q1 2018
- Continued solid HSE performance and no lost time incidents (LTIs) during the quarter
- Robust financial position with cash balance of USD 9.8 million
- The oil & gas market remains challenging but with increasing signs of recovery
- Activity in offshore wind market still remains high and new contracts have been secured
- Order backlog decreased to USD 7.2 million with increasing pipeline of opportunities

"We are pleased that our positive momentum continues even after completion of several long term projects at the end of 2017. Most of our entities have strengthened their market position and delivered positive results, except Norway in particular, where we have implemented additional profitability measures that are gradually phased in during Q2 2018. Looking ahead, we expect that our group operational performance in Q2 2018 will strengthen.

The activity in the offshore wind sector remains high, but with a competitive business environment. Growth opportunities are global and are likely to increase. Our focus is on capitalizing on these opportunities, leveraging our global office network and expanding our footprint. In addition we are continuing to staff up our offshore wind operations in Europe" says Mr. David Wells, CEO of Aqualis ASA.

KEY FIGURES

Amount in USD thousands (except shares, backlog, employees)	**Q1 2018**	**Q1 2017**	**FY 2017**
FINANCIAL			
Total revenues	8,159	7,550	31,134
EBITDA(1)	231	493	1,860
Operating profit (loss) (EBIT)	197	220	(5,628)
Operating profit (EBIT) adjusted(1)	197	461	1,729
Profit (loss) after taxes	(247)	100	(6,477)
Profit (loss) after taxes adjusted(1)	(247)	340	879
Basic earnings per share (USD)	(0.01)	0.00	(0.15)
Average number of outstanding shares (thousands)	42,293	42,293	42,293
Cash and cash equivalents at the end of the period	9,778	9,615	9,709
OPERATIONS(4)			
Order backlog at the end of the period (USD million)(1)	7.2	10.0	8.9
Full-time equivalent employees at the end of the period (2)	177	170	177
Billing ratio(3)	81%	78%	83%

(1) Refer Alternative Performance Measures
(2) Include subcontractors on 100% utilisation basis
(3) Billing ratio for technical employees including subcontractors on 100% utilisation basis. Excludes management, business development, administrative support employees and temporary redundancies. Figure calculated as billable hours over available hours. Available hours excludes paid absence and unpaid absence.
(4) Figures excluding Adler Solar

GROUP FINANCIAL REVIEW

(Figures in brackets represent same period prior year or balance sheet date as of 31st December 2017. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period).

Group results
Total operating revenues increased by 8% to USD 8.2 million in Q1 2018 (USD 7.6 million in Q1 2017). The increase in revenues was mainly due to higher activity levels for the group in the Middle East and Americas. The revenues in the Middle East region increased during Q1 2018 on the back of strengthened market position and increased work in particular in Saudi Arabia. An increase in the activity level for OWC was offset by weak performance by our operations in Norway and through the completion of several long term good margin projects in China and Europe.

Payroll and related expenses decreased by 7% to USD 3.8 million in Q1 2018 (USD 4.1 million in Q1 2017). Other operating expenses increased by 38% to USD 4.1 million in Q1 2018 (USD 3.0 million in Q1 2017) mainly due to increased use of subcontractors. The subcontractors expenses increased by 63% to USD 2.8 million in Q1 2018 (USD 1.7 million in Q1 2017) due to higher activity level and the move to a more flexible business model with a higher proportion of subcontractors.

EBIT amounted to USD 0.2 million in Q1 2018 (USD 0.2 million in Q1 2017). Strong performance for entities in the Middle East and Americas was offset by weaker results in the Far East and Europe. Results for entities in the Far East has been impacted by completion of long term projects at the end of 2017 and the seasonal slowdowns in connection with Chinese New Year. Results for Europe impacted by weak performance for our operations in Norway with profitability measures implemented to mitigate the situation. Adjusted EBIT of USD 0.2 million in Q1 2018 vs US 0.5 million in Q1 2017.

Most entities have had positive operational performance in the quarter despite continued weak market conditions in the oil and gas sector. The billing ratio for technical staff (including subcontractors) was 81% in Q1 2018, down from 86% in Q4 2017.

Net currency loss of USD 0.4 million in Q1 2018 (loss of USD 0.1 million in Q1 2017) mainly represents unrealised loss on revaluation of USD bank accounts.

Loss after taxes for Q1 2018 was USD 0.2 million (profit of USD 0.1 million in Q1 2017).

Financial position and liquidity
At 31 December 2017, cash and cash equivalents amounted to USD 9.8 million. This compares with USD 9.7 million as of 31 December 2017. The net working capital will fluctuate during the year with the type of projects, milestone payments and the overall revenues.

Aqualis does not have any interest bearing debt.

Order backlog
The order backlog at the end of Q1 2018 decreased to USD 7.2 million compared with USD 8.9 million at the end of Q4 2017. Pipeline of future opportunities has increased since the end of last quarter.

Services are primarily driven by “call out contracts” which are driven by day-to-day operational requirements. An estimate for backlog on “call out contacts” is only included in the order backlog when reliable estimates are available.

Organisational development
At end of Q1 2018, Aqualis had 177 employees (full time equivalents, “FTEs”), including subcontractors on 100% equivalent basis), at the same level as at the end of Q4 2017. Aqualis had 140 (FTEs) technical staff, including subcontractors, at the end of Q1 2018, compared to 141 at the end of Q4 2017. The use of subcontractors allows for a more dynamic business model more aligned with demand fluctuations.

Health, safety, environment and quality
Aqualis’ HSEQ management system provides the framework to manage all aspects of our business. The management system is designed to ensure compliance with regulatory requirements, identify and manage risks and to drive continuous improvement in HSEQ performance. Aqualis has roughly 1.4 million man-hours without a lost time incident (LTI) since its incorporation.

Market update
Oil and gas market
Q1 2018 started more slowly than Q4 2017 but improved gradually. Oil price remains at a good level and there are increasing signs of recovery, but the market is still highly competitive with continuing price pressures. Early indications of slightly improved activity levels in some regions continue but it is not yet across the board. Some oil companies are starting to make significant new investments, but it takes some time for these investments to work their way down through the industry. Visibility is still expected to remain short term.

Aqualis expects the Middle East to remain active. The Far East is increasingly more buoyant and sentiment slowly improves in the Americas. The market conditions for our entity in Norway, in particular, remains challenging.

During the quarter the pipeline of new bidding opportunities remained satisfactory and new areas of business were identified.

Focus remains on supporting our clients with their day-to-day offshore operations, though some capex related opportunities are coming to the market. The group’s organizational structure is leaner and more flexible at being able to adapt to new opportunities.

Renewables

The offshore wind sector remains solid but competitive. Offshore Wind Consultants (OWC) have maintained high bidding levels and secured a number of good new contract awards allowing OWC's first foray into the US market. Expansion into other global regions is now being actively targeted for 2018.

The solar industry in Germany remains competitive. The industry is still facing margin pressure mainly driven by the required return on investments in new solar plants and the weak financial situation for many of the companies operating in the industry.

Outlook

Aqualis financial performance is driven primarily by activity within the global oil and gas markets and the European renewables sector.

The activity level across the oil and gas market still remains short term and demand visibility is hard to gauge. Aqualis is still focused on expanding its portfolio of services that it offers to the market to enhance growth and leverage its global foot print.

Aqualis' view is that the upcycle has started, but it is likely to take some time for this to properly manifest itself through to increased activity in all regions/markets.

The general availability of resources is starting to tighten with the availability of experienced marine consultants expected to become more challenging. We expect price pressure to gradually weaken and some rate increases to materialize during 2018 for selected regions/business lines.

The marine consultancy and engineering industry is still oversupplied leading to continued competitive market conditions. The industry would benefit from further consolidation. As previously communicated, Aqualis aims to be proactive and assess consolidation opportunities to enhance shareholder value.

Our activity in the offshore renewables market remains high and Northern Europe has a reasonable project pipeline predicted through to 2024. OWC is strengthening its' market position in Europe and has a strong outlook for second half of 2018. OWC is expanding growth opportunities in emerging offshore wind market in 2018 and widening its service portfolio to clients, including innovating within existing services.

The economic outlook is uncertain for ADLER Solar and the company has a challenging financial position.

Aqualis' remains focused on widening and strengthening its global client portfolio and client loyalty to take increased market share. The company now has the flexible cost base needed to adapt more quickly to market changes. Aqualis is well prepared for the expected recovery of the market and to continue to gain market share in our key regions and business lines.

Asker, 25 April 2018

The Board of Directors of
Aqualis ASA

Condensed interim consolidated financial statements Q1 2018

Consolidated Statement of Income

Amounts in USD thousands	Note	Q1 2018	Q1 2017	FY 2017
Revenues	5	8,159	7,550	31,134
Total revenues		**8,159**	**7,550**	**31,134**
Payroll and payroll related expenses		(3,821)	(4,088)	(15,324)
Other operating expenses	6	(4,107)	(2,969)	(13,951)
Depreciation, amortisation and impairment	7	(33)	(32)	(4,061)
Impairment of loan and investment in associates		-	-	(2,919)
Share of net profit (loss) from associates	8	-	(240)	(507)
Operating profit (loss) (EBIT)	5	**197**	**220**	**(5,628)**
Finance income		25	19	71
Finance expenses		(6)	-	-
Net foreign exchange gain (loss)		(399)	(120)	(776)
Profit (loss) before taxes		**(182)**	**120**	**(6,333)**
Income tax income (expenses)		(66)	(20)	(144)
Profit (loss) after taxes		**(247)**	**100**	**(6,477)**

Consolidated Statement of other Comprehensive Income

Amounts in USD thousands	Note	Q1 2018	Q1 2017	FY 2017
Profit (loss) after taxes		**(247)**	**100**	**(6,477)**
Other comprehensive income				
Currency translation differences		645	340	1,680
Income tax effect		-	-	148
Total comprehensive income		**397**	**440**	**(4,650)**
Attributtable to:				
Equity holders of the parent company		397	440	(4,650)
Non-controlling interests		-	-	-
Earnings per share (USD): basic and diluted		**(0.01)**	**0.00**	**(0.15)**

Condensed interim consolidated financial statements Q1 2018

Consolidated Statement of Financial Position

Amounts in USD thousands	Note	31.03.2018	31.12.2017
ASSETS			
Non-current assets			
Equipment		153	160
Intangible assets	7	13,234	13,063
Deferred tax assets		70	69
Total non-current assets		**13,457**	**13,292**
Current assets			
Trade receivables	9	7,080	7,886
Other current assets	10	4,248	3,033
Cash and cash equivalents	4	9,778	9,709
Total current assets		**21,106**	**20,628**
Total assets		**34,563**	**33,920**
EQUITY AND LIABILITIES			
Equity			
Share capital		690	690
Share premium		47,344	47,344
Share-based compensation reserve		564	563
Retained earnings		(7,807)	(7,559)
Foreign currency translation reserve		(11,942)	(12,587)
Total equity		**28,849**	**28,451**
Non-current liabilities			
Deferred tax liability		163	156
Other non-current liabilities		659	617
Total non-current liabilities		**822**	**773**
Current liabilities			
Trade payables		1,657	1,888
Income tax payable		81	74
Other current liabilities		3,154	2,734
Total current liabilities		**4,892**	**4,696**
Total liabilities		**5,714**	**5,469**
Total equity and liabilities		**34,563**	**33,920**

Condensed interim consolidated financial statements Q1 2018

Consolidated Statement of Cash Flow

Amounts in USD thousands	Note	Q1 2018	Q1 2017	FY 2017
Cash flow from operating activities				
Profit (loss) before taxes		**(182)**	**120**	**(6,333)**
Non-cash adjustment to reconcile profit before tax to cash flow:				
Estimated value of employee share options		1	14	20
Depreciation, amortisation and impairment		33	32	4,061
Impairment of loan and investment in associates		-	-	2,919
Share of net (profit) loss from associates		-	240	507
Changes in working capital:				
Changes in trade receivables and trade payables		575	308	(1,616)
Changes in other assets and other liabilities		(753)	(1,076)	(99)
Interest received		(19)	(19)	(61)
Income tax paid		(61)	(20)	(148)
Effects related to currency unrealised		390	75	487
Cash flow from/(used in) operating activities		**(16)**	**(325)**	**(263)**
Cash flow from investing activities				
Purchase of equipment		(23)	(6)	(99)
Interest received		19	19	61
Cash flow from/(used in) investing activities		**(4)**	**13**	**(38)**
Net change in cash and cash equivalents		**(20)**	**(312)**	**(301)**
Cash and cash equivalents at the beginning of the period		9,709	9,910	9,910
Effect of movements in exchange rates		89	17	100
Cash and cash equivalents at the end of the period	**4**	**9,778**	**9,615**	**9,709**

Condensed interim consolidated financial statements Q1 2018

Consolidated Statement of Changes in Equity

Amounts in USD thousands	**Share capital**	**Share premium**	**Share-based compensation reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Total equity**
As at 1 January 2017	**690**	**47,344**	**543**	**(1,082)**	**(14,414)**	**33,081**
Profit (loss) after taxes	-	-	-	(6,477)	-	(6,477)
Foreign currency translation reserve	-	-	-	-	1,827	1,827
Share-based payment	-	-	20	-	-	20
As at 31 December 2017	**690**	**47,344**	**563**	**(7,559)**	**(12,587)**	**28,451**
As at 1 January 2018	**690**	**47,344**	**563**	**(7,559)**	**(12,587)**	**28,451**
Profit (loss) after taxes	-	-	-	(247)	-	(247)
Foreign currency translation reserve	-	-	-	-	645	645
Share-based payment	-	-	1	-	-	1
As at 31 March 2018	**690**	**47,344**	**564**	**(7,807)**	**(11,942)**	**28,849**

Condensed interim consolidated financial statements Q1 2018

Notes to the interim consolidated financial statements

Note 1: General information
Aqualis ASA ("the Company") is a limited liability company incorporated on 13 June 2014 and domiciled in Norway. The share of the Company were listed on Oslo Stock Exchange on 13 August 2014.

The group consolidated financial statements of Aqualis ASA are a continuation of the group values transferred from Weifa ASA in the spin-off of the marine and offshore business wherein all the shares in subsidiaries were transferred to Aqualis ASA on 24 July 2014. The ownership of the subsidiaries and the related excess values from the acquisitions are consequently continued in the group consolidated financial statements.

The Company and its subsidiaries (collectively the "Aqualis Group" or the "Group") is a public company that offers energy consultancy services to the oil and gas, wind and solar sectors globally. The group including its associates employs experienced consultants across 19 offices in 14 countries worldwide.

Aqualis ASA's office is at Bleikerveien 17, 1387 Asker, Norway

Note 2: Basis of preparations and changes to the accounting policies
This condensed consolidated interim financial report for the three months period ended 31 March 2018 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and accordingly this report should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's last annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018 as described in below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The financial statements are presented in US Dollars (USD or US$) and all values in the tables are rounded to the nearest thousand (US$'000), except when otherwise indicated. As a result of rounding adjustments, the figures in one or more rows or columns included in the condensed consolidated financial statements may not add up to the total of that row or column.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group provides consultancy services to the marine and offshore industry. Under IFRS 15, the Group concluded that revenue from such services will continue to be recognised as a performance obligation satisfied over time when services are performed and delivered and measured based on the consideration specified in a contract with customers. Payment for services is not due from the customers until the services are complete and therefore contract asset is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date.

The Group does not have any significant financing component in the contracts. Upon the adoption of IFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less. Prior to the adoption of IFRS 15, the Group presented billing in excess of revenue as deferred revenue, which is now included in contract liability.

Consequently, IFRS 15 do not have a significant impact on the Group's accounting policies except the presentation of certain amounts in the balance sheet changed to reflect the terminology of IFRS 15.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

The Group do not have significant impact on its consolidated statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents and contract assets. These are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39.

The group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Note 3: Critical accounting estimates and judgements in terms of accounting policies
In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 2.

Note 4: Cash and cash equivalents
For the purpose of the consolidated statement of cash flow, cash and cash equivalents are comprised of the following:

Amounts in USD thousands	31.03.2018	31.12.2017
Cash and bank balances	9,778	9,709
Total	**9,778**	**9,709**

Distributed in the following currency:

Amounts in USD thousands	Local Currency	USD	Local Currency	USD
US Dollars (USD)	7,930	7,930	7,460	7,460
Norwegian Krone (NOK)	4,231	539	6,925	844
Other currencies		1,309		1,405
Total		**9,778**		**9,709**

Note 5: Segment information
The Group's businesses are managed on a regional basis. The internal management reports provided by management to the board of directors of Aqualis, which is the groups decision maker, is in accordance with this structure. These regional segments comprise of entities within the region and forms the basis for the segment reporting presented below.

The following is summary of revenues and operating profit (EBIT) for entities in different geographical regions. Eliminations reflects the eliminations of intra-group revenue to the extent that these arise between the regions.

Amounts in USD thousands	Q1 2018	Q1 2017	FY 2017
Revenues			
Middle East	3,984	3,368	12,505
Far East	1,595	1,643	7,764
Europe	1,995	2,052	9,029
Americas	1,059	772	3,434
Eliminations	(474)	(285)	(1,598)
Total revenues	**8,159**	**7,550**	**31,134**

Amounts in USD thousands	Q1 2018	Q1 2017	FY 2017
Operating profit (loss) (EBIT)			
Middle East	400	299	1,097
Far East	37	131	603
Europe	(175)	196	392
Americas	56	(3)	101
Corporate group costs	(121)	(162)	(464)
Impairment of goodwill	-	-	(3,930)
Impairment of loan and investment in associates	-	-	(2,919)
Share of net income from associates	-	(240)	(507)
Total operating profit (loss)	**197**	**220**	**(5,628)**

The following is summary of trade receivables and cash and cash equivalents for entities in different geographical areas.

Amounts in USD thousands	31.03.2018	31.12.2017
Trade receivables		
Middle East	3,413	3,400
Far East	1,271	1,897
Europe	1,462	1,971
Americas	934	618
Total	**7,080**	**7,886**
Cash and cash equivalents		
Middle East	546	536
Far East	981	711
Europe	944	1,010
Americas	272	421
Corporate group	7,035	7,031
Total	**9,778**	**9,709**

Note 6: Other operating expenses

Amounts in USD thousands	Q1 2018	Q1 2017	FY 2017
Subcontractors cost	2,818	1,734	8,936
Office lease and maintenance expenses	250	252	982
Insurance cost	113	76	367
Cost of recharged expenses	359	231	1,054
General and administrative expenses	568	677	2,611
Total other operating expenses	**4,107**	**2,969**	**13,951**

Note 7: Intangible assets

Amounts in USD thousands	Customer contracts	Goodwill	Total
Cost			
As at 1 January 2018	**547**	**19,206**	**19,753**
Effect of movements in exchange rates	-	406	406
As at 31 March 2018	**547**	**19,613**	**20,160**
Amortisation and impariment			
As at 1 January 2018	**547**	**6,144**	**6,691**
Effect of movements in exchange rates	-	235	235
As at 31 March 2018	**547**	**6,379**	**6,926**
Net book value at 31 March 2018	**-**	**13,234**	**13,234**
Net book value at 31 December 2017	**-**	**13,063**	**13,063**

Goodwill is tested for impairment at least annually, or when there are indications of impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculations requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculated present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Note 8: Investment in associates
Aqualis acquired a 49.9% share in ADLER Solar Services GmbH (“ADLER Solar”) on 29 October 2015. The investment is classified as an associate in which Aqualis has significant influence. The investment is accounted for through the equity method in the group financial statements. In order to conclude on the classification of the investment, management has considered the relevant facts and circumstances including the ownership of shares, the composition of remaining shareholders, options to acquire further shares, composition of the Board of Directors and the decision-making processes related to relevant activities. Aqualis has an option right to acquire an additional 10.1% in ADLER Solar during the period 1 April 2017 through 31 March 2019.

Investment in associates is tested for impairment at the end of each reporting period when there are objective indications of impairment. If there are indicators of impairment, the deficit between the recoverable amount and its carrying value is recognised in the consolidated statement of income. The recoverable amount is set to the estimated value in use. The value in use is the net present value of the estimated cash flow before tax of associate, using a discount rate reflecting the timing of the cash flows and the expected risk.

The Group has not recognised current year’s losses relating to Adler Solar where its share of losses exceeds the Group’s interest in the associate, following the Group’s decision to impair its investment in associates to nil at 31 December 2017. The Group’s cumulative share of current year’s unrecognised losses at the end of the reporting period was USD 0.17 million. The Group has no obligation in respect of these unrecognised losses.

Note 9: Trade receivables
The ageing analysis of unimpaired trade receivables at the reporting date is as follows:

Amounts in USD thousands	**31.03.2018**	**31.12.2017**
Not overdue	3,216	3,038
Overdue 1-30 days	1,484	1,940
Overdue 31-60 days	955	1,336
Overdue 61-90 days	497	289
More than 90 days	928	1,283
Total	**7,080**	**7,886**

As at 31 March 2018, trade receivables of USD 0.4 million (31 December 2017 - USD 0.4 million) were impaired.

Note 10: Other current assets
As at 31 March 2018, other current assets include contract assets of USD 2.2 million (31 December 2017 - USD 1.4 million).

Note 11: Subsequent events
There are no significant events after the balance sheet date.

Alternative performance measures

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance Measures ("APMs") that came into force on 3 July 2016. The Company has defined and explained the purpose of the following APMs:

EBITDA

Management believes that "EBITDA" which excludes share of net profit / (loss) from associates, depreciation, amortisation and impairments is a useful measure because it provides useful information regarding the Company's ability to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies. A reconciliation between reported operating profit (loss) (EBIT) and EBITDA is shown below. EBITDA may not be comparable to other similarly titled measures from other companies.

Amounts in USD thousands	**Q1 2018**	**Q1 2017**	**FY 2017**
Operating profit (loss) (EBIT)	**197**	**220**	**(5,628)**
Depreciation, amortisation and impairment	33	32	4,061
Impairment of loan and investment in associates	-	-	2,919
Share of net loss from associates	-	240	507
EBITDA	**231**	**493**	**1,860**

Operating profit adjusted

Management believes that "Operating profit (loss) adjusted" which excludes share of net profit / (loss) from associates, impairments of goodwill and investments in associates is a useful measure because it provides an indication of the profitability of the Company's operating activities for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently. A reconciliation between reported operating profit (loss) (EBIT) and operating profit (loss) adjusted is shown below.

Amounts in USD thousands	**Q1 2018**	**Q1 2017**	**FY 2017**
Operating profit (loss) (EBIT)	**197**	**220**	**(5,628)**
Impairment of goodwill	-	-	3,930
Impairment of loan and investment in associates	-	-	2,919
Share of net loss from associates	-	240	507
Operating profit (loss) adjusted	**197**	**461**	**1,729**

Profit (loss) after taxes adjusted

Management believes that "Profit (loss) after taxes adjusted" which excludes share of net profit / (loss) from associates, impairments of goodwill and investments in associates is a useful measure because it provides an indication of the profitability of the Company's operating activities for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently. A reconciliation between reported profit (loss) after taxes and profit (loss) after taxes adjusted is shown below.

Amounts in USD thousands	**Q1 2018**	**Q1 2017**	**FY 2017**
Profit (loss) after taxes	**(247)**	**100**	**(6,477)**
Impairment of goodwill	-	-	3,930
Impairment of loan and investment in associates	-	-	2,919
Share of net loss from associates	-	240	507
Profit (loss) after taxes adjusted	**(247)**	**340**	**879**

Order backlog

Order backlog is defined as the aggregate value of future work on signed customer contracts or letters of award. Aqualis' services are shifting towards "call out contracts" which are driven by day-to-day operational requirements. An estimate for backlog on "call out contacts" are only included in the order backlog when reliably estimates are available. Management believes that the order backlog figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

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