



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	918 665 803
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SOLSTAD ÅLESUND AS
Forretningsadresse:	Skansekaia 4A 6002 ÅLESUND

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Idar Johannes Gjerde
Dato for fastsettelse av årsregnskapet:	21.10.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 18.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Other income	3	25 323 967	22 461 877
Sum inntekter		25 323 967	22 461 877
Kostnader			
Depreciation	6	3 345 844	3 675 186
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5	-310 950 000	-310 950 000
Administration	4, 7, 15	1 640 828 067	32 993 291
Sum kostnader		1 333 223 911	-274 281 523
Driftsresultat		-4 564 232 111	253 218 697
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		46 660 525	69 437 277
Annen renteinntekt		6 718 829	-227 880
Financial income		19 623	94 103
Sum finansinntekter		53 398 977	69 303 500
Impairment shares and receivables	11, 12		
Rentekostnad til foretak i samme konsern		3 795 795	7 667 480
Annen rentekostnad		587 285	-4 524 941
Financial expenses		908 949 938	841 856
Sum finanskostnader		913 333 017	3 984 395
Netto finans	17	-859 934 040	65 319 105
Ordinært resultat før skattekostnad		-2 167 833 984	362 062 506
Tax	8		
Ordinært resultat etter skattekostnad		-2 167 833 984	362 062 506
Årsresultat	10, 18	-6 503 501 953	1 086 187 518
Årsresultat etter minoritetsinteresser		-2 167 833 984	362 062 506



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Totalresultat		-2 167 833 984	362 062 506



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Negative goodwill	5	-466 425 000	-777 375 000
Sum immaterielle eiendeler		-466 425 000	-777 375 000
Varige driftsmidler			
Fixed assets office	6	11 718 994	15 064 378
Sum varige driftsmidler		11 718 994	15 064 378
Finansielle anleggsmidler			
Investering i datterselskap	11		2 792 554
Investering i annet foretak i samme konsern	11		576 937 597
Lån til foretak i samme konsern	12		755 939 933
Other long-term receivables		7 800 000	7 800 000
Sum finansielle anleggsmidler		7 800 000	1 343 470 084
Sum anleggsmidler		-427 387 013	1 939 693 924
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables	14	4 354 651	97 430
Other short-term receivables	12	33 377 879	968 170 928
Sum fordringer		37 732 530	968 268 359
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	9	29 218 049	11 084 105
Sum bankinnskudd, kontanter og lignende		29 218 049	11 084 105
Sum omløpsmidler		66 950 579	979 352 464
SUM EIENDELER		-379 955 427	1 560 511 926



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	16	30 000	30 000
Sum innskutt egenkapital		30 000	30 000
Opptjent egenkapital			
Uncovered loss		-2 898 105 247	-730 271 258
Sum opptjent egenkapital		-2 898 105 247	-730 271 258
Sum egenkapital	10, 18	-2 898 075 247	-730 241 258
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	7	12 932 203	14 072 223
Sum avsetninger for forpliktelser		12 932 203	14 072 223
Annen langsiktig gjeld			
Konvertible lån	2, 12		1 542 656 370
Other long term liabilities	15	18 700 000	25 200 000
Sum annen langsiktig gjeld		18 700 000	1 567 856 370
Sum langsiktig gjeld		31 632 203	1 581 928 592
Kortsiktig gjeld			
Leverandørgjeld		57 724 759	43 287 158
Other current liabilities	12, 13	2 428 762 857	665 537 434
Sum kortsiktig gjeld		2 486 487 617	708 824 592
Sum gjeld		2 518 119 820	2 290 753 184
SUM EGENKAPITAL OG GJELD		-379 955 427	1 560 511 926



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Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Farstad Shipping AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Farstad Shipping AS, which comprise the balance sheet as at 31 December 2020, the income statement and statements of cash flows 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 2020 and its financial performance and cash flows 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

As described in disclosure 18, the equity is lost and the liquidity is under pressure. The Company's operational activity is limited. Farstad Shipping AS is dependent on financial support from its owners. No formal guarantee of support is provided to the Company. These conditions, along with other matters as set forth in note 18, 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



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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 the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

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 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.

Independent auditor's report - Farstad Shipping AS

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Other matters

This auditor's report replaces the previous auditor's report, dated 6 September 2021, that was issued at the end of the statutory deadline for presenting the financial statements. A complete set of financial statements was at the time not issued by the Board of Directors.

Bergen, 21 October 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

Penneo document key: 6LGCC-UZ6XL-1GG52-KOSEY-1FPDT-MZED7

Independent auditor's report - Farstad Shipping AS

A member firm of Ernst & Young Global Limited



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"By my signature I confirm all dates and content in this document."

Øyvind Nore

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

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Annual Report 2020 Farstad Shipping AS

Org.no.: 918 665 803



FARSTAD SHIPPING AS BOARD OF DIRECTOR'S REPORT – 2020

The company is part of a shipping group and is a wholly owned subsidiary of the listed holding company Solstad Offshore ASA.

Farstad Shipping AS's business was to serve as a parent company in a group that included ownership and leasing of offshore service vessels. AS a result of the refinancing of the Solstad Group, the Company sold all its shares internally. The Company is currently serving as an Administration company providing office premises and certain other services for the Solstad Group.


The company had 14 employees at the beginning of the year. Ending 2020 the company had 1 employee. The company's board consists of 3 men and no women.

The financial statement shows a loss for the year of MNOK 2.168 and the equity is negative by MNOK 2.898 as of 31.12.20. The opinion of the Board is that the presented income statement and balance sheet and accompanying notes and cash flow statement provide comprehensive information about the operations and position at the end of the year.


The annual accounts are prepared under the assumption of going concern. However, the equity is lost and the liquidity is under pressure. The company's operational activity is limited. Farstad Shipping AS is dependent on financial support from its owners. No formal guaranties for support are provided to the company. The board would like to emphasize that there is material uncertainty related to the going concern assumption.

The Board proposes that the loss for the year of NOK 2.167.833.984 is transferred to Uncovered loss. Based on the proposed disposals, the company's book equity at the end of the year was negative by NOK 2.898.075.427.

Skudeneshavn, 20. October 2021


Lars Peder Solstad
chairman of the board


Kjetil Ramstad
member of the board


Eivind Kvilhaug
member of the board



PROFIT AND LOSS

FARSTAD SHIPPING AS (NOK 1)

	Note	2019	2019
Operating income:			
Other income	3	25 323 967	22 461 877
Total operating income		25 323 967	22 461 877
Operating expenses:			
Administration	4, 7, 15	1 640 828 067	32 993 291
Total operating expenses		1 640 828 067	32 993 291
Operating profit before depreciations (EBITDA)		-1 615 504 100	-10 531 413
Depreciation	6	3 345 844	3 675 186
Negative goodwill recognition	5	-310 950 000	-310 950 000
Operating result (EBIT)		-1 307 899 944	296 743 401
Financial items:			
Interest income from group companies		46 660 525	69 437 277
Financial income		19 623	94 103
Financial expenses		908 949 938	841 856
Interest expense to group companies		3 795 795	7 667 480
Realised agio (disagio)		6 718 829	-227 880
Unrealised agio (disagio)		-587 285	4 524 941
Net financial income and expenses	17	-859 934 040	65 319 105
Tax and results:			
Pre-tax profit / (Loss)		-2 167 833 984	362 062 506
Tax	8	0	0
Profit / (Loss) for the year	10, 18	-2 167 833 984	362 062 506
Annual net profit		-2 167 833 984	362 062 506

**BALANCE SHEET**

FARSTAD SHIPPING AS (NOK 1)

	Note	2020	2019
ASSETS			
Negative goodwill	5	-466 425 000	-777 375 000
Total intangible assets		-466 425 000	-777 375 000
FIXED ASSETS			
Fixed assets office	6	11 718 994	15 064 378
Other long-term receivables		7 800 000	7 800 000
Loan to group companies	12	0	755 939 933
Shares	11	0	2 792 554
Shares in subsidiaries	11	0	576 937 597
Total fixed assets		19 518 994	1 358 534 462
Total fixed assets		-446 906 006	581 159 462
CURRENT ASSETS			
Accounts receivables	14	4 354 651	97 430
Other short-term receivables	12	33 377 879	968 170 928
Cash and cash equivalents	9	29 218 049	11 084 105
Total current assets		66 950 579	979 352 464
Total assets		-379 955 427	1 560 511 926
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	30 000	30 000
Uncovered loss		-2 898 105 247	-730 271 258
Total equity	10, 18	-2 898 075 247	-730 241 258
NON-CURRENT LIABILITIES			
Loan from group companies	2, 12	0	1 542 656 370
Pension liabilities	7	12 932 203	14 072 223
Other long term liabilities	15	18 700 000	25 200 000
Total non-current liabilities		31 632 203	1 581 928 592
CURRENT DEBT			
Accounts payable		57 724 759	43 287 158
Other current liabilities	12, 13	2 428 762 857	665 537 434
Total current liabilities		2 486 487 617	708 824 592
Total liabilities		2 518 119 820	2 290 753 184
Total equity and liabilities		-379 955 427	1 560 511 926

Lars Peder Solstad
chairman of the board

FARSTAD SHIPPING AS

Aalesund, 20.10.2021
The board of Farstad Shipping ASKjetil Ramstad
member of the boardEivind Kvilhaug
member of the board

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STATEMENT OF CASH FLOW

FARSTAD SHIPPING AS (NOK 1)

	Note	2020	2019
Cash flow from operational activities			
Profit/(Loss) before income taxes		-2 167 833 984	362 208 878
Interest costs		3 795 795	8 509 336
Ordinary depreciation	6	3 345 844	3 675 186
Badwill recognition	5	-310 950 000	-310 950 000
Loss sale of shares	17	591 575 406	-
Impairments loans subsidiaries	17	313 151 111	-
Impairment intercompany balances	4	1 624 898 472	-
Onerous contracts	15	-6 500 000	-1 800 000
Change in trade debtors		-4 257 221	8 131 079
Change in trade creditors		14 437 601	-19 602 802
Differences in expensed pensions and payments pension scheme		-5 010 827	-4 225 554
Change in other provisions		-35 321 998	44 601 372
Net cash flow from operational activities	A	21 330 199	90 547 495
Cash flow from investment activities			
Investments on fixed assets	6	-460	-675 434
Sale of fixed assets	6	600 000	307 800
Net cash flow from investment activities	B	599 540	-367 634
Cash flow from finance activities			
Payment of interest		-3 795 795	-8 509 336
Deposit travelling account		-	-7 800 000
Change in intercompany loans and receivables		-	-68 162 657
Net cash flow from finance activities	C	-3 795 795	-84 471 993
Net change in liquidity over the year A + B + C		18 133 944	5 707 868
Cash and cash equivalents at 01.01		11 084 105	5 376 237
Cash and cash equivalents at 31.12	9	29 218 049	11 084 105



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 1 ACCOUNTING PRINCIPLES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

The company was established as Solship Invest 2 AS 21. February 2017 and changed name to Farstad Shipping AS 22. June 2017 after the merged with Farstad Shipping ASA at the same date.

The company is a wholly owned subsidiary of Solstad Offshore ASA, which has headoffice in Skudeneshavn. According to Norwegian Accounting Act § 3-7 group financial accounts is not prepared for Farstad Shipping AS and its subsidiaries. This is included in Solstad Offshore ASA group annual report. The annual report can be obtained by contacting Solstad Offshore ASA, or from the company's internet site, www.solstad.com

Estimates

Areas that involve judgement or complexity, or areas where assumptions and estimates are significant to the annual accounts are impairment of investments in subsidiaries, measurement of merger with Solstad Offshore ASA, including negative goodwill, tax, average settlements and loss on receivables.

Financial instruments

Profit and loss items are recognised at the transaction date's exchange rate. Current assets and current liabilities are recognised at the balance sheet date's exchange rate, and currency gains and losses due to changes in the exchange rates, are recognised through profit or loss. Hedging instruments such as forward contracts and interest hedging is recognised in the annual accounts as they are not considered as hedging instruments. The hedging instrument is valued at market value according to section 5-8 Financial instruments and commodities derivatives in the Norwegian Accounting Act. The following exchange rates applied on the balance sheet date: USD 8.5326, GBP 11.6462, EUR 10.4703, AUD 6.5868 and BRL 1.6428.

Revenue recognition

The income consists of management fees from other companies in the Group and is recognised as income earned as per agreements between the companies.

Government grants

Government grants are not recorded until it is reasonably certain that the company will meet the conditions stipulated in connection with the receipt of the grants and that the grants will be received. Government grants are recorded as deductions from the cost that the grants are meant to cover.

Fixed assets office

Fixed assets office is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

Investment in subsidiaries and shares

Subsidiaries and investments in shares are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. Impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a latter period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Cash flow statement

The company uses the indirect model when presenting its cash flow statement. The statement's line for cash and cash equivalents includes bank deposits, other deposits and marketable securities.

Classification and evaluation of the balance sheet

Current assets and short term liabilities includes items which is due for payment within one year after time of acquisition. Other items classified are fixed assets/long term liabilities. Current assets are evaluated to the lowest of acquisition cost and actual value. Short term liabilities are posted with nominal amount at entrance time. Fixed assets are evaluated to acquisition cost, less depreciation. Long term debt is posted with nominal amount at time of establishment.

Financial leases

Financial leases are leases under which the company takes over most of the risk and return associated with the ownership of the asset. At the inception of the lease, financial leases are recognised at the lower of their fair value and the present value of the minimum lease payments, minus accumulated depreciation and impairment losses. When calculating the lease's present value, the implicit interest cost in the lease is used if it is possible to calculate this. If this cannot be calculated, the company's marginal borrowing rate is used. Direct costs linked to establishing the lease are included in the asset's cost price.

Operational leases

Any leases where a significant amount of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to profit and loss on a straight-line basis over the period of the lease.



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

Taxes

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Pensions

The group has according to NRS 6 Pension costs declared the option to use IAS 19 to the recognition of the defined benefit plan. The current service cost and net interest income/costs are recognised immediately. The service cost is recognised as administration cost in the profit and loss statement. Changes in estimates, both in assets and liabilities are recognised through retained earnings.

Events after the balance sheet date

New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date, but which will affect the company's position in the future, are stated if significant.

NOTE 2 BUSINESS COMBINATIONS

On 22 June 2017 the Company merged with Farstad Shipping ASA through a triangular merger where Solstad Offshore ASA issued consideration shares.

The merger was a part of the consolidation in the offshore shipping business. As a result of the down-turn in the oil- and gas sector, the shipping business has been, and still is, affected by over-capacity of vessels, lower revenues and high debt.

The merger was completed as a statutory triangular merger and followed the provision of chapter 13 of the Norwegian Public Limited Companies Act. Farstad

A negative goodwill of MNOK 1,555 has been recognized due to conclusion of a purchase on favourable terms. Valuation of the investment involves group companies, mainly effected by that the vessels was a significant part of the purchase price allocation. Value-in-use-calculations forms the basis for the vessel valuation, combined with experience from the business, and historic knowledge and expectations for the future, taken into consideration in the valuation the investment in other group companies.

One major factor for concluding on the negative goodwill is related to merged companies was in a distressed financial position.

The negative goodwill is amortized over 5 years.

Fair value of identifiable assets and liabilities in Farstad Shipping ASA's subsidiaries at the date of acquisition was (in NOK 1):

	Fair value	Book value
Other fixed assets	24 270 000	24 270 000
Shares in subsidiaries	1 934 170 000	1 859 273 000
Loan to group companies	720 095 000	720 095 000
Current assets	342 031 000	342 031 000
Cash	223 435 000	223 435 000
Current liabilities	-155 142 000	-155 142 000
Non-current debt and liabilities	-131 464 000	-131 464 000
Net assets	2 957 395 000	2 682 498 000
Negative goodwill from business combination	1 554 750 000	
Net acquisition cost	1 402 645 000	

Total acquisition cost of MNOK 1,403 is settled by issue of consideration 136,179,139 shares in Solstad Offshore ASA.

NOTE 3 OPERATING INCOME

	2020	2019
Corporate Fee	25 283 658	22 561 603
Other income	4 109	46 647
Gain sale fixed assets	36 200	-
Total operating income	25 323 967	22 608 250



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 4 ADMINISTRATION, NUMBER OF EMPLOYEES

	2020	2019
Salaries	13 326 551	11 000 631
Social security costs	1 584 393	1 514 070
Pension costs	3 870 807	-265 022
Other salary costs	1 405 507	231 473
Staff costs	20 187 258	12 481 152
Premises costs	-385 440	7 922 483
IT and communication costs	423 196	4 043 044
Extremal consultancy	3 372 648	1 273 940
Corporate fee Solstad Shipping AS	580 000	580 000
Reversed accruals for legal claims in Brazil	-11 197 490	-
Impairment and loss on sale of receivables	1 624 898 472	-
Other office costs	2 949 423	6 692 672
Other administration costs	1 620 640 809	20 512 139
Administration	1 640 828 067	32 993 291

The average number of man-year in the company for the reporting period was 11.

The Company had no Management positions in 2020.

	2020	2019
Auditor (ex. VAT)		
Statutory audit fee	561 210	930 928
Tax	847 817	0
Other services	-	343 012
Total auditor's fee	1 409 027	1 273 940

The specified audit fee is the fee for the full year 2020.

NOTE 5 NEGATIVE GOODWILL

	Note	2020	2019
Acquisition cost			
From merger June 2017	2	-1 554 750 000	-1 554 750 000
Acquisition cost per 31. December		-1 554 750 000	-1 554 750 000
Accumulated recognition			
Depreciation per 1. January		777 375 000	466 425 000
Depreciation for the year		310 950 000	310 950 000
Accumulated depreciation 31. December		1 088 325 000	777 375 000
Net book negative value pr. 31. December		-466 425 000	-777 375 000

NOTE 6 FIXED ASSETS OFFICE

	2020	2019
Acquisition cost		
Opening balance	24 906 325	24 538 691
Merger 1. July 2017	-	-
Additions	460	675 434
Disposals	600 000	307 800
Acquisition cost per 31. December	24 306 785	24 906 325
Accumulated depreciation		
Depreciation per 1. January	9 841 947	6 166 761
Depreciation for the year	3 345 844	3 675 186
Disposals	-600 000	-
Accumulated depreciation 31. December	12 587 791	9 841 947
Net book value pr. 31. December	11 718 994	15 064 378

Depreciation of fixed assets office

Furniture and fittings, vehicles, IT equipment and office machinery etc are depreciated linearly over 3-5 years.



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 7 PENSION

The following assumptions are used:

	UK 2020	Norway 2020	UK 2019	Norway 2019
Discounted interest				
Expected return	1,10 %	1,70 %	2,00 %	2,30 %
Regulation of salaries		1,70 %		2,25 %
Regulation of base account	3,90 %	2,25 %	4,00 %	2,25 %
Regulation of pension		2,00 %		1,50 %
Inflation	2,40 %	1,50 %	2,50 %	1,50 %

Changes in plan assets	2020	2019
Opening value plan assets	187 939 035	178 106 669
Employer contribution	2 247 469	-
Expected return	3 522 360	4 477 860
Benefits paid	-9 631 653	-5 284 374
Actuarial gain/ (loss)	5 871 503	10 638 880
Estimated plan assets at year end	189 948 714	187 939 035

Changes in pension obligation	2020	2019
Estimated liability at beginning of year	202 011 219	196 404 921
Addition due to merger	-	-
Interest expense	3 920 513	4 954 617
Annual pension earnings	0	-
Benefits paid	-11 664 089	-11 427 990
Actuarial (gain)/ loss on the obligation	8 613 273	12 079 671
Estimated liability at year end	202 880 916	202 011 219

Net plan assets/liabilities	2020	2019
Pension liabilities	202 880 916	202 011 219
Plan assets	189 948 714	187 939 035
Net plan assets/ (liabilities) incl sosial security	-12 932 202	-14 072 184

Pension cost	2020	2019
Present value of pension obligation	233 972	221 252
Interest expense on obligation	3 920 513	4 954 617
Expected return on plan assets	-3 522 360	-4 477 860
Administration expense	468 572	416 449
Actuarial gain/ loss	2 741 770	-1 440 791
Social security	28 341	61 313
Pension cost	3 870 807	-265 022

PENSIONS SCHEMES

The company has contribution scheme for the onshore employees in Ålesund. Ending 2020 the scheme covers one fulltime employee. Further there are 20 members (pensioners) in the benefit pension scheme. Posted contributions amounted to NOK 1.401.024 for 2020, which includes early retirement (AFP) for the employee.

INDIVIDUAL PENSION-AGREEMENTS

Three former managers pensions from agreements with an early retirement clause. Calculations show that the obligations are NOK 6.113.044 which has been entered in the balance sheet as a pension liability, and included in the table above.



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 8 TAXES

Calculation of deferred tax/deferred tax benefit:

	2020	2019
CALCULATION OF TAXABLE PROFIT:		
Result before taxes	-2 167 833 984	362 220 140
None tax-deductible expenses/ (none taxable income)	2 700 853 618	191 113
Negative goodwill recognition	-310 950 000	-310 950 000
Tax deductible loss sale of shares	-466 832 912	-
Changes in temporary differences	-188 920 416	-4 582 216
Taxable carry-forward loss used	433 683 694	-46 879 037
Taxable profit	-	-

RECONCILIATION OF NOMINAL AND EFFECTIVE TAX RATES:

Pre-tax profit	-2 167 833 984	362 220 140
Tax expense at tax rate in Norway (22%)	-476 923 476	79 688 431
Recognised tax expense	-	-
Difference between expected and recognised tax expense	-476 923 476	79 688 431

Explanation of differences:

None tax-deductible expenses / (none taxable income)	423 060 917	-68 138 498
Deferred tax assets not recognised	53 862 559	-11 549 933
Difference between expected and recognised tax expense	476 923 476	-79 688 431

Deferred tax asset at 01st Januar/ 31st December	31.12.2020	31.12.2019
Property, plant and equipment	5 694 295	7 129 502
Pension	-12 932 203	-14 072 223
Receivables	-529 425 524	-698 130 407
Taxable carry-forward losses	-472 586 614	-38 882 918
Other current liabilities	-26 654 343	-47 165 063
Other temporary differences	-	66 534
Total temporary differences	-1 035 884 389	-791 054 575
Deferred tax at 22%	-227 894 566	-174 032 006
Deferred tax asset not recognised	227 894 566	174 032 006
Deferred tax asset at 01st Januar / 31st December	-	-



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 9 CASH AND CASH EQUIVALENTS

Including restricted funds amounting NOK 1.035.794 (NOK 682.506 in 2019) for employees' tax deductions

NOTE 10 EQUITY

Equity changes in the period	Share capital	Share premium	Other equity	Total
Equity 01.01.	30 000	-	-730 271 258	-730 241 258
Loss for the period	-	-	-2 167 833 988	-2 167 833 988
Changes in revaluation reserve	-	-	-	-
Equity 31.12.	30 000	-	-2 898 105 247	-2 898 075 247

NOTE 11 SHARES IN SUBSIDIARIES AND OTHER SHARES

The shares listed below was Grop internally sold as a part of the restructuring of the Solstad Group in 2020. The sale of shares resulted in a gain of MNOK 3.6.

Company	Share capital	Number of share	Owner-ship in %	Par value	Measured cost from merger	Book value 2019
Equity investment shares:						
Farstad Shipping Ltd., Aberdeen	£539	539 339	100	4 830	6 471 836	6 471 836
Farstad Supply AS, Ålesund	382 524	1 471 245	100	382 524	1 115 529 214	-
Farstad Brasil AS, Ålesund	617 100	100	100	617 100	-	-
Farstad Australia AS, Ålesund	100	100	100	100	-	-
Farstad Shipping Aalesund AS	100	1 000	100	27 447	2 447 213	2 447 213
Farstad Shipping Pte Ltd, Singapore	\$59 418	58 470 002	100	392 695	210 567 689	114 567 689
Farstad Construction AS, Ålesund	53 701	1 000	100	53 701	281 604 636	221 604 636
Farstad Offshore AS, Ålesund	177 100	1 000	100	177 100	38 478 000	30 951 000
Farstad Marine AS, Ålesund	669 000	1 000 000	100	669 000	-	-
Farstad Subsea AS, Ålesund	30	30 000	100	30	274 927 000	200 000 000
Farstad do Brasil Navegacao Ltda.	BRL 8 049	8 048 870	10	2 266	1 265 223	895 223
Shares in subsidiaries, total				2 326 793	1 931 290 811	576 937 597
Other shares				4 703 904	2 922 142	2 792 554

NOTE 12 BALANCE WITH GROUP COMPANIES, ETC.

Other short-term receivables

	2020	2019
Farstad Offshore AS	-	-
Farstad Supply AS	9 624 907	551 626 596
Farstad Construction AS	75 659 945	-
PR International Offshore Services ANS	50 000	5 474 085
Farstad Australia AS	-	12 614 765
Farstad Africa AS	-	110 000
Farstad Brasil AS	-	169 125
Farstad Marine AS	3 812 644	113 619 866
Farstad Shipping Aalesund AS	-	5 193 462
Farstad Subsea AS	1 101 523	21 552 916
Far Superior AS	-	26 999 592
Solstad Farstad Pty. Ltd., Perth	-	27 783 436
Farstad Shipping Ltda, Rio de Janeiro	110 741 892	75 843 516
Farstad Shipping Pte. Ltd., Singapore	7 014 114	216 484 403
Farstad Shipping Crewing Services Pte. Ltd., Singapore	514 163	33 634 660
Solstad Offshore companies	36 210 043	8 195 318
Deep Sea Supply companies	349 314	370 743
Other short-term receivables	4 573 747	7 683 333
Provision for doubtful debt inter-company	-216 274 413	-139 184 888
Total	33 377 879	968 170 928



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 12 BALANCE WITH GROUP COMPANIES, ETC. (CONTINUED)

Other current liabilities

	Note	2020	2019
Farstad Offshore AS		186 789 495	-
Farstad Shipping Alesund AS		5 807	-
Farstad International AS		-	4 950 947
Farstad Shipping Ltd.		1 192 753	12 449 120
Farstad Shipping Aalesund AS		-	6 265 076
Farstad Shipping Pte. Ltd., Singapore		-	-
Farstad Subsea AS		-	1 765 335
Far Superior AS		2 018 851	635 788
P/R Int. Offshore Services ANS		377 438	-
Farstad Construction AS		-	56 101 120
Farstad Offshore AS		-	558 052 862
Global Set Off debt (to Group companies) 1)		817 855 132	-
Farstad Shipping Ltda, Rio de Janeiro		-	220 384
Deep Sea Supply companies		67 495	-
Farstad Supply AS		4 560 028	-
Solstad Offshore ASA	2	1 402 645 000	-
Solstad Offshore companies		1 829 731	135 107
Other current liabilities		2 646 359	2 647 243
VAT refund account		809 737	349 389
Total		2 428 762 857	665 537 434

Long term loan to group companies

	2020	2019
Farstad Supply AS	-	78 721 407
Farstad Shipping Pte. Ltd., Singapore	-	48 374 010
Solstad Farstad Pty. Ltd., Perth	-	9 467 210
Farstad Offshore AS	-	70 000 000
Farstad Marine AS	-	-
Farstad Australia AS	-	-
Farstad Subsea AS	-	51 000 000
Solstad Rederi AS	-	29 382 014
Provision for doubtful debt on internal loans	-	-
Total	-	755 939 933

All internal loans have been sold to other Companies in the Group as a part of the refinancing of the Solstad Group.

Long term loan from group companies

	Note	2020	2019
Solstad Offshore ASA	2	-	1 402 645 000
Farstad International AS 1)		-	73 500 000
Farstad Marine AS 1)		-	7 105 802
Farstad Shipping Ltd 1)		-	4 405 568
PR International Offshore Services ANS 1)		-	55 000 000
Total		-	1 542 656 370

1) the former long term loans from group companies have, as a part of the refinancing of the Solstad Group been included in a net settlement agreement, "the Global Set Off Agreement", where all positions as per June 30, 2020, were netted and presented as one current balance.



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 13 CONTINGENT LIABILITIES, ASSETS AND PROVISIONS

Chartering of non-Brazilian built tonnage in Brazil, implies temporary importation of tonnage to Brazil. This has in several cases led to Brazilian authorities claiming to

This was also the situation for the former subsidiary in Brazil, Farstad Shipping Ltda. In connection with importation of vessels and spare parts during the period 2008-

The Company has rejected the claims and believe the authorities have committed procedural errors, and find the chances to succeed to be good. Although the

All cases are in administrative proceeding. One of these cases was closed in 2020 with favourable result for the Company. A gain of MNOK 11,4 is included in the accounts. In addition the accruals are adjusted for exchange rates and was at 31. December 2020 NOK 7.954.343.

NOTE 14 ACCOUNT RECEIVABLES

Prepayments and other receivables	-	-
Bad debts provision	-	-338 873
Reversed provisions	-	-
Trade debtors in the balance sheet	4 354 651	97 430

NOTE 15 FINANCIAL / OPERATIONAL LEASES

ONEROUS CONTRACTS

The company has a long-term leasing agreement of offices in Aalesund. Due to relocation of management there is a significant excess of office space in the leased premises. As per the end of 2020 an onerous contracts accrual of NOK 18.7 million (NOK 25.2 million) is recognized for this contract.

Overview of future minimum operating lease payments net of subleasing office Aalesund

	2020	2019
Within 1 year	18 300 188	18 101 331
2 to 5 years	77 374 860	78 001 095
After 5 years	110 514 599	135 735 726
Total	206 189 647	231 838 152

NOTE 16 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of NOK 30 000 consists of 30 000 shares with nominal value of NOK 1 each. All shares are owned by Solstad Offshore ASA, Skudeneshavn.

The ultimo parent company Solstad Offshore ASA has its registered offices in Nesavegen 39, 4280 Skudeneshavn, where the consolidated accounts including this company can be obtained.



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 17 FINANCIAL ITEMS

	2020	2019
Financial income		
Interest income bank and placements	19 623	94 103
Interest income loan parent company		
Gain sale of shares	3 654 491	-
Realised agio	6 722 786	4 625 787
Unrealised agio	-	34 800 099
Interest income from others		
Total financial income	57 057 425	108 957 285
Financial expenses		
Interest expenses other	134 454	-
Other financial expenses	4 088 966	841 856
Impairment investment subsidiaries	-	-
Loss sale of shares	595 229 897	-
Impairment intercompany long-term loan	313 151 111	-
Realised disagio	3 957	4 853 686
Unrealised disagio	587 265	30 275 158
Total financial expenses	916 991 465	43 638 161
Total financial income and expenses	-859 934 040	65 319 105

NOTE 18 GOING CONCERN

The annual accounts are prepared under the assumption of going concern. However, the equity is lost and the liquidity is under pressure. The company's operational activity is limited. Farstad Shipping AS is dependent on financial support from its owners. No formal guaranties for support are provided to the company. The board would like to emphasize that there is material uncertainty related to the going concern assumption



Vår dato 16.01.2019	Din/Deres dato 05.11.2018	Saksbehandler Henning Stokke
800 80 000 Skatteetaten.no	Din/Deres referanse Idar Gjerde	Telefon 800 80 000
Org.nr 974761076	Vår referanse 2019/5214369	Postadresse Postboks 9200 Grønland 0134 OSLO

FARSTAD SHIPPING AS
Postboks 13
4297 SKUDENESHAVN

Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk for Farstad Shipping AS, org.nr. 918 665 803

Vi viser til deres brev av 5. november 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Farstad Shipping AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Farstad Shipping AS 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

Fra søknaden gjengis:

Med bakgrunn i at selskapet og konsernet operer i et internasjonalt marked, med internasjonale kunder og med internasjonale eksterne kredittinstitusjoner er det ønskelig å kunne utarbeide årsregnskapet og årsberetningen på engelsk. Forretningsspråket til morselskapet, Solstad Offshore ASA, er engelsk. All kommunikasjon med kunder og kredittinstitusjoner foregår i hovedsak på engelsk.

Farstad Shipping AS har konsentrert sine aktiviteter i markedene i Nordvest- Europa, Australia og Brasil. Alle datterselskaper til Farstad Shipping AS har tidligere fått tillatelse til utarbeidelse på engelsk språk. Med bakgrunn i dette søkes det om at årsregnskapet og årsberetningen for 2017 utarbeides på 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 vekt på at selskapets eierkrets er begrenset. Selskapet opererer i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Det anses at ingen andre mulige regnskapsbrukere blir vesentlig negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Juridisk avdeling, næring
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.