



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 914 274 133  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: DEEP SEA SUPPLY AS  
Forretningsadresse: Storgaten 4  
4876 GRIMSTAD

### Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Nei

### Regnskapsregler

Regler for små foretak benyttet: Ja  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Jostein Fjelland  
Dato for fastsettelse av årsregnskapet: 28.06.2019

### Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert  
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 19.11.2020



## Resultatregnskap

Beløp i: USD	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Nedskrivning av varige driftsmidler og immaterielle eiendeler	7	49 077 000	50 550 000
Other operating expenses		53 000	20 000
<b>Sum kostnader</b>		<b>49 130 000</b>	<b>50 570 000</b>
<b>Driftsresultat</b>		<b>-49 130 000</b>	<b>-50 570 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap	2	656 000	258 000
<b>Sum finansinntekter</b>		<b>656 000</b>	<b>258 000</b>
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	2	14 191 000	0
Rentekostnad til foretak i samme konsern	2	2 868 000	1 092 000
Annen finanskostnad		2 000	-7 000
<b>Sum finanskostnader</b>		<b>17 061 000</b>	<b>1 085 000</b>
<b>Netto finans</b>		<b>-16 405 000</b>	<b>-827 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-65 535 000</b>	<b>-51 397 000</b>
Skattekostnad på ordinært resultat	5		
<b>Ordinært resultat etter skattekostnad</b>		<b>-65 535 000</b>	<b>-51 397 000</b>
<b>Årsresultat</b>		<b>-65 535 000</b>	<b>-51 397 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-65 535 000	-51 397 000
<b>Sum overføringer og disponeringer</b>		<b>-65 535 000</b>	<b>-51 397 000</b>



## Balanse

Beløp i: USD	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		2 000	2 000
<b>Sum varige driftsmidler</b>		<b>2 000</b>	<b>2 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	7	7 101 000	56 178 000
<b>Sum finansielle anleggsmidler</b>		<b>7 101 000</b>	<b>56 178 000</b>
<b>Sum anleggsmidler</b>		<b>7 103 000</b>	<b>56 180 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer		0	28 000
Konsernfordringer	2	196 000	13 718 000
<b>Sum fordringer</b>		<b>196 000</b>	<b>13 746 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		109 000	11 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>109 000</b>	<b>11 000</b>
<b>Sum omløpsmidler</b>		<b>305 000</b>	<b>13 757 000</b>
<b>SUM EIENDELER</b>		<b>7 408 000</b>	<b>69 937 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	3,4	4 302 000	4 302 000



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Share premium	3	288 762 000	288 762 000
<b>Sum innskutt egenkapital</b>		<b>293 064 000</b>	<b>293 064 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	3	-351 867 000	-286 332 000
<b>Sum opptjent egenkapital</b>		<b>-351 867 000</b>	<b>-286 332 000</b>
<b>Sum egenkapital</b>		<b>-58 803 000</b>	<b>6 732 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		6 000	0
Kortsiktig konserngjeld	2	66 103 000	63 205 000
Annen kortsiktig gjeld		104 000	0
<b>Sum kortsiktig gjeld</b>		<b>66 213 000</b>	<b>63 205 000</b>
<b>Sum gjeld</b>		<b>66 213 000</b>	<b>63 205 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>7 410 000</b>	<b>69 937 000</b>



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Journalnummer: 2019 857124

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Brønnøysundregistrene, 07.08.2019

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**Brønnøysundregistrene**

Postadresse: Postboks 900, 8910 Brønnøysund  
Telefoner: Opplysningstelefonen 75 00 75 00 Administrasjonen 75 00 75 09 Telefaks 75 00 75 05  
E-post: fimapost@brreg.no Internett: www.brreg.no  
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 914 274 133  
DEEP SEA SUPPLY AS

## RESULTATREGNSKAP

Beløp i: USD	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
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Årsresultat		-65 535 000	-51 397 000
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-65 535 000	-51 397 000
Sum overføringer og disponeringer		-65 535 000	-51 397 000



Organisasjonsnr: 914 274 133  
DEEP SEA SUPPLY AS

## BALANSE

Beløp i: USD Note 2018 2017

### BALANSE - EIENDELER

#### Anleggsmidler

##### Innmaterielle eiendeler

##### Varige driftsmidler

Driftsløsøre, inventar,  
verktøy, kontormaskiner  
og lignende

2 000

2 000

Sum varige driftsmidler

2 000

2 000

##### Finansielle anleggsmidler

Investering i datterselskap 7

7 101 000

56 178 000

Sum finansielle

7 101 000

56 178 000

anleggsmidler

Sum anleggsmidler

7 103 000

56 180 000

#### Omløpsmidler

##### Varer

##### Fordringer

Kundefordringer

0

28 000

Konsernfordringer

2

196 000

13 718 000

Sum fordringer

196 000

13 746 000

##### Bankinnskudd, kontanter og lignende

Bankinnskudd, kontanter  
og lignende

109 000

11 000

Sum bankinnskudd,  
kontanter og lignende

109 000

11 000

Sum omløpsmidler

305 000

13 757 000

SUM EIENDELER

7 408 000

69 937 000

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

##### Innskutt egenkapital

Share capital

3,4

4 302 000

4 302 000

Share premium

3

288 762 000

288 762 000

Sum innskutt egenkapital

293 064 000

293 064 000

##### Opptjent egenkapital

Annen egenkapital

3

-351 867 000

-286 332 000

Sum opptjent egenkapital

-351 867 000

-286 332 000



Sum egenkapital	-58 803 000	6 732 000
Sum langsiktig gjeld	0	0
Kortsiktig gjeld		
Leverandørgjeld	6 000	0
Kortsiktig konserngjeld	2 66 103 000	63 205 000
Annen kortsiktig gjeld	104 000	0
Sum kortsiktig gjeld	66 213 000	63 205 000
Sum gjeld	66 213 000	63 205 000
SUM EGENKAPITAL OG GJELD	7 410 000	69 937 000



Organisasjonnr: 914 274 133  
DEEP SEA SUPPLY AS

**NOTEOPPLYSNINGER - SELSKAP** - alle poster oppgitt i hele tall

Note  
1,8

Regnskapsprinsipper  
Se noter i årsregnskapet

Note  
8  
Er det usikkerhet om fortsatt drift?: Ja

se note 8 i årsregnskapet

Note  
7

**Antall aksjer og aksjeeiere**

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære aksjer	60.00	72.00	4302.00

<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Solship Invest 3 AS	60.00	100.00%	Ordinære aksjer

<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>
	60.00	100.00%

se note 4

Note  
6

**Lønn og ytelser**

ingen ansatte

Note  
6

Ytelser til ledende personer  
Er det gitt ytelser til ledende person: Nei

**Ytelser til daglig leder**

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
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Note  
6

Ytelser til andre ledende personer

no remuneration has been paid to Board of Directors during 2018

Note  
6

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	43000.00	20000.00
<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
	5000.00	1000.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	48000.00	21000.00

se note 6

Note  
6

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:  
0.00

Note  
6

Obligatorisk tjenstepensjon

ingen ansatte

Note  
6

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Note  
7

Konsern, tilknyttet selskap og datterselskap



## Tilknyttet selskap/datterselskap

<u>Navn og adresse</u>	<u>Eierandel</u>	<u>Stemmeandel</u>	<u>Egenkapital</u>	<u>Resultat</u>
Deep Sea Supply Shipowning AS	100.00%	100.00%	-21424.00	-47088.00
Deep Sea Supply Shipowning I AS	96.70%	96.70%	-66795.00	-40415.00
Deep Sea Supply Shipowning II AS	100.00%	100.00%	-53947.00	-23275.00
Deep Sea Supply Shipowning III AS	100.00%	100.00%	7101.00	-23414.00

se note 7

Konsernregnskapet inngår i konsolideringen til morselskap: Ja

<u>Navn</u>	<u>Forretningskontor</u>
Solstad Offshore ASA	Skudeneshavn

Note

5

## Skattekostnad

Resultatført skatt på ordinært resultat

Skattepliktig inntekt

Betalbar skatt i balansen

se note 5 skatt

Note

1

Midlertidige forskjeller - utsatt skatt/skattefordel

Note

1

Noteopplysninger ut over minimumskravene for små foretak  
noter i årsregnskapet



## Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 18.03.2016	Vår dato 29.03.2016
Telefon 22078139	Deres referanse Peter R. Elleson	Vår referanse 2016/247372

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS  
Postboks 447  
4664 KRISTIANSAND S

PRICEWATERHOUSECOOPERS  
INNKOMMET 31 MAR 2016

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 18. mars 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

<b>Deep Sea Supply Management AS</b>	<b>org.nr. 990 397 090</b>
<b>Deep Sea Supply Shipowning AS</b>	<b>org.nr. 986 847 839</b>
<b>Deep Sea Supply BTG AS</b>	<b>org.nr. 914 274 133</b>
<b>Deep Sea Supply Shipowning I AS</b>	<b>org.nr. 914 439 639</b>
<b>Deep Sea Supply Shipowning II AS</b>	<b>org.nr. 914 439 736</b>
<b>Deep Sea Supply Shipowning III AS</b>	<b>org.nr. 914 441 277</b>

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Deep Sea Supply Plc er et børsnotert selskap hjemmehørende på Kypros. Selskapet er morselskap i en konsernstruktur med datterselskaper i en rekke land (Kypros, Brasil, Malaysia, Singapore og Norge). I tillegg eier selskapet 50 % i et joint venture med den brasilianske investeringsbanken BTG Pactual. Joint venture er etablert i Norge med et felles holdingselskap og underliggende skipseiende selskaper. Konsernets hovedaktivitet er å eie og drive ankerhånderings- og supplyfartøyer. Driften består av utleie av fartøyene på bareboat eller time charter. Konsernets virksomhet er verdensomspennende, med særlig fokus på Brasil, Nordsjøen, Sør-Øst-Asia og Afrika.

Deep Sea Supply Management AS og Deep Sea Supply Shipowning AS er heleid av Deep Sea Supply Plc. Joint venture med BTG Pactual består av holdingselskapet Deep Sea Supply BTG AS, som er eid 50/50 av Deep Sea Supply Plc og BTG. Dette selskapet har tre underliggende

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



heleide skipseiende datterselskaper; Deep Sea Supply Shipowning I AS, Deep Sea Supply Shipowning II AS og Deep Sea Supply Shipowning III AS.

Bransjen selskapene tilhører er internasjonal og arbeidsspråket på verdensbasis er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

#### **Skattedirektoratets vurdering**

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eid av utenlandsk selskaper. Eierkretsen er begrenset. Videre er det vektlagt at selskapene driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.



2016/247372 Side 3 av 3

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
*seniorrådgiver*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*





## Directors' report 2018

### Background and activities

Deep Sea Supply AS ("the Company") was established in 25th of September 2014. The company was merged with Deep Sea Supply BTG B.V. 23rd of September 2015. The company was a joint venture on a 50/50 basis between Deep Sea Supply PLC and Sagale Beteiligungsverwaltungs GMBH, until 16 of September 2016, at which date, Deep Sea Supply PLC acquired 100% of the Company.

Deep Sea Supply PLC merged on 22th of June 2017, with Solship Invest 3 AS, a wholly owned subsidiary of Solstad Farstad ASA.

The Company is the parent company of Deep Sea Supply Shipowning I AS, Deep Sea Supply Shipowning II AS, Deep Sea Supply Shipowning III AS and Deep Sea Supply Shipowning AS. The four subsidiaries are the owners of 23 vessels, 3 AHTS vessels and 20 PSV vessels and have 4 vessels bare boated on a long term contract from a third party, 2 AHTS and 2 PSVs.

The company is domiciled in Storgaten 4 in Grimstad, Norway.

### Financial status

Below is a summary of the financial position of the company.

#### *Revenues and Profit*

The Company's revenues were nil during 2018, due to the downturn in the offshore supply market, which resulted in zero dividends from its subsidiaries.

Total operating expenses were MUSD 49.13 out of which MUSD 49.08 were impairment charges on investments.

Net loss for the year after tax was MUSD 65.54.

#### *Equity*

The company's total equity at the end of 2018 was negative MUSD 58.8.

### Going concern

The financial statements are prepared on a going concern basis.

However, for companies of Solstad Offshore ASA Group ("the Group"), financial situation is unsustainable as equity is negative and liquidity is under pressure. The Group and the Company, is in discussions with key creditors to achieve a global refinancing. The long-term viability of the Group's and Company's business is depending on a successful refinancing. The going concern assumption is based on the board's view that the efforts in this respect have a possibility of success. A solution is expected to involve a comprehensive restructuring of the balance sheet of the companies of the Group. The outcome of the discussions and the going concern assumption is nevertheless subject to material uncertainty. If the discussions are not successful, and in the event the Group and the Company should be forced to realize its assets, there is a risk that these will be realized at a significantly lower value than their carrying amount, as value in use is higher than estimated sales values for several of the vessels.

In July 2018, a number of entities in the Solship Invest 3 AS Group entered into an agreement with their financial creditors for the deferral of scheduled instalments and bareboat payments until 31.12.2019 in a total amount of approximately MUSD 48. The financial restructuring also included a MUSD 27 loan from Sterna Finance Ltd to Solship Invest 3 AS Group ("SI3") which owns the Company. The loan agreement implies that Sterna Finance Ltd has an option to take over the shares of the holding company of SI3 into one option price of NOK 1. In March 2019, all of the relevant creditors but one also agreed to suspend interest payments until 20.06.2019. A unilateral suspension of principal and interest payment was implemented towards the dissenting creditor from the same time. Later in June 2019, the Group has reached an agreement with all secured creditors being part to the Suspension to an extension of the Suspension until the expiry of October 31st, 2019 as more time is required to find a sustainable



solution to the financial situation of the SOFF group. Solstad Offshore ASA and the Company is experiencing continued support from its creditors and stakeholders in this process which is conducted in a co-operative manner with a view to find a consensus based overall solution. It is acknowledged by all involved parties that securing contracts and operating the business in its ordinary course is a key priority, and the parties are acting accordingly.

See notes 8,9 to the financial statement for further information.

For further information, see press releases via the homepage of the group: [www.solstadfarstad.com](http://www.solstadfarstad.com)

## **Financial risk**

Below, we will explain some key risk factors:

### *Assessment of the company's assets*

The value of the vessels could change, due to long-term changes in the market (earnings) for this Type of vessels, the cost of newbuilding of vessels etc. This may affect the subsidiaries equity and subsequently impair further the investment position of the Company in these subsidiaries.

### *Market risk*

The Company's subsidiaries have and will have its fleet in the spot market which means uncertainty about future rate levels and thus the company's revenues and profits. The market was weak throughout 2018 and future development depends on the activity level for the oil companies.

## **Health, safety and environment**

The company has no employees. The company does not pollute the environment.

## **Equality**

The Board consists of men. The Board strives to gender equality.

## **Future outlook**

The Company has 4 subsidiaries who own offshore service vessels, and hence its performance and position is highly affected by the market situation for offshore service vessels.

The general expectation for the oil price in 2018 was a steady and stable increase towards a more sustainable level. After an upward trend the first 9 months of the year, the Brent Crude oil price was reduced from USD 85 per barrel to USD 52 in fourth quarter. Despite this, a number of new projects have been sanctioned and E&P spending seems to increase in 2019 compared with 2018. Drilling activity in established basins, particularly in mid-water areas like the North Sea, has been leading the increased activity.

The demand for offshore vessels has increased, but the combination of reactivation of vessels from layup and vessels mobilizing between regions, were the main reasons why day rates showed only a modest increase compared to previous year. The number of vessels in layup was reduced during 2018.

Reactivations were mainly done based on firm contract awards and less on a speculative basis. Globally, several hundred vessels are still in layup, many of which have been laid up for a period of more than three years. Newbuilds were scarce in 2018, both in terms of new orders and deliveries from yards.

According to several research analysts, the offshore activity is expected to increase gradually. The increased drilling activity in the North Sea is expected to eventually also expand into other regions like the Mediterranean, West Africa and the Middle East. A recovery is not expected to come uniformly to all vessel types and in all regions at the same time. The winter months may still be challenging in the North Sea as rig and construction activity slows down. Structural changes in the industry that have resulted in greater efficiencies and therefore less demand for vessels will also be an important feature towards a more balanced market.



Other key markets like Brazil and Australia is lagging in the market recovery. Brazil has been an important source of vessel demand previously and the low recovery in the region impacts the global fleet of offshore vessels. Though no further reduction in demand is expected in 2019, only a limited increase is expected. For Australia a moderate uptick in vessel demand may be seen towards the end of 2019.

The Annual report gives a fair review of the developments and the performance of the business as well as the financial position of Company.

**Allocation of profit**

Loss after tax is MUSD 65.54 and proposed transferred to other equity.

Grimstad, 27th June 2019

Lars Peder Solstad  
Chairman of the Board

Sven Stakkestad  
Member of the board

Anders Hall Jomaaas  
Member of the board



## Deep Sea Supply AS

### INCOME STATEMENT

(Amounts in USD 1000)

	Note	2018	2017
Revenue		0	0
<b>Total revenue</b>		<b>0</b>	<b>0</b>
Impairment on investments	7	-49,077	-50,550
Other operating expenses		-53	-20
<b>Total operating expenses</b>		<b>-49,130</b>	<b>-50,570</b>
<b>Operating loss</b>		<b>-49,130</b>	<b>-50,570</b>
Interest income from subsidiaries and associated companies	2	656	258
Interest expenses from subsidiaries and associated companies	2	-2,868	-1,092
Impairment financial assets	2	-14,191	0
Other financial expense/income		-2	7
<b>Loss before income tax</b>		<b>-65,535</b>	<b>-51,396</b>
Income tax expense	5	0	0
<b>Net loss for the year</b>		<b>-65,535</b>	<b>-51,396</b>



## Deep Sea Supply AS

### BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

<b>ASSETS</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Fixtures and fittings, tools, office machinery and equipment		2	2
<b>Total tangible assets</b>		<b>2</b>	<b>2</b>
Investments in subsidiaries	7	7,101	56,178
<b>Total financial fixed assets</b>		<b>7,101</b>	<b>56,178</b>
<b>TOTAL FIXED ASSETS</b>		<b>7,103</b>	<b>56,180</b>
Trade receivables		0	28
Receivables with group companies	2	196	13,718
<b>Total receivables</b>		<b>196</b>	<b>13,746</b>
<b>Cash and bank deposits</b>		<b>109</b>	<b>11</b>
<b>TOTAL CURRENT ASSETS</b>		<b>306</b>	<b>13,757</b>
<b>TOTAL ASSETS</b>		<b>7,409</b>	<b>69,937</b>

**Deep Sea Supply AS****BALANCE SHEET AT 31.12.**

(Amounts in USD 1000)

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Share capital	3,4	4,302	4,302
Share premium	3	288,762	288,762
<b>Total paid-in equity</b>		<b>293,064</b>	<b>293,064</b>
Other equity	3	-351,867	-286,332
<b>Total retained earnings</b>		<b>-351,867</b>	<b>-286,332</b>
<b>TOTAL EQUITY</b>	<b>3</b>	<b>-58,803</b>	<b>6,732</b>
Accounts payable		6	0
Liabilities to related parties	2	66,103	63,205
Other short-term liabilities		104	0
<b>Total other current liabilities</b>		<b>66,213</b>	<b>63,205</b>
<b>TOTAL LIABILITIES</b>		<b>66,213</b>	<b>63,205</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,409</b>	<b>69,937</b>

Grimstad, 27 June 2019

Lars Peder Solstad  
Chairman of the BoardSven Stakkestad  
Member of the BoardAnders Hall Jomaas  
Member of the Board



## **Note 1 Accounting principles**

### **Basis of preparation**

The annual accounts have been prepared in compliance with the Accounting Act and Good Accounting Practices for Small Enterprises.

### **Functional and presentation currency**

The company uses USD as functional currency and presentation currency.

All amounts in these financial statements are in USD 1 000 unless otherwise stated.

### **Use of estimates**

The preparation of financial statements in compliance with the Norwegian Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

### **Classification of balance sheet items**

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

### **Investments in other companies**

Except for short term investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

### **Asset impairments**

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except write down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present. Reversal of previously recognized impairment



is limited to the amount the carrying value of the asset would have been, had the initial impairment charge not taken place.

## **Debtors**

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a write down is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

## **Foreign currencies**

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold.

## **Liabilities**

Liabilities, except for certain liability provisions, are recognised in the balance sheet at nominal amount.

## **Taxes**

The company is taxed under The Norwegian Tonnage Tax Regime and will not be taxed based on its net operating profit. Taxation under the shipping tax regime requires compliance to stringent requirements, and voluntary or compulsory exit from the regime will result in taxation of net profits based on ordinary taxation. Net taxable financial income is taxed according to the shipping tax regime (24 %). Tonnage tax paid under the tonnage tax regime is classified as operational expenses.



**Note 2 Balance with group companies, etc.**

	Other debtors	
	2018	2017
Group companies	196	13,718
<b>Total</b>	<b>196</b>	<b>13,718</b>

	Other long term	
	2018	2017
Group companies	-66,103	-63,205
<b>Total</b>	<b>-66,103</b>	<b>-63,205</b>

An amount of kUSD 14,191 (2017: Nil) has been recognised as an impairment of receivables from group companies.

**Transactions with related parties**

Related parties are members of the board, management and other companies within the group.

<i>Revenue transactions</i>	2018	2017
Interest income	656	258
<b>Total Revenue transactions</b>	<b>656</b>	<b>258</b>

<i>Cost transactions</i>	2018	2017
Interest expense	-2,868	-1,091
<b>Total cost transactions</b>	<b>-2,868</b>	<b>-1,091</b>

**Note 3 Shareholders' equity**

Equity changes in the year	Share capital	Share premium	Other equity	Total
Equity 01.01.	4,302	288,762	-286,332	6,732
Profit for the year	0	0	-65,535	-65,535
<b>Equity 31.12.</b>	<b>4,302</b>	<b>288,762</b>	<b>-351,867</b>	<b>-58,803</b>

**Note 4 Share capital and shareholder information**

The share capital consists of 60 shares, each with a nominal value of NOK 605 224 each.

All shares issued are fully paid in.

Deep Sea Supply AS has the following shareholders:

	Location	Number of shares	Ownership
Solship Invest 3 AS	Skudeneshavn, Norway	60	100%
<b>Total number of shares</b>		<b>60</b>	



The parent company of Solship Invest 3 AS has its registered offices in Nesavegen 39, 4280 Skudeneshavn in Karmøy in Rogaland, Norway.

The ultimate parent company Solstad Offshore ASA is listed on the Oslo stock exchange.

The consolidated accounts are available from the company's webpage: [www.solstad.com](http://www.solstad.com)

## Note 5 Taxes

The ship owning companies in the group entered into the Norwegian shipping tax system as of 23.9.2015.

Only a few vessels in the group pay tonnage tax, given the size of the vessels.

Based on net taxable loss from finance the company has a loss carried forward as of 31.12.18 of kNOK 26 915.

## Note 6 Payroll expenses, number of employees, remunerations, loans to employees, etc.

There have been no employees in the company throughout the year.

No remuneration has been paid to Board of Directors during 2018.

No loans/securities have been granted to the general manager, board chairman or other related parties.

### Expensed audit fee

	2018	2017
Statutory audit (incl. technical assistance with financial statements)	43	20
Other assurance services	5	1
<b>Total audit fees</b>	<b>48</b>	<b>21</b>

## Note 7 Subsidiaries, associated companies, and joint ventures

### Parent company

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

Subsidiaries	Location	Ownersh p/ voting right	Equity last year (100%)	Result last year (100%)	Balance sheet value
Deep Sea Supply Shipowning AS	Grimstad, Norway	100%	-21,424	-47,088	0
Deep Sea Supply Shipowning I AS	Grimstad, Norway	96.7 %	-66,795	-40,415	0
Deep Sea Supply Shipowning II AS	Grimstad, Norway	100%	-53,947	-23,275	0
Deep Sea Supply Shipowning III AS	Grimstad, Norway	100%	7,101	-23,414	7,101
<b>Balance sheet value 31.12.</b>			<b>-135,065</b>	<b>-134,191</b>	<b>7,101</b>

The investments in subsidiaries has been impaired with the total of USD 49 077 in 2018, mainly due to negative equity in the subsidiaries. Deep Sea Supply Shipowning III AS has a higher balance sheet value than book equity in the subsidiary, due to headroom in the value in use calculation for the owned vessels.

Due to weak and challenging market conditions with decreased ship values, the company has impaired the value for several of the vessels in its subsidiaries, which has led to an impairment of the investments in subsidiaries.



The company has received independent valuation on the vessels from 2 independent brokers. Value in use calculation has been prepared for all vessels. The most important assumptions in the value in use calculation are a WACC on 9.3 %, and to estimate the revenue rates.

For vessels having firm contracts, revenue is based on the current contracts. For vessels without firm contracts, and for vessels where the firm contract expires during the period, revenue is based on historical data. For the first period it is expected that the day rates for the PSV- and AHTS segment will remain low. From 2023 to 2025 it is assumed a gradual increase of revenue to a level which correspond to the average rates for the past 7-10 years. It is expected that the markets are normalized within 2025.

The company has used a growth assumption on 0 - 1 % until 2021 and after 2021 they have added an inflation rate adjustment of 2 % to the revenue.

## **Note 8 Going concern**

The financial statements are prepared on a going concern basis.

However, for companies of Solstad Offshore ASA Group ("the Group"), financial situation is unsustainable as equity is negative and liquidity is under pressure. The Group and the Company, is in discussions with key creditors to achieve a global refinancing. The long-term viability of the Group's and Company's business and hence the Company's is depending on a successful refinancing.

The going concern assumption is based on the board's view that the efforts in this respect have a possibility of success. A solution is expected to involve a comprehensive restructuring of the balance sheet of the companies of the Group.

The outcome of the discussions and the going concern assumption is nevertheless subject to material uncertainty. If the discussions are not successful, and in the event the Group and the Company should be forced to realize its assets, there is a risk that these will be realized at a significantly lower value than their carrying amount, as value in use is higher than estimated sales values for several of the vessels.

As at 31 December 2018 The Company has negative equity.

## **Note 9 Events after the balance sheet date**

In July 2018, a number of entities in the Solship Invest 3 AS Group entered into an agreement with their financial creditors for the deferral of scheduled instalments and bareboat payments until 31.12.2019 in a total amount of approximately MUSD 48.

The financial restructuring also included a MUSD 27 loan from Sterna Finance Ltd to Solship Invest 3 AS Group ("SI3") which owns the Company. The loan agreement implies that Sterna Finance Ltd has an option to take over the shares of the holding company of SI3 into one option price of NOK 1.

In March 2019, all the relevant creditors but one also agreed to suspend interest payments until 20.06.2019. A unilateral suspension of principal and interest payment was implemented towards the dissenting creditor from the same time. Later in June 2019, the Group has reached an agreement with all secured creditors being part to the Suspension to an extension of the Suspension until the expiry of October 31st, 2019 as more time is required to find a sustainable solution to the financial situation of the SOFF group.

Solstad Offshore ASA and the Company is experiencing continued support from its creditors and stakeholders in this process which is conducted in a co-operative manner with a view to find a consensus based overall solution. It is acknowledged by all involved parties that securing contracts and operating the business in its ordinary course is a key priority, and the parties are acting accordingly.



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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Deep Sea Supply AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Deep Sea Supply AS, which comprise the balance sheet as at 31 December 2018, the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 8 in the financial statements and the Board of Director's report, which indicates that the Company incurred a net loss of USD 65 535 thousand during the accounting year 2018 and, as of that date, the Company's current liabilities exceeded its total assets by USD 58 803 thousand. Further, as at 31 December 2018 the Company's equity is negative with USD 58 803 thousand. The company is a part of the group Solstad Offshore ASA which is currently negotiating a refinancing agreement with its lenders, and for a large part of the group's and company's liabilities the lenders have agreed to a temporary standstill period until 31 October 2019. The going concern assumption is dependent on a successful refinancing. There is a risk that the group and the company will not reach an agreement with the lenders, and in the event the company should be forced to realize its assets, no assurance can be given that these will not be realized at a significantly lower value than their carrying value. These events or conditions, along with other matters as set forth in note 9 and the Board of Director's report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other legal and regulatory requirements

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our

Independent auditor's report - Deep Sea Supply AS

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opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 28 June 2019  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Asbjørn Rødal  
State Authorised Public Accountant (Norway)

Petned Dokumentnøkkel: N60Y3-XBPTLFFZZI5CSVU-YJ2XE-ESGXQ



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## Asbjørn Rødal

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