

Second quarter and first half year report 2018



Silk Bidco Group

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Revenue and EBITDA growth

Highlights

- Record results for the Group in 1H 2018 with reported EBITDA of NOK 483 million (1H 2017; NOK 272 million), year over year increase of 77.6%
- 1H normalized adjusted EBITDA before other gains and losses of NOK 512 million (1H 2017; NOK 346 million)
- 1H 2018 revenues of NOK 2,635 million, up 13.5% from NOK 2,321 million in 2017
- Record high number of passengers on the Norwegian Coast 1H 2018 with occupancy increasing to 81% from 75%
- Improving performance in the Explorer segment driven by 7 pp increase in occupancy and 7,400 more Passenger Cruise Nights in 1H 2018 compared to 1H 2017 and 5.3% higher gross yield
- Awarded new 10-year coastal ferry agreement with Norwegian Ministry of Transportation, commencing 2021 with 7 ships with average payment per vessel of NOK 78 million p.a. compared to NOK 64 million in 2018.
- Strong pre-booking levels for the remaining months in 2018 with strong trend continuing into 2019
- Normalizations items is mainly i) cancellation costs related to the Roald Amundsen and Fridtjof Nansen delayed delivery date which was expensed in 1H 2018 (NOK 30 million) ii) one off non-cash cost related to the acquisition of MS Nordlys (NOK 18 million)

Key figures*

<i>NOK 1 000</i>	2nd quarter 2018	2nd quarter 2017	% Change	01.01-30.06 2018	01.01-30.06 2017	% Change	Full year 2017
Operational revenues	1,271,342	1,174,774	8.2 %	2,284,641	1,982,809	15.2 %	4,248,316
Contractual revenues	175,188	168,329	4.1 %	350,376	338,143	3.6 %	674,234
Total revenue	1,446,530	1,343,104	7.7 %	2,635,017	2,320,952	13.5 %	4,922,550
EBITDA	383,401	249,636	53.6 %	482,714	271,855	77.6 %	826,311
Norwegian Coast							
PCNs	349,739	330,979	5.7 %	660,089	577,858	14.2 %	1,249,149
Gross ticket yield	2,893	2,836	2.0 %	2,527	2,463	2.6 %	2,483
Occupancy rate	83.7 %	81.8 %	1.8 p.p.	81.1 %	75.4 %	5.8 p.p.	78.3 %
Explorer							
PCNs	30,533	29,081	5.0 %	83,212	75,848	9.7 %	155,725
Gross ticket yield	4,844	4,172	16.1 %	5,010	4,757	5.3 %	5,210
Occupancy rate	50.1 %	52.1 %	-2.0 p.p.	68.4 %	61.3 %	7.0 p.p.	68.2 %

*The figures presented in this report are unaudited

About Hurtigruten

Hurtigruten is the world's leading polar expedition and adventure travel company, with a fleet of 14 cruise vessels and two new tailor-made exploration vessels being built. Hurtigruten open a unique gateway to experiences in the Arctic, Antarctica and along the Norwegian coast to travelers from all over the world. Hurtigruten's operations builds on a rich heritage, having connected the many coastal communities in Norway since 1893. Today, Hurtigruten combines a deeply-rooted desire to offer genuine local experiences while leaving a smaller footprint when it shapes the future of the growing exploration market. For more information on Hurtigruten, please visit www.hurtigruten.no.

Hurtigruten has three business segments:

Hurtigruten Norwegian Coast



Explorer



Spitsbergen



Hurtigruten Norwegian Coast

The largest segment with 11 ships providing services along the Norwegian coast, making 33 northbound and 32 southbound daily departures from ports located between Bergen in the south and Kirkenes in the north. Freight and passenger transport are important parts of the offering, and for which Hurtigruten receives an annual fixed fee from the Norwegian government under the coastal service contract.

The vessel schedule and infrastructure are leveraged to offer distinct expedition-based services and activities to leisure seekers through our cruise voyage products. The ships used to provide local transport services and cargo shipments also offer exploration-based voyages for leisure travellers, including a high proportion of international guests. The segment accounted for 77.5% of group revenues in the first half of 2018.

Explorer

The second largest segment offering unique polar cruises using the vessels MS Fram, MS Spitsbergen and MS Midnatsol (the latter two vessels alternating between the Norwegian Coast and Explorer segments) as well as MS Nordstjernen which is leased and operated in Svalbard in the summer season. The Explorer segment will be strengthened from 2019 and onward with two new purpose-built polar cruise ships. The segment accounted for 15.8% of group revenues in the first half of 2018.

Spitsbergen

Comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard. Hurtigruten Svalbard operates three hotels and an equipment store. This segment accounted for 6.6% of the total revenues in the first half of 2018.

Operational review

Hurtigruten had a strong operational and financial performance in the first half and second quarter of 2018 with growth in yield and occupancy across all segments compared with the same period in 2017.

Total Passenger Cruise Nights for the two cruise segments increased by 5.6% in the second quarter of 2018 and 13.7% in the first half year compared to the same period last year. The occupancy increased with 1 ppt to 79% in second quarter and 6 ppt to 79% in the first half year for the two segments combined. The increase is primarily driven by higher demand for the Coastal product and increased occupancy in the Explorer segment. Historically winter has been regarded as the low season for the Coastal segment, but demand for the winter cruise product is increasing significantly and this strong trend is continuing through 2018 and into 2019 with higher booking levels compared to same time last year.

Occupancy for Norwegian Coast rose to 83.7% in the second quarter of 2018 from 81.8% in the same period of 2017, with an increase in Passenger Cruise Nights (PCN) of 5.7%. For the first half year in total, PCN increased with 14.2%, while occupancy increased with 6 ppt.

In the Explorer segment in the first quarter of 2018, the vessels MS Fram and MS Midnatsol operated the Antarctic. In the second quarter, MS Fram sailed Caribbean to Canada, transferring to Iceland and Greenland in May. MS Spitsbergen started operations in the Arctic in May, sailing to Svalbard, replacing MS Midnatsol which transferred to the

Coastal segment. MS Nordstjernen operated along the Norwegian coast and Svalbard from March, continuing throughout second quarter.

Passenger cruise nights in the Explorer segment increased by 5% in the second quarter of 2018 compared to the same period in 2017. Total capacity (available passenger cruise nights; APCN) increased with 9.1%, resulting in decrease in occupancy rate of 2 ppt. from 52.1% to 50.1% in the second quarter of 2018 compared to the same period last year. For the first half year, APCN decreased with 1.6% while the occupancy rate increased with 7.0% from first half of 2017.

Maritime operations continued to perform well and there were no material incidents in the second quarter. A total of 102 and 254 missed port calls were registered in the second quarter and first half year respectively, primarily due to adverse weather conditions. In the same periods in 2017, the Group had 145 and 492 missed port calls also primarily due to weather. There was no significant downtime due to technical incidents in the period.

Pre-bookings for 2018 and 2019 are materially higher compared to same time last year and we continue to experience stronger demand for our itineraries across all segments.

Results of operations

The following table presents, for the periods indicated, the revenues, operating profit, EBITDA and EBITDA margin by reporting segment and for the Group as a whole:

<i>(in NOK 1 000)</i>	2nd quarter	2nd quarter	%	01.01-30.06	01.01-30.06	%	Full year
Total operating revenues	2018	2017	Change	2018	2017	Change	2017
Hurtigruten Norwegian Coast	1,201,870	1,120,700	7.2%	2,047,152	1,788,138	14.5%	3,833,445
Explorer	148,254	121,420	22.1%	417,942	360,970	15.8%	811,497
Spitsbergen	101,343	101,096	0.2%	175,232	171,677	2.1%	292,411
Other business	39	57	-32.8%	(150)	135	-211.1%	230
Total	1,451,506	1,343,273	8.1%	2,640,175	2,320,920	13.8%	4,937,583
Operating profit/(loss)							
Hurtigruten Norwegian Coast	287,298	130,666	119.9%	246,858	(3,621)	6918 %	425,101
Explorer	(27,844)	(47,512)	-41.4%	5,161	(11,680)	-144.2%	24,327
Spitsbergen	22,831	26,835	-14.9%	27,774	33,661	-17.5%	26,362
Other business	134	23	481.2%	69	92	-24.7%	581
Total	282,419	110,012	156.7%	279,863	18,452	1416.7%	476,370
EBITDA							
Hurtigruten Norwegian Coast	364,555	253,327	43.9%	401,163	214,311	87.2%	696,226
Explorer	(9,261)	(35,540)	-73.9%	42,926	13,415	220.0%	85,210
Spitsbergen	27,946	31,668	-11.8%	38,586	43,771	-11.8%	44,206
Other business	134	164	-17.9%	69	340	-79.6%	606
Total	383,375	249,618	53.6%	482,743	271,837	77.6%	826,247
EBITDA margin							
Hurtigruten Norwegian Coast	30.3 %	22.6 %	.3 p.p.	19.6 %	12.0 %	7.6 p.p.	18.2 %
Explorer	-6.2 %	-29.3 %	-8 p.p.	10.3 %	3.7 %	6.6 p.p.	10.5 %
Spitsbergen	27.6 %	31.3 %	-1 p.p.	22.0 %	25.5 %	-3.5 p.p.	15.1 %
Other business	NM	NM		NM	NM		NM
Total	26.4%	18.6%	.4 p.p.	18.3%	11.7%	56.1 %	16.7%

Segment review

Hurtigruten Norwegian Coast

<i>NOK 1 000</i>	2nd quarter 2018	2nd quarter 2017	Change	01.01-30.06 2018	01.01-30.06 2017	Change	Full year 2017
Operational revenues	1,026,682	952,371	7.8 %	1,696,776	1,449,995	17.0 %	3,159,211
Contractual revenues	175,188	168,329	4.1 %	350,376	338,143	3.6 %	674,234
Total revenue	1,201,870	1,120,700	7.2 %	2,047,152	1,788,138	14.5 %	3,833,445
EBITDA	364,555	253,327	43.9 %	401,163	214,311	87.2 %	696,226

The below table does not include the State Contract's contractual revenue nor the goods and other operating revenue originated by the Norwegian Coast activity.

<i>NOK 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter</i>	2nd quarter 2018	2nd quarter 2017	01.01-30.06 2018	01.01-30.06 2017	Full year 2017
PCNs	349,739	330,979	660,089	577,858	1,249,149
APCNs	418,070	404,456	813,530	766,586	1,595,924
Occupancy rate	83.7%	81.8%	81.1%	75.4%	78.3%
Gross ticket revenues	1,011,882	938,769	1,667,870	1,423,538	3,102,068
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	180,666	177,642	327,626	279,224	581,676
Food, beverage, shop, excursions	103,501	112,075	195,967	185,453	372,325
Net ticket revenues	727,715	649,052	1,144,277	958,861	2,148,068
Gross ticket revenues per PCN (NOK)	2,893	2,836	2,527	2,463	2,483
Net ticket revenues per PCN (NOK)	2,081	1,961	1,734	1,659	1,720
Ship operating costs	699,620	688,126	1,340,075	1,221,056	2,432,581
Selling, general and administrative expenses	160,548	168,529	338,981	329,235	678,797
Gross cruise costs	860,167	856,655	1,679,056	1,550,291	3,111,378
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	180,666	177,642	327,626	279,224	581,676
Food, beverage, shop, excursions	103,501	112,075	195,967	185,453	372,325
Net cruise costs	576,001	566,939	1,155,463	1,085,615	2,157,378
Net cruise costs per APCN (NOK)	1,378	1,402	1,420	1,416	1,352
Fuel consumption (liter/nautical mile)	76.1	79.3	77.6	80.6	79.3
Fuel cost per liter	6.37	4.94	6.14	5.03	5.38

Operational revenue excluding the contractual income from the Norwegian state agreement, increased by NOK 74 million, or 7.8%, to NOK 1,027

million in the second quarter, from NOK 952 million in the second quarter of 2017. First half year revenue was NOK 1,697 million, a 17.0% increase from first

half year of 2017. Occupancy increased to 83.7% from 81.8% in the second quarter of 2017, with an increase in Passenger Cruise Nights (PCN) of 5.7%. First half year PCN increased with 14.2%, and occupancy rate increased with 5.8 ppt.

Net ticket revenue per PCN increased with 6.1% to NOK 2,081 in second quarter compared to second quarter year last year, while first half net ticket revenue per PCN increased with 4.5% to NOK 1,734. The increased yield is driven by an increase in ticket prices and increased level of pre-sold ancillary revenue streams. In addition, the introduction of a companywide cost savings project has led to a trend of reduced COGS per PCN.

Hurtigruten experienced growth in demand from all regions, but especially Germany, the UK and US market contributed to the strong growth. The higher occupancy and increased yield led to higher profitability in the segment and demonstrated the scalability of the business model as occupancy and yield increases.

Contractual revenue was NOK 175 million in the second quarter, increased from NOK 168 million a year earlier, the change due to the contractual payment schedule.

Net cruise cost per Available Passenger Cruise Night (APCN) decreased with 1.7% to NOK 1,378 in the second quarter, and increased with 0.3% in first half year compared to same period last year. This reduction in net cruise cost is in spite of substantial

higher fuel costs driven by the higher oil price which shows improved cost efficiency in the operations. The fuel price increased with 28.9% YoY for second quarter, and 22.2% for the first half year, offset by decreased consumption per nautical mile. Bareboat charter lease costs increased compared to same period last year, as second quarter of 2018 include a NOK 11 million expense related to the lease of MS Nordlys and MS Richard With, which in second quarter of 2017 were accounted for as finance leases in the Group. In December 2017 and January 2018, the sister Group Coastal Holding Group purchased these vessels, and leased them to the Bidco Group on 5-year operating leases.

The cost increase in fuel and bareboat lease is offset by reduction in crew costs, phasing of repair and maintenance costs and decreased other operating cruise costs.

As a result of increased occupancy and yield, and reduction in costs, EBITDA improved with 43.9% to NOK 365 million (NOK 253 million) in the second quarter. First half year EBITDA was NOK 401 million, an increase of 87.2% from same period last year. There were no material disruptions to the operations for the Coastal segment in 2018.

Explorer

NOK 1 000	2nd quarter	2nd quarter	Change	01.01-30.06	01.01-30.06	Change	Full year
	2018	2017		2018	2017		2017
Operational revenues	148,254	121,420	22.1 %	417,942	360,970	15.8 %	811,497
Total revenue	148,254	121,420	22.1 %	417,942	360,970	15.8 %	811,497
EBITDA	(9,261)	(35,540)	126.1 %	42,926	13,415	220.0 %	85,210

<i>NOK 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter</i>	2nd quarter 2018	2nd quarter 2017	01.01-30.06 2018	01.01-30.06 2017	Full year 2017
PCNs	30,533	29,081	83,212	75,848	155,725
APCNs	60,953	55,863	121,735	123,705	228,204
Occupancy rate	50.1%	52.1%	68.4%	61.3%	68.2%
Gross ticket revenues	147,907	121,316	416,874	360,823	811,307
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	33,497	29,476	137,477	90,843	199,937
Food, beverage, shop, excursions	9,023	12,688	23,968	26,853	53,679
Net ticket revenues	105,387	79,153	255,428	243,127	557,692
Gross ticket revenues per PCN (NOK)	4,844	4,172	5,010	4,757	5,210
Net ticket revenues per PCN (NOK)	3,452	2,722	3,070	3,205	3,581
Ship operating costs	132,313	120,461	325,014	265,060	556,411
Selling, general and administrative expenses	30,003	23,488	62,797	68,676	144,917
Gross cruise costs	162,316	143,949	387,810	333,736	701,328
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	33,497	29,476	137,477	90,843	199,937
Food, beverage, shop, excursions	9,023	12,688	23,968	26,853	53,679
Net cruise costs	119,796	101,785	226,365	216,041	447,712
Net cruise costs per APCN (NOK)	1,965	1,822	1,859	1,746	1,962
Fuel consumption (liter/nautical mile)	74.7	87.9	84.2	90.8	90.5
Fuel cost per liter	5.51	4.64	5.67	5.22	5.52

In the Explorer segment, total Available Passenger Cruise Nights (APCN), increased with 9.1% YoY in the quarter, and decreased with 1.6% YoY for the first half year. The change is due to the change in itineraries for sale this year compared to last year as MS Fram was conducting a docking in April 2017. Passenger Cruise nights (PCN) increased by 5% in second quarter and 9.7% in first half year compared to the same period last year.

Segment ticket revenue was NOK 148 million in the second quarter of 2018, up from NOK 121 million in same period of 2017. For the first half year, ticket revenue increased with 15.5% to NOK 417 million. The increase was driven by higher occupancy, as occupancy rate increased with 7 ppt in first half year. In the second quarter, occupancy rate decreased with 2%, due to the increase in APCN. Net ticket revenue per PCN increased from NOK 2,722 to NOK 3,452, or 26.8% in the second quarter. In the first half year net ticket revenue per PCN decreased by 4.2% due to a lower yield in the first quarter of the year,

Net cruise cost per available cruise night (APCN) increased by 7.9% in second quarter including one off costs of NOK 5m related to the cancellation of 2019 sailings for MS Fridtjof Nansen. Adjusted for this net cruise cost per available cruise night (APCN) increased by 3.3% primarily due to increased fuel costs. For the first half year, net cruise costs per APCN increased with 6.5% including NOK 30 million in cancellation cost for MS Roald Amundsen and MS Fridtjof Nansen. Net Cruise cost per APCN, adjusted for the cancellation cost was reduced by 2.3%. Second quarter EBITDA was NOK -9.3 million, while the first half year EBITDA was NOK 42.9 million, an increase of 126.1% and 220.0% from the same periods in 2017 respectively.

Spitsbergen

Spitsbergen segment comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard. Hurtigruten Svalbard operates three hotels and an equipment store

<i>NOK 1 000</i>	2nd quarter 2018	2nd quarter 2017	Change	01.01-30.06 2018	01.01-30.06 2017	Change	Full year 2017
Operational revenues	101,343	101,096	0.2 %	175,232	171,677	2.1 %	292,411
Total revenue	101,343	101,096	0.2 %	175,232	171,677	2.1 %	292,411
EBITDA	27,946	31,668	-11.8 %	38,586	43,771	-11.8 %	44,206

The Spitsbergen segment had second quarter revenue of NOK 101 million, in line with the same quarter last year.

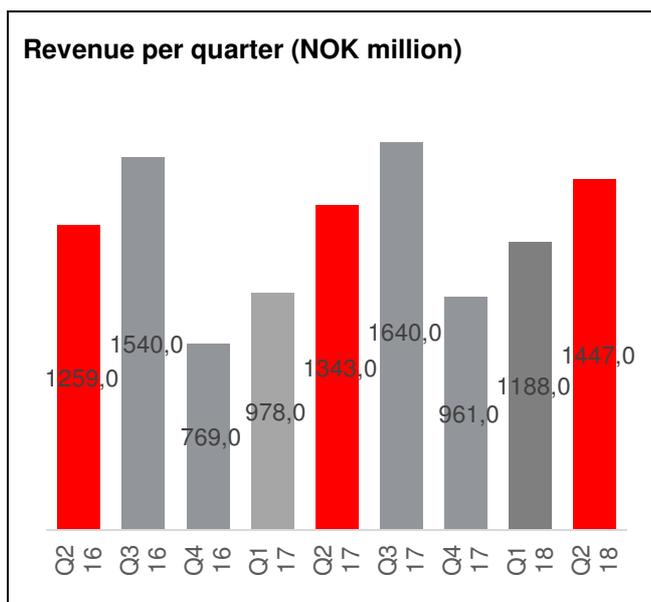
EBITDA for the second quarter was NOK 28 million, reduced from NOK 31,7 million in same period of 2017, due to increased costs for commercial organization to support the future growth in the destination

Year to date revenues increased with 2.1% to NOK 175 million, while EBITDA decreased with 11.8%. The decrease is due lower occupancy rates in addition to higher direct costs, offset by increased revenue per available room, in large driven by the newly renovated Funken hotel in Longyearbyen.

Financial review

The financial information for the three months ended 30 June 2018 discussed below is derived from the unaudited consolidated financial statements of Silk Bidco Group as of and for the three months ended at 30 June 2018.

Profit and loss



Group revenue increased by NOK 13.5%, or NOK 314 million to NOK 2,321 million in the first half of 2018 compared to first half of 2017. Second quarter revenue increased with NOK 104 million or 7.7% to NOK 1,447 million from NOK 1,343 million in the second quarter of 2017. The increase in revenue was due to increased yield in both Norwegian Coast and Explorer segments and increased yield in the Explorer segment.

Employee expenses in second quarter of NOK 296 million are in line with same quarter last year (NOK 296 million). Year to date, employee expenses increased with 1.8% to NOK 590 million, reflecting improved crew utilization.

Second quarter depreciation, amortization and impairment were NOK 101 million (NOK 140 million), while first half year was NOK 203 million vs. NOK 253 million in 2017. The decrease is primarily due to two vessels, MS Nordlys and MS Richard With which in 2018 are on operating leases in the Group, whereas last year, the same vessels were on financial lease from third party owners.

Specification of other operating costs

(NOK 1 000)	2nd quarter	2nd quarter	%	01.01-30.06	01.01-30.06	%	Full year
	2018	2017	change	2018	2017	change	2017
Cost of goods sold	(243,972)	(266,274)	-8.4 %	(508,241)	(475,336)	6.9 %	(933,146)
Operating costs	(431,537)	(384,546)	12.2 %	(851,766)	(706,691)	20.5 %	(1,450,686)
Sales and administrative costs	(118,970)	(122,407)	-2.8 %	(248,019)	(249,865)	-0.7 %	(502,772)
Total	(794,479)	(773,226)	2.7 %	(1,608,027)	(1,431,891)	12.3 %	(2,886,602)

Other operating costs were NOK 794 million in the second quarter of 2018 (NOK 773 million), an increase of 2.7% from the same period last year. First half year total other operating costs was NOK 1,608 million, an increase of 12.3% from last year.

Cost of goods sold relates to direct costs from flights, hotels and transportation for passengers to and from cruise destinations and costs for food and beverage aboard the cruise vessels. In second quarter, the decrease of 8.4% compared to same period last year reflects results from the companywide cost savings project. Year to date, cost of goods sold has increased with 6.9% which is driven by the volume increase in 2018, which increased 14% year over year.

Operating costs include all other cruise operating costs, including bunker oil, harbour costs, bareboat lease costs and maintenance of the vessels, in addition to commissions paid to travel agents. The second quarter increase of 12.2%, and half year increase of 20.5% compared to same period last year is due to increased price of bunker oil and increase in harbour costs. In addition, the Group incurred MNOK 30 million in expenses in first half year for commissions to travel agents in relation to the rebooking of voyages due to the postponed delivery of the newbuild MS Roald Amundsen until winter 2018. Additionally, included in 2018 is bareboat charter expenses for MS Nordlys and MS Richard With, which were on financial lease in the same period in 2017. Adjusted for these effects, the underlying operations show a positive development.

Sales and administrative costs decreased with 2.8% in the quarter and 0.7% year to date, compared to last year, as a result of the Groups focus on cost reduction and phasing of sales and marketing expenses.

Net other gains and losses for the second quarter was a gain of NOK 28 million (loss of NOK 24 million), and a gain of NOK 46 million (loss of NOK 37 million) in first half year. Other gains and losses consist of gains and losses from foreign currency contracts, translation of working capital in foreign currency and realized gains and losses on bunker derivatives .

The second quarter 2018 operating profit was NOK 282 million, compared to an operating profit of NOK 110 million in the same period last year. First half year operating profit was NOK 280 million, compared to NOK 18 million in the first half year of 2017.

Net financial items were NOK 22 million (NOK -263 million) in second quarter, and NOK -193 million (NOK -394 million) in the first half year. The change from same periods last year is primarily due to the change in EUR vs. NOK in the periods effecting the currency revaluation of the Groups borrowings. In the first half year of 2017, the NOK depreciated against the EUR with 5%, while year to date in 2018, the NOK appreciated against the EUR with 3%. In addition, interest expense has decreased due to lower effective interest rates on borrowings after the Group refinanced its major outstanding debt in February 2018. The existing Bond of EUR 455 million and Revolving Credit Facility of EUR 85 million was replaced with a term B loan of EUR 575 million and a new Revolving Credit Facility of EUR 85 million. The refinancing entails 3-year prolonged debt maturity, increased available liquidity and reduced interest costs going forward. Positive effects of reduced interest costs and currency effects are offset by first quarter expenses related to redemption fee and unamortized borrowing fees on refinanced bond.

Income tax expense was NOK 21 million (NOK 23 million) in second quarter, and NOK 28 million (NOK 30 million) first half year, and was related to tax on profits for some of the Groups subsidiaries.

Net profit for the second quarter of 2018 was NOK 284 million, compared with a loss of NOK 176 million in the same period of 2017. First half year result was NOK 61 million (NOK -404 million). The change was driven by strongly improved operating performance in addition to positive financial items in the period.

Financial position and liquidity

Cash flow

Net cash flow from operating activities in the second quarter was NOK 454 million, compared with a net cash flow from operations of NOK 382 million in the same period of 2017. First half operating cash flow was NOK 603 million, an increase of NOK 184 million from same period last year. The increase reflects the underlying positive development in results from operations.

Net cash flow used in investing activities was NOK 192 million (NOK 148 million), whereof NOK 73 million (NOK 63 million) is related to maintenance and new build capital expenditures on the ships. Second quarter of 2017 included prepayments for ships under construction of NOK 67 million, NOK 69 million in the same period last year. Other adjustments in investing activities include settlement

of financial derivatives and change in restricted funds. First half year cash flow used in investing activities was NOK 305 million vs. NOK 313 million last year.

The Group expects normalised annual maintenance capital expenditures to be around NOK 200 million based on current operations.

Net cash flow from financing activities was NOK -39 million (NOK -16 million) in the second quarter, and NOK 15 million (NOK 63 million) in the first half year, comprising primarily proceeds from the refinancing of the Group in February 2018, reduced by financing fees, interest and redemption premium paid in relation to settlement of the previous bond and RCF.

Cash and cash equivalents in the cash flow statement totalled NOK 608 million at 30 June 2018 (NOK 451 million). Cash and cash equivalents in the statement of financial position, including restricted funds, totalled NOK 784 million at 30 June 2018 (NOK 500 million). At the end of second quarter 2018, the Group had additional liquidity of EUR 70 million available through the new EUR 85 million Revolving Credit Facility.

Balance sheet

Total assets amounted to NOK 8,643 million at 30 June 2018, an increase of NOK 395 million from year end 2017. Non-current assets are in line with year end 2017. Current asset amounted to NOK 1,369 million, an increase of NOK 368 since 31 December 2017, due to the increase in Cash and cash equivalents.

Total equity at the end of second quarter was NOK 540 million vs. NOK 527 million at 31 December 2017. The change in equity is due to net profits in the period, in addition to fair value adjustment of the Groups investment in Kleven Verft. In June 2018, the Silk Bidco Group parent company Silk Topco AS purchased 100% of the shares in Kleven Verft AS, resulting in a fair value adjustment of NOK -42 million on the investment in Kleven in Silk Bidco Group. The investment is held as Available for sale, and fair value adjustments are accounted for through Other Comprehensive Income.

Outlook

Hurtigruten has experienced a strong positive underlying booking trend over the last 12 months. There is strong demand for the increased capacity offered under the Explorer segment in both

The equity ratio at 30 June 2018 was 6.2% (6.6% at end of second quarter 2017) vs. 6.4% at year end 2017. The equity level is expected to increase as the Group completes the summer high season. Pre-booking levels for the remainder of 2018 and into 2019 indicate positive results, and the new financing ensures reduced interest expenses going forward.

Total non-current liabilities amount to NOK 6,276 as per 30 June 2018 (NOK 739 million), an increase of NOK 5,537 million from year end 2017. The increase is due to reclassification of the issued bond of EUR 455 million and the RCF of NOK 774 million from long term to short term borrowings at 31 December 2017, as the bond and the RCF were refinanced in February 2018. Total borrowings have increased from NOK 5,784 million at year end 2017 to NOK 6,073 million at 30 June 2018. The majority of the Groups borrowings is denominated in EUR, and NOK strengthening against the EUR during the quarter partly offset the increase in borrowings as a result of the refinancing.

Current liabilities excluding borrowings were NOK 1,732 million (NOK 1,684 million), increased by NOK 47 million since year end 2017. The change in the quarter is due to reduction in working capital items, offset by increased deposits from customers reflecting the increased future production.

Off-balance sheet items

The Group has deferred income tax assets recognised in the balance sheet of NOK 179 million at 30 June 2018, unchanged from year end 2017. At 31 December 2017, NOK 445 million in deferred income tax assets was not recognised in the balance sheet.

In the future when taxable profit is sufficient to utilise deferred income tax assets, the Group will first utilise deferred income tax assets that is not recognised in the balance sheet. Tax losses may be carried forward for an indefinite period in Norway. Except for these off balance deferred income tax assets, the Group does not have any material off-balance sheet arrangements.

Antarctica and the Arctic. Demand has also increased for the Coastal cruise product across all market segments at higher yields compared to at the same point in time in 2017. Pre-bookings for the rest

of 2018 are materially higher compared to same time last year driven by significant investments in our commercial team, product improvement initiatives including refurbishments, and additional capacity in the explorer segment. 2018 booking is very strong for both segments with NOK 3,594 million gross ticket revenue including charters booked as of 12 August 2018, compared to NOK 3,086 million last year – an increase of 16%. Gross revenue booked for Norwegian Coast is up NOK 355 million (+14%) for 2018 compared to last year. Explorer has booked NOK 125 million more than same time last year, up by 20%. The Kleven yard informed us in February that the delivery of the MS Roald Amundsen will be delayed and we were successful in rebooking our passengers to other itineraries. 68% of the passengers chose to rebook their voyages. In May, the Kleven yard also informed us that there may be a delay in the delivery of MS Fridtjof Nansen and as a result of this we have chosen to deploy MS Midnatsol for the MS Fridtjof Nansen itineraries in the

Antarctica for the 2019/2020 season. The financial impact of the potential delay will not be material to the group financial performance. In June, Kleven Verft (“Kleven”) completed a financial restructuring where KVE Holding AS (“KVE”) acquired 100% ownership. KVE is a sister company to the Silk Bidco Group.

Marine operations continue to perform very well in second quarter of 2018 with a significant lower number of missed port calls due to technical issues compared to same period last year. This is expected to continue. Customer feedback is at a very high level, strengthening Hurtigruten’s brand position and ability to attract new customers. Hurtigruten aims to be positively different in terms of exciting and environmental friendly experiences to counter competition from international cruise operators in Scandinavia and along the Norwegian coast offering a truly unique experience to our customers.

Risks and uncertainties

The risks described below are not the only risks the Group faces.

Additional risks and uncertainties not currently known to the Group or that Group currently deems to be immaterial may also materially adversely affect the business, financial condition or results of operations.

An increase in port taxes or fees or other adverse change of the terms of business with the authorities operating the ports in which Hurtigruten call could increase the operating costs and adversely affect the business, financial condition, results of operations and prospects.

Hurtigruten is subject to complex laws and regulations, including environmental, health and safety laws and regulations, which could adversely affect the operations and any change in the current laws and regulations could lead to increased costs or decreased revenue.

There is a risk that shipyard could fail to deliver the new builds as agreed, or the Group could cancel a shipbuilding contract because the shipyard has not met its obligations. Any termination or breach of contract on the Group’s part following any such event may result in, among other things, the forfeiture of prior deposits or payments made by the Group as well as potential claims by the Group’s customers against it if the Group’s ships are out of service and the Group cannot provide alternative services.

The Group’s inability to deploy new ships and carry out ship repairs, maintenance and refurbishments on terms and within timeframes that are favourable or consistent with the Group’s expectations could result in revenue losses and unforeseen costs.

Hurtigruten’s results of operations are susceptible to unseasonable changes in weather and it may be affected by adverse weather conditions.

If Hurtigruten’s services are delayed or cancelled, Hurtigruten may need to re-route the guests to other ports of call or cancel their bookings. As a result, Hurtigruten may face difficulty in maintaining consumer loyalty to the brand and the business, financial condition, results of operations and prospects may be adversely affected.

Interim financial statements

Condensed consolidated income statement

Unaudited

<i>(NOK 1 000)</i>	<i>Note</i>	2nd quarter 2018	2nd quarter 2017	01.01-30.06 2018	01.01-30.06 2017	Full year 2017
Operating revenues		1,271,342	1,174,774	2,284,641	1,982,809	4,248,316
Contractual revenues		175,188	168,329	350,376	338,143	674,234
Total Revenues		1,446,530	1,343,104	2,635,017	2,320,952	4,922,550
Payroll costs		(296,304)	(296,496)	(590,225)	(579,909)	(1,159,050)
Depreciation, amortisation and impairment		(100,956)	(139,605)	(202,881)	(253,386)	(480,543)
Other operating costs		(794,479)	(773,227)	(1,608,027)	(1,431,891)	(2,886,603)
Other (losses)/gains – net		27,653	(23,745)	45,949	(37,297)	(50,586)
Operating profit/(loss)		282,445	110,031	279,833	18,469	345,768
Finance income		104,557	64,281	128,108	87,953	91,946
Finance expenses		(82,631)	(327,273)	(320,906)	(481,968)	(945,918)
Net financial items		21,927	(262,991)	(192,798)	(394,015)	(853,973)
Share of profit/(loss) of associates		867	551	1,779	1,306	1,246
Profit/(loss) before income tax		305,239	(152,410)	88,814	(374,239)	(506,958)
Income tax expense		(21,381)	(23,471)	(27,591)	(29,657)	(25,110)
Profit/(loss) for the period		283,857	(175,880)	61,223	(403,897)	(532,068)

Condensed consolidated statement of comprehensive income

Unaudited

<i>(NOK 1 000)</i>	<i>Note</i>	2nd quarter 2018	2nd quarter 2017	01.01-30.06 2018	01.01-30.06 2017	Full year 2017
Profit/(loss) for the period		283,857	(175,880)	61,223	(403,897)	(532,068)
Other comprehensive income, net of tax:						
Items that will not be reclassified to profit or loss in subsequent periods:						
Actuarial gain/loss on retirement benefit obligations		767	-	343	-	(2,554)
Fair value adjustments on financial instruments		(41,500)	-	(41,500)	-	-
Sum		(40,733)	-	(41,157)	-	(2,554)
Items that will be reclassified to profit or loss in subsequent periods:						
Cash flow hedges, net of tax		3,264	(12,645)	(3,252)	(38,365)	39,345
Tax						-
Currency translation differences		(4,593)	(17,683)	(3,235)	(11,776)	21,872
Sum		(1,329)	(30,328)	(6,487)	(50,141)	61,217
Total comprehensive income for the period		241,795	(206,208)	13,579	(454,038)	(473,405)

Condensed consolidated statement of financial position

Unaudited

<i>(NOK 1 000)</i>	<i>Note</i>	30.6. 2018	30.6. 2017	31.12 2017
ASSETS				
Non-current assets				
Property, plant and equipment		4,352,902	4,257,593	4,301,649
Intangible assets		2,657,147	2,688,891	2,664,560
Deferred income tax assets		178,554	179,047	178,825
Derivative financial instruments	5	0	-	30,494
Other non-current assets		85,170	89,684	70,812
Total non-current assets		7,273,774	7,215,214	7,246,341
CURRENT ASSETS				
Inventories		155,925	118,231	148,179
Trade and other receivables	6	385,377	407,288	393,590
Derivative financial instruments	6	43,293	-	19,533
Cash and cash equivalents	6	784,401	498,992	439,206
Total current assets		1,368,995	1,024,511	1,000,508
Total assets		8,642,769	8,239,725	8,246,848
EQUITY				
Paid -in capital		1,827,646	1,827,723	1,827,646
Other equity		(1,287,499)	(1,281,759)	(1,301,079)
Total equity		540,147	545,964	526,568
LIABILITIES				
Non-current liabilities				
Borrowings	5,6	5,978,319	5,488,443	486,556
Prepaid travels with departure dates beyond one year		154,927	83,881	133,328
Other non-current liabilities		142,692	167,511	118,822
Total non-current liabilities		6,275,938	5,739,836	738,706
Current liabilities				
Trade and other liabilities	6	1,025,723	918,572	1,011,533
Prepaid travels with departure date within one year		693,204	656,718	619,598
Borrowings	5,6	94,524	142,512	5,297,020
Other current liabilities		13,234	236,125	53,425
Total current liabilities		1,826,685	1,953,926	6,981,576
Total equity and liabilities		8,642,769	8,239,726	8,246,848

Condensed consolidated statement of changes in equity

Unaudited

<i>(in NOK 1 000)</i>	01.01-30.06.2018			01.01-30.06.2017		
	Paid-in capital	Other equity	Total Equity	Paid-in capital	Other equity	Total Equity
Equity at beginning of the period	1,827,646	-1,301,079	526,568	1,827,723	-827,722	1,000,001
Comprehensive income		13,579	13,579		(454,038)	(454,038)
Contribution of equity	-	-	-	-	-	-
Equity at the close of the period	1,827,646	-1,287,500	540,146	1,827,723	-1,281,760	545,963

Condensed consolidated statement of cash flows

Unaudited

<i>(in NOK 1 000)</i>	<i>Note</i>	2nd quarter 2018	2nd quarter 2017	01.01-30.06 2018	01.01-30.06 2017	Full year 2017
Cash flows from operating activities						
Profit/(loss) before income tax		305,239	(152,410)	88,814	(374,239)	(506,959)
Adjustments for:						
Depreciation, amortisation and impairment losses		100,956	139,605	202,881	253,386	480,543
Change in prepaid travels		144,914	170,564	116,034	117,298	132,020
Other adjustments ¹⁾		(97,487)	223,835	195,070	421,471	833,271
Net cash flows from (used in) operating activities		453,622	381,595	602,799	417,916	938,875
Cash flows from investing activities						
Purchase of property, plant, equipment (PPE)		(47,982)	(62,815)	(118,624)	(202,954)	(312,157)
Purchase of intangible assets		(21,398)	(13,145)	(33,510)	(19,964)	(40,764)
Advance payment of PPE		(66,800)	(68,871)	(116,800)	(117,960)	(267,843)
Other adjustments		(56,156)	(3,627)	(35,578)	28,077	(87,556)
Net cash flows from (used in) investing activities		(192,336)	(148,458)	(304,511)	(312,801)	(708,320)
Cash flows from financing activities						
Proceeds from borrowings		(22,377)	6,834	399,529	290,652	316,725
Repayment of borrowings		(6,337)	125,578	(14,698)	(43,669)	(91,202)
Interest paid		(10,241)	(147,711)	(369,347)	(184,150)	(375,322)
Net cash flows from (used in) financing activities		(38,955)	(15,299)	15,484	62,833	(149,799)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		222,331	217,838	313,772	167,947	80,756
Cash and cash equivalents at the beginning of period		408,323	203,316	337,979	234,108	217,419
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		(22,577)	30,276	(43,673)	49,375	39,804
Cash and cash equivalents at end of period		608,078	451,430	608,078	451,430	337,979

1) Other adjustments include agio/disagio, interest and working capital adjustments to profit/loss

2) NOK 50 million of Advance payment of PPE was reclassified in first quarter of 2017 from Purchase of Property, plant and equipment

Notes to the condensed consolidated financial Statements

Note 1 Accounting policies

The interim financial report for the Group includes Silk Bidco AS with subsidiaries and associated companies. The interim financial report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial report does not include all information which will appear in the annual financial report, which is prepared in accordance with all effective IFRS-standards, and should therefore be read in connection with the annual report for Silk Bidco Group for 2017.

The annual report 2017 for the company can be obtained through a request to the company's main office. The accounting policies applied in the interim financial reporting are described in the note of accounting policies in the annual report for 2017.

As described in the Annual Financial Statements for Silk Bidco Group for 2017, note 2.2b), the vessels MS Richard With and MS Nordlys are owned by the SPV's Kystruten KS and Kirberg Shipping KS. These SPV's were previously included in Silk Bidco Group Financial Statements as consolidated entities in accordance with IFRS 10, Consolidated Financial Statements. At 30 September 2017, the Group deconsolidated these entities and recognized the vessels in the Financial Statements as Financial Lease assets according to IFRS 17, Financial Leases, based on updated evaluation of the Group's interests in Kystruten KS and Kirberg Shipping KS. The derecognition of consolidated entities and recognition of financial leases have been restated in the previous financial statements and comparable statements.

In connection with the deconsolidation of the KS' interests, the Group determined that the PPA related to the purchase of Hurtigruten ASA in 2014 was erroneous, and NOK 117 million has been restated from Goodwill to Minority interests in the opening balance of 1 January 2016.

In the preparation of the interim financial report, estimates and assumptions have been applied, which has affected assets, liabilities, revenues and costs. Actual figures can deviate from estimates applied.

Note 2 Financial risk management

There are potential risks and uncertainties that can affect the operations of the companies in the Group. This may lead to actual results deviating from expected and historical results. Information concerning the most important risks and uncertainties is disclosed in the latest annual report.

The Group is exposed to fluctuations in the price of bunker fuel, which is used to operate the ships. In order to reduce the risk related to the fuel price the Group has entered into hedges. The period from November 2015 to April 2017 was hedged through a fuel swap covering 75% of the total fuel consumption in 2016 and until end of April 2017. In 2016, the Group purchased additional derivatives contracts and hedged approximately 80% of the estimated bunker oil consumption for the period 2017 until December 2018. The company will continue to monitor the price fluctuations and cover the risk through hedges, in order to limit the impact on results. There have been no material changes in the financial risk management since the Annual financial statements for 2017 were published.

Note 3 Contingencies

Membership in the industrial fund for nitrogen oxides

Hurtigruten AS is a member of the Confederation of Norwegian Enterprise's (NHO) NOx Fund. The main objective of the Environmental Agreement concerning reductions of NOx and the NHO's NOx Fund is to reduce emissions of nitrogen oxide. The Fund is a joint venture to which affiliated businesses can apply for support for emission-reducing measures. Payment to the Fund replaces the nitrogen oxide tax for affiliated businesses.

The Environmental Agreement for 2011–2017 was signed on 14 December 2010 by 15 industry organisations and the Ministry of the Environment and was approved by EFTA's Monitoring Body (ESA) on 19 May 2011. The Fund has reported that the targets for 2011-2016 were met. On 24 May 2017, an extension to the NOx Agreement for the period 2018-2025 was signed between the business organisations and the Norwegian Authorities. The extension must be approved by ESA before it enters into force.

The Norwegian Environment Agency monitors whether individual reduction targets have been achieved. Deviations of more than 10% of reduction targets trigger a collective fine, under which businesses must pay the nitrogen oxide tax for the pro rata share of the target that has not been met. However, businesses will never pay more than the official government rate for nitrogen oxide tax.

NOK 16.3 million in nitrogen dioxide tax was recognised in Silk Bidco's consolidated financial statements for 2016 compared to NOK 15.9 million in 2017.

Note 4 Segments

<i>(in NOK 1 000)</i>	Norwegian Coast		Explorer		Spitsbergen	
	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter
	2018	2017	2018	2017	2018	2017
Operating revenues	1,026,682	952,371	148,254	121,420	101,343	101,096
Contractual revenues	175,188	168,329	-	-	-	-
Total operating revenues	1,201,870	1,120,700	148,254	121,420	101,343	101,096
Payroll costs	(237,555)	(243,028)	(36,329)	(32,865)	(22,420)	(20,603)
Depreciation and impairment losses	(77,257)	(122,661)	(18,583)	(11,972)	(5,115)	(4,833)
Other operating costs	(622,613)	(613,627)	(125,987)	(111,084)	(50,977)	(48,811)
Other (losses)/gains – net	22,852	(10,719)	4,801	(13,012)	-	(14)
Operating profit/(loss)	287,298	130,666	(27,844)	(47,512)	22,831	26,835
EBITDA	364,555	253,327	(9,261)	(35,540)	27,946	31,668

<i>(in NOK 1 000)</i>	Other Business		Eliminations		Silk Topco Group	
	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter
	2018	2017	2018	2017	2018	2017
Operating revenues	39	57	(4,976)	(170)	1,271,342	1,174,774
Contractual revenues	-	-	-	-	175,188	168,329
Total operating revenues	39	57	(4,976)	(170)	1,446,530	1,343,104
Payroll costs	-	(0)	-	-	(296,304)	(296,496)
Depreciation and impairment losses	-	(141)	-	-	(100,956)	(139,605)
Other operating costs	96	101	5,003	193	(794,479)	(773,227)
Other (losses)/gains – net	-	-	-	-	27,653	(23,745)
Operating profit/(loss)	134	18	27	23	282,445	110,031
EBITDA	134	159	27	23	383,401	249,636

<i>(in NOK 1 000)</i>	Norwegian Coast		Explorer		Spitsbergen	
	01.01-30.06	01.01-30.06	01.01-30.06	01.01-30.06	01.01-30.06	01.01-30.06
	2018	2017	2018	2017	2018	2017
Operating revenues	1,696,776	1,449,995	417,942	360,970	175,232	171,677
Contractual revenues	350,376	338,143	-	-	-	-
Total operating revenues	2,047,152	1,788,138	417,942	360,970	175,232	171,677
Payroll costs	(470,645)	(463,045)	(74,615)	(76,960)	(44,966)	(39,903)
Depreciation and impairment losses	(154,305)	(217,932)	(37,764)	(25,096)	(10,812)	(10,110)
Other operating costs	(1,208,411)	(1,087,246)	(313,196)	(256,776)	(91,720)	(88,060)
Other (losses)/gains – net	33,067	(23,536)	12,794	(13,819)	40	57
Operating profit/(loss)	246,858	(3,621)	5,161	(11,680)	27,774	33,661
EBITDA	401,163	214,311	42,926	13,415	38,586	43,771

<i>(in NOK 1 000)</i>	Other Business		Eliminations		Silk Topco Group	
	01.01-30.06	01.01-30.06	01.01-30.06	01.01-30.06	01.01-30.06	01.01-30.06
	2018	2017	2018	2017	2018	2017
Operating revenues	(150)	135	(5,158)	32	2,284,641	1,982,809
Contractual revenues	-	-	-	-	350,376	338,143
Total operating revenues	(150)	135	(5,158)	32	2,635,017	2,320,952
Payroll costs	-	(0)	-	-	(590,225)	(579,909)
Depreciation and impairment losses	-	(248)	-	-	(202,881)	(253,386)
Other operating costs	172	191	5,129	(0)	(1,608,027)	(1,431,891)
Other (losses)/gains – net	48	-	-	-	45,949	(37,297)
Operating profit/(loss)	69	78	(29)	32	279,833	18,469
EBITDA	69	326	(29)	32	482,714	271,855

Note 5 Borrowings

Unaudited

	30.6. 2018	30.6. 2017	31.12 2017
<i>(Figures stated in NOK 1000)</i>			
Long term debt			
Bond	5,342,893	4,219,493	-
Revolving Credit Facility (Goldman Sachs)	142,673	767,516	-
Lease financing	442,600	487,022	473,109
Credit facilities	-	-	-
Other borrowings	50,153	14,413	13,447
Total	5,978,319	5,488,443	486,556
Short term debt			
Bond	-	-	4,385,095
Revolving credit facility (Goldman Sachs)	-	-	773,688
Lease financing	27,941	26,801	45,193
Credit facilities	-	-	26,789
Other borrowings	66,584	115,711	66,254
Total	94,524	142,512	5,297,020
Total outstanding debt	6,072,843	5,630,955	5,783,576

The above amounts state borrowings at amortized cost, as in Statement of Financial Position.

Maturity Profile

The below maturity schedule reflects the borrowings at nominal values.

	30.6. 2018	30.6. 2017	31.12 2017
<i>(Figures stated in NOK 1000)</i>			
Less than one year	94,524	142,511	5,389,130
Between 1 and 2 years	71,092	114,311	66,224
Between 3 and 5 years	225,912	5,189,657	73,502
More than 5 years	5,807,533	319,588	346,863
Total borrowings	6,199,062	5,766,068	5,875,719

The Group Senior Secured Notes of EUR 455 million, and RCF of MEUR 85 million, were at 31 December 2017 reclassified to short term borrowings as the Bond and RCF was terminated in February 2018 and replaced by a Term loan B of EUR 575 million and a new RCF of EUR 85 million.

Note 6 Financial assets and liabilities at fair value

The following principles have been applied for the subsequent measurement of financial assets and liabilities:

At 30 June 2018:

<i>(Figures stated in NOK 1000)</i>	Loans and receivables	Assets at fair value through profit and loss	Assets at fair value through OCI	Derivatives used for hedging	Total
Assets as per balance sheet					
Other receivables, non-current	67,214	2,808	-	-	70,022
Available for sale financial instruments	-	-	8,470	-	8,470
Trade and other receivables	385,377	-	-	-	385,377
Total derivatives	-	-	-	43,293	43,293
Cash at bank, cash on hand and market-based investments in the balance sheet	783,287	1,114	-	-	784,401
Total	1,235,878	3,922	8,470	43,293	1,291,563

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Total borrowings	-	-	6,072,843	6,072,843
Derivatives	-	37	-	37
Accounts payable and other short term payables	-	-	1,025,723	1,025,723
Total	-	37	7,098,565	7,098,602

In September 2017, Silk Bidco Group purchased 15.9 % of the shares in Kleven Maritime AS, the parent company of Kleven Verft AS, with purchase price NOK 50 million. In June 2018, the Silk Bidco Group parent company Silk Topco AS purchased 100% of the shares in Kleven Verft AS, resulting in a fair value adjustment of the investment in Kleven Maritime AS of NOK -42 million. The investment is held as Available for sale, and fair value adjustments are recognized through Other Comprehensive Income according to IFRS 9.

At 30 June 2017:

<i>(Figures stated in NOK 1000)</i>	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
Assets as per balance sheet				
Other receivables, non-current	81,244	3,000	-	84,244
Trade and other receivables	407,288	-	-	407,288
Total derivatives	-	-	-	-
Cash at bank, cash on hand and market-based investments in	497,871	1,121	-	498,992
Total	986,402	4,122	-	990,524

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Total borrowings	-	-	5,630,955	5,630,955
Derivatives	-	59,034	-	59,034
Accounts payable and other short term payables	-	-	918,572	918,572
Total	-	59,034	6,549,526	6,608,560

The carrying amount for the financial assets and liabilities has been assessed and does not differ materially from fair value, except for total borrowings. Fair value of total borrowings at 30 June 2018 was NOK 6,199 million (NOK 5,809 million).

Note 7 Business influenced by seasonal factors

The Hurtigruten coastal service is influenced by seasonal factors with the main season traditionally from May through August. In recent years the company has developed seasonal concepts, "Hunting the light" for the winter season, "Arctic Awakening" in the spring, "Midnight Sun" in the summer and "Autumn Gold" in the fall. This has increased the number of cruise nights in the months outside the traditional main season. The itinerary and fleet of the company is according to the Hurtigruten public procurement contract, which involves daily departures from Bergen all year through.

Explorer cruises are cyclical because the cruises are concentrated around four geographic areas (different parts of the year); the Antarctic, Svalbard, Greenland and cruise between the Antarctic and the Arctic. The land based Svalbard operation has a main season reaching from March through August. This activity is operated by the subsidiary Hurtigruten Svalbard AS.

Note 8 Events after the balance sheet date

There were no other events after balance-sheet date and before the date of the approval of the interim financial report for the Second quarter, which provides new information about conditions that existed at the balance sheet date (that are not currently reflected in the financial statement), or significant event after the balance sheet date that require further disclosures.