



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2015 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 914 156 025  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: FARSTAD MARINE AS  
Forretningsadresse: Skansekaia 4A  
6002 ÅLESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2015 - 31.12.2015

### Konsern

Morselskap i konsern: 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 J. Gjerde  
Dato for fastsettelse av årsregnskapet: 18.04.2016

### Grunnlag for avgivelse

År 2015: Årsregnskapet er elektronisk innlevert  
År 2014: Tall er hentet fra elektronisk innlevert årsregnskap fra 2015

*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, 06.10.2019



## Resultatregnskap

Beløp i: NOK	Note	2015	2014
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Freight Income	2	311 602 000	43 595 000
Other income		73 000	90 000
Profit/loss on sale of fixed assets		-3 779 000	
<b>Sum inntekter</b>		<b>307 896 000</b>	<b>43 685 000</b>
<b>Kostnader</b>			
Crewing expenses vessels	3	153 760 000	17 245 000
Depreciation and impairment	9	638 576 000	88 454 000
Other operating expenses vessels		57 583 000	2 631 000
Administration	3	37 953 000	4 506 000
<b>Sum kostnader</b>		<b>887 872 000</b>	<b>112 836 000</b>
<b>Driftsresultat</b>		<b>-579 977 000</b>	<b>-69 151 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		-3 807 000	-543 000
Financial income		332 000	164 000
<b>Sum finansinntekter</b>		<b>-3 475 000</b>	<b>-380 000</b>
Annen rentekostnad		60 471 000	39 840 000
Financial expenses		67 894 000	6 540 000
<b>Sum finanskostnader</b>		<b>128 365 000</b>	<b>46 381 000</b>
<b>Netto finans</b>	11	<b>-131 839 000</b>	<b>-46 760 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-711 816 000</b>	<b>-115 911 000</b>
Tax	7	2 009 000	217 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-713 825 000</b>	<b>-116 129 000</b>
<b>Årsresultat</b>		<b>-713 825 000</b>	<b>-116 129 000</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-713 825 000</b>	<b>-116 129 000</b>
<b>Totalresultat</b>		<b>-713 825 000</b>	<b>-116 129 000</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
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### Balanse

Beløp i: NOK	Note	2015	2014
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Vessels and other fixed assets	9	938 273 000	1 560 686 000
<b>Sum varige driftsmidler</b>		<b>938 273 000</b>	<b>1 560 686 000</b>
<b>Sum anleggsmidler</b>		<b>938 273 000</b>	<b>1 560 686 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Sum varer</b>		<b>5 888 000</b>	<b>7 205 000</b>
<b>Fordringer</b>			
Account receivables		32 487 000	53 494 000
Other short-term receivables	10	20 201 000	7 422 000
<b>Sum fordringer</b>		<b>52 688 000</b>	<b>60 916 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	5	56 139 000	84 508 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>56 139 000</b>	<b>84 508 000</b>
<b>Sum omløpsmidler</b>		<b>114 715 000</b>	<b>152 629 000</b>
<b>SUM EIENDELER</b>		<b>1 052 988 000</b>	<b>1 713 314 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	12	669 000 000	668 000 000
<b>Sum innskutt egenkapital</b>		<b>669 000 000</b>	<b>668 000 000</b>
<b>Opptjent egenkapital</b>			



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
Other equity	8, 12	-690 933 000	-116 354 000
<b>Sum opptjent egenkapital</b>		<b>-690 933 000</b>	<b>-116 354 000</b>
<b>Sum egenkapital</b>		<b>-21 933 000</b>	<b>551 646 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Konvertible lån	6	2 659 000	7 106 000
Langsiktig konserngjeld	4, 5, 6	1 017 197 000	1 099 338 000
Liabilities to parent company	10		442 000
<b>Sum annen langsiktig gjeld</b>		<b>1 019 855 000</b>	<b>1 106 885 000</b>
<b>Sum langsiktig gjeld</b>		<b>1 019 855 000</b>	<b>1 106 885 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		16 984 000	14 457 000
Tax payable	7	2 070 000	217 000
Other current liabilities	4, 6, 10	36 011 000	40 109 000
<b>Sum kortsiktig gjeld</b>		<b>55 066 000</b>	<b>54 783 000</b>
<b>Sum gjeld</b>		<b>1 074 921 000</b>	<b>1 161 668 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 052 988 000</b>	<b>1 713 314 000</b>



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Ernst & Young AS

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Langebantsvegen 1 NO 6010 Ålesund

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Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of  
Farstad Marine AS

## AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements of Farstad Marine AS, which comprise the balance sheet as at 31 December 2015, the statements of profit and loss and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors' and General Manager's responsibility for the financial statements*

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

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements of Farstad Marine AS 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 2015 and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

**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 Directors' report concerning the financial statements, the going concern assumption and the 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 the Board of Directors have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Aalesund, 29. April 2016

ERNST & YOUNG AS

Ivar-André Norvik

State Authorised Public Accountant (Norway)



## Skattedirektoratet

Saksbehandler Geir Johannessen	Deres dato 26.11.2014	Vår dato 16.12.2014
Telefon 22 07 73 25/22 66 11 14	Deres referanse Vivian Larsgård- Ingebrigtzen	Vår referanse 2014/882491

FARSTAD MARINE AS  
Postboks 1301 Sentrum  
6001 ÅLESUND

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Farstad Marine AS, org.nr. 914 156 025

- Vi viser til deres brev av 26. november 2014, samt tilleggsopplysninger i e-post, der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Farstad Marine AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Farstad Marine 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

Farstad Marine AS er heleid av Farstad Shipping ASA. Aktivitetene er konsentrert til markedene i Nordvest-Europa, Brasil og Australia/Asia. Med bakgrunn i at selskapet og konsernet opererer 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 er engelsk. All kommunikasjon med kunder og kredittinstitusjoner foregår i hovedsak på engelsk. Med bakgrunn i dette søkes det om at årsregnskapet og årsberetningen utarbeides på engelsk.

### 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:

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse: Sentralbord  
Se [www.skatteetaten.no](http://www.skatteetaten.no) 800 80 000  
Org.nr: 996250318 Telefaks  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost) 22 17 08 60



*"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 selskapet er 100 % eiet av et selskap som benytter engelsk som forretningspråk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle vesentlige aktører behersker og benytter engelsk språk.

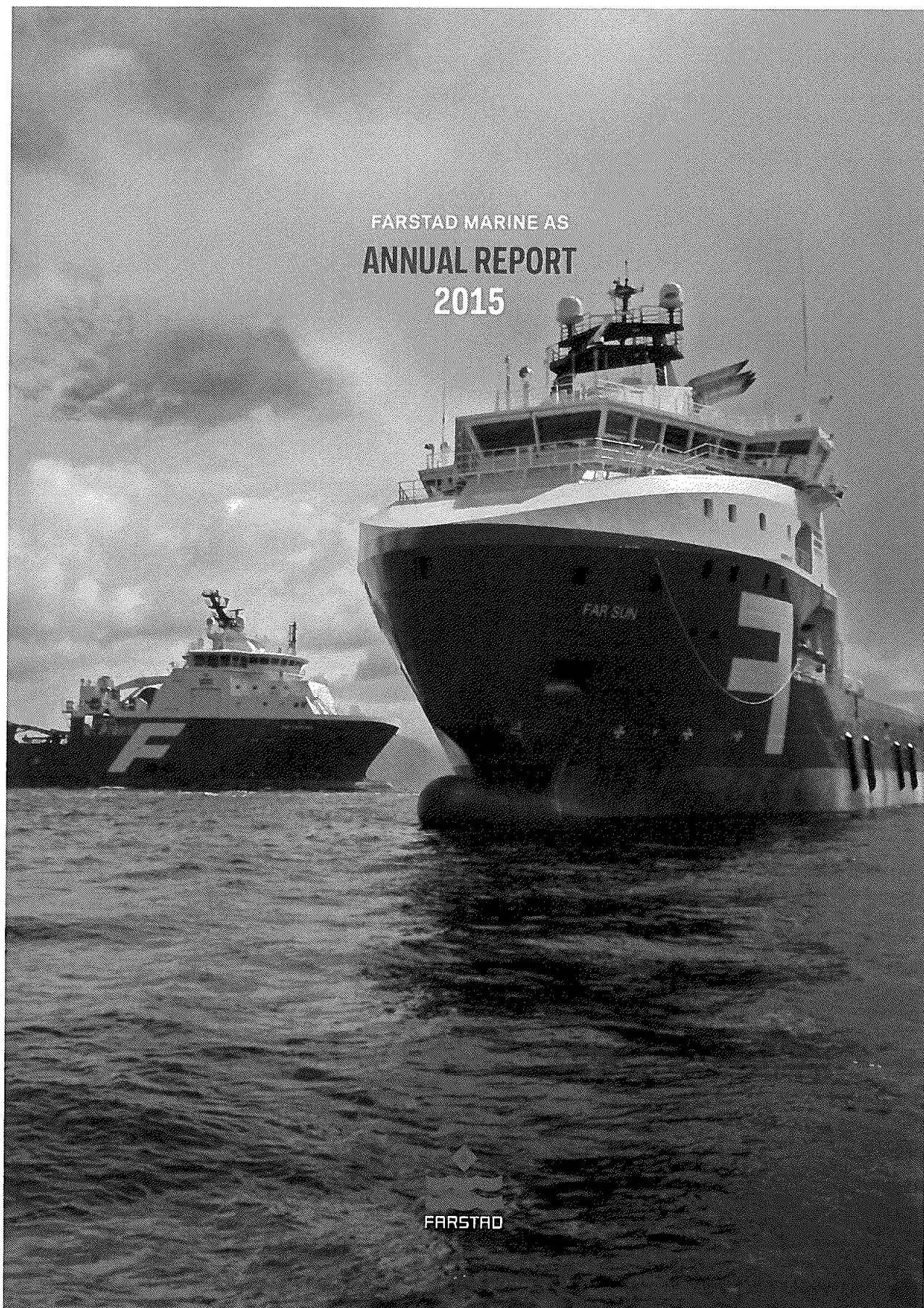
Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
Seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Geir Johannessen

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





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## THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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### COMPANY STRUCTURE

Farstad Marine AS was established on 2. September 2014 in order to run shipping operations and other business associated with this. The company is a wholly owned subsidiary of the listed company Farstad Shipping ASA and its head office is in Aalesund.

### MANAGEMENT

The company has no employees. The company is managed by Farstad Shipping ASA in accordance with a signed management agreement. Vessels operating in the Asia Pacific are operated by Farstad Shipping (Indian Pacific) Pty. Ltd. (FSIP), Melbourne, Australia, and vessels operating in the North Sea and Brazil are mainly operated by Farstad Shipping S.A., Rio de Janeiro or Farstad Shipping ASA, Aalesund.

The company's board of directors has three members.

### THE FLEET

At 31st December 2015 the company's fleet consists of eight vessels; seven Platform Supply Vessels (PSV) and one Anchor Handling Vessel (AHTS).

Changes in fleet during 2015:

Far Superior (PSV 1990, UT 705 L, 3,796 DWT) was sold 7. May. The vessel was sold at book value.

### THE MARKET AND FUTURE PROSPECTS

2015 was a challenging year for the offshore industry. Several factors, such as declining oil price, reduced activity in the industry, significant overcapacity in the market for offshore supply vessels, political sanctions and the financial situation in Petrobras, has caused significant market challenges in the industry.

The market balance will not improve until we see a further increase in the activity level offshore and a reduction in newbuild activity. Although analysts now indicate an increase in oil prices towards the end of 2017, there is great uncertainty with regard to when the demand for offshore service vessels will pick up again, and not least how long it will take before the overcapacity in the market is absorbed. With reduced revenues and margins, we expect to see more offshore vessels in lay up, and it will take time before we see a significant improvement in the market.

The company's strategy is still based on the belief that oil and gas will be important energy sources in decades to come, and that the demand for energy will increase in line with population growth and improved standards of living. Furthermore, it is assumed that development of oil and gas fields offshore and in deep water regions will be required to meet future demand.

As a consequence of the market prospects the group is implementing a number of cost saving and financial measures in order to be as prepared as possible. The focus is to build Farstad Shipping for the future, with a competitive fleet and an efficient organization. By focusing on strengthening the strategic, operational and financial position of the company, we shall maintain the position as a leading offshore company.

### FINANCIAL RISK

**Currency risk:** The company has a significant exposure to currency risk as a large proportion of its income is earned in foreign currency. As well as having debt in the same currency as its income, Farstad routinely signs forward exchange contracts and options to reduce currency risk and hedge cash flows in foreign currency.

**Interest risk:** The company has 75% of the long-term debt subject to variation in the floating interest rate per 31 December 2015. The remaining 25% of the debt is subject to fixed interest rate through a fixed rate loan.

**Credit risk:** The company is exposed to potential losses associated with accounts receivable. No losses on receivables in 2015. The maximum credit exposure is equal to the amount of the accounts receivable, i.e. NOK 32.5 million (NOK 53.4 million in 2014).



**Liquidity risk:** The liquidity risk has increased due to the challenging market situation. Despite a strong liquidity reserve of NOK 1,636.9 in the Group at the beginning of the year 2016, the Group acknowledges that measures to strengthen the financial position and the capital structure may be required both for the Group and for subsidiaries, including Farstad Marine AS. Some measures has already been implemented, such as negotiating instalment grace periods for several loans.

#### HEALTH, WORKING ENVIRONMENT, SAFETY AND EXTERNAL ENVIRONMENT

Farstad Marine's goal within health, environment and safety is to carry out our operations without damages to people, environment and equipment.

##### Lost time injuries and unwanted events

Two of the measuring indicators used by the Farstad Shipping ASA, the owning company group, are the lost time injury frequency (LTIF) and total recordable case frequency (TRCF). Both frequencies are measured as the number of injuries per one million working hours, measured 24 hours a day so that recreational injuries are included. At the end of 2015 the LTIF was 0.5 (0.73 in 2014) and the TRCF frequency was 2,5 (2,32 in 2014). None of the group's vessels were in contact with offshore installations in 2015.

##### The outer environment

The company's goal of zero damages to people, environment and equipment is the basis for a conscious effort to reduce our impact on the outer environment.

#### ACCOUNTS

The Board of Directors has proposed the net loss in Farstad Marine AS to be covered by TNOK 577 825 from Other Equity and TNOK 136 000 from Share premium reserve.

#### GOING CONCERN

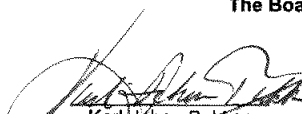
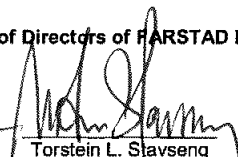

Total equity as of 31.12.2015 is negative and the liquidity risk is increased. The Group acknowledges that the challenging market situation may require measures to strengthen the financial position and the capital structure of the Group and some of the subsidiaries, including Farstad Marine AS. On this basis Danske Bank, DNB Markets and Nordea Markets have been appointed financial advisors. The Group has a strong liquidity reserve of NOK 1,636.9 million at the beginning of 2016, and the parent company Farstad Shipping ASA guarantee for the going concern of Farstad Marine AS.

The board confirms that the conditions of a going concern are in place, and the annual accounts are prepared on this basis.

Aalesund, 31 December 2015

18 April 2016

The Board of Directors of FARSTAD MARINE AS

 Karl Johan Bakken Chairman of the Board	 Torstein L. Slavseng General Manager/Board member	 Idar J. Gjerde Board member
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## PROFIT AND LOSS

FARSTAD MARINE AS (NOK 1 000)

	Note	2015	02.09.2014-31.12.2014
<b>Operating income and operating expenses</b>			
<b>Operating income:</b>			
Freight Income	2	311 602	43 595
Other income		73	90
<b>Total operating Income</b>		<b>311 675</b>	<b>43 685</b>
Profit/loss on sale of fixed assets		-3 779	0
<b>Total income</b>		<b>307 896</b>	<b>43 685</b>
<b>Operating expenses:</b>			
Crewing expenses vessels	3	153 760	17 245
Other operating expenses vessels		57 583	2 631
Administration	3	37 953	4 506
<b>Total operating expenses</b>		<b>249 296</b>	<b>24 383</b>
<b>Operating profit before depreciations (EBITDA)</b>		<b>58 599</b>	<b>19 302</b>
Depreciation and impairment	9	638 576	88 454
<b>Operating result (EBIT)</b>		<b>-579 977</b>	<b>-69 151</b>
<b>Financial items:</b>			
Financial income		332	164
Financial expenses		67 894	6 540
Realised agio (disagio)		-3 807	-543
Unrealised agio (disagio)		-60 471	-39 840
<b>Net financial income and expenses</b>	<b>11</b>	<b>131 839</b>	<b>46 760</b>
<b>Tax and results:</b>			
Pre-tax profit		-711 816	-115 911
Tax	7	2 009	217
<b>Profit for the year</b>		<b>-713 825</b>	<b>-116 129</b>
<b>Annual net profit</b>		<b>-713 825</b>	<b>-116 129</b>

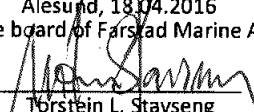



## BALANCE SHEET

## FARSTAD MARINE AS (NOK 1 000)

	Note	2015	2014
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Vessels and other fixed assets	9	<u>938 273</u>	<u>1 560 686</u>
<b>Total fixed assets</b>		<b><u>938 273</u></b>	<b><u>1 560 686</u></b>
<b>CURRENT ASSETS</b>			
Account receivables		32 487	53 494
Inventories		5 888	7 205
Other short-term receivables	10	20 201	7 422
Cash and cash equivalents	5	56 139	84 508
<b>Total current assets</b>		<b><u>114 715</u></b>	<b><u>152 629</u></b>
<b>Total assets</b>		<b><u>1 052 988</u></b>	<b><u>1 713 314</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	12	669 000	668 000
Other equity	8, 12	<u>-690 933</u>	<u>-116 354</u>
<b>Total equity</b>		<b><u>-21 933</u></b>	<b><u>551 646</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Currency and interest swap contracts	6	2 659	7 106
Liabilities to parent company	10	0	442
Interest-bearing mortgage debt	4, 5, 6	<u>1 017 197</u>	<u>1 099 338</u>
<b>Total non-current liabilities</b>		<b><u>1 019 855</u></b>	<b><u>1 106 885</u></b>
<b>CURRENT LIABILITIES</b>			
Accounts payable		16 984	14 457
Tax payable	7	2 070	217
Other current liabilities	4, 6, 10	<u>36 011</u>	<u>40 109</u>
<b>Total current liabilities</b>		<b><u>55 066</u></b>	<b><u>54 783</u></b>
<b>Total liabilities</b>		<b><u>1 074 921</u></b>	<b><u>1 161 668</u></b>
<b>Total equity and liabilities</b>		<b><u>1 052 988</u></b>	<b><u>1 713 314</u></b>

  
Karl Johan Bakken  
chairman of the board

Ålesund, 18.04.2016  
The board of Farstad Marine AS  
  
Torstein L. Stavseng  
member of the board/General Manager

  
Idar J. Gjerde  
member of the board



## CASH FLOW STATEMENT

FARSTAD MARINE AS (NOK 1 000)

	2015	02.09.2014-31.12.2014
<b>Cash flow from operations</b>		
Profit before income taxes	-711 816	-115 911
Paid taxes	-217	
Differences in expensed pensions and payments in/out of the pens	3 246	
Depreciations	257 145	88 454
Impairment	381 431	
Gain/(loss) on sale of fixed asset	3 779	
Change in inventory	1 317	-7 205
Change in trade debtors	21 006	-53 494
Change in trade creditors	2 527	14 457
Unrealized foreign exchange (gain)/loss	60 471	39 840
Items classified as investments or financing		
Change in other provisions	-25 054	33 049
<b>Net cash flow from operations</b>	<b>-6 165</b>	<b>-810</b>
<b>Cash flow from investments</b>		
Purchase of fixed assets	-33 036	-1 649 140
Sale of fixed assets	13 092	
<b>Net cash flow from investments</b>	<b>-19 944</b>	<b>-1 649 140</b>
<b>Cash flow from financing</b>		
Proceeds from long term loans	-	1 066 458
Repayment of long-term debt	-139 260	-
Interest long term debt reclassified from Operations(acc 81000)		
Proceeds from intercompany debt	137 000	668 000
<b>Net cash flow from financing</b>	<b>-2 260</b>	<b>1 734 458</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>		
Net change in cash and cash equivalents	-28 369	84 508
Cash and cash equivalents at the beginning of the period	84 508	-
<b>Cash and cash equivalents at the end of the period</b>	<b>56 139</b>	<b>84 508</b>



## NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD MARINE AS

### NOTE 1 ACCOUNTING PRINCIPLES

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

Farstad Marine was established 02.09.2014. The object of the company is to engage in shipping company business and related activities, including ownership of stock and shares in corresponding and related enterprises.

#### Estimates

Areas that involve judgement or complexity, or areas where assumptions and estimates are significant to the consolidated accounts, are residual values for vessels, the useful life of vessels, tax, the capitalisation and depreciation of accrued maintenance, accident compensation and losses on receivables.

#### Financial instruments

Profit and loss items are recognised at the transaction date's exchange rate or the forward exchange rate where items are hedged against exchange rates. Current assets and current liabilities are recognised at the balance sheet date's exchange rate, and currency gains and losses due to exchange rate changes are recognised through profit or loss. Hedging instruments that qualify for hedge accounting according to NGAAP are not recognised in financial statements. Ineffective part of hedging, and hedging that do not qualify for hedge accounting, are recognised in the financial statements. The following exchange rates applied on the balance sheet date: USD 8.8090, GBP 13.0720, AUD 6.4471 and BRL 2.2559.

#### Costs and income recognition

The company's vessels are mainly leased on time charters (TC). The TC contracts comprise payment for factors such as crew hire. Income from the lease of vessels is recognised on a straight-line basis during the lease period. The lease period starts on the date the vessel is made available to the leaser, and terminates on the agreed date for return of the vessel. Crew hire and payments to cover other operating expenses are reported as income according to the straight-line method for the duration of the agreement. Income and costs associated with charter parties are recognised in the accounts on the basis of the duration of the contract and after the end of the accounting period. Interest income is recorded as incurred.

#### Pension

Farstad Marine is hiring all crew and crew related duties from other companies within the Farstad Shipping ASA Group. In connection with this, all crew related expenses are charged to the company, including pension expenses.

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

#### Sale of vessels

Gains from the sale of vessels are recognised as operating income since sale of vessels is deemed part of the company's ordinary activities. Income from sale of vessels is recognised through income statement upon delivery to the new owner.

#### Depreciation of vessels and other fixed assets

The vessels are decomposed in vessel and deferred maintenance. Vessels are included in the consolidated balance sheet at their acquisition price with deductions of the year's and previous years' ordinary depreciation. The vessels are depreciated on a straight-line basis over defined period of use of 20 years, taking into account an estimated residual value of the vessels upon expiry of their period of use. Residual values are reviewed on an annual basis. These residual values are based on a best estimate of what we believe the vessels can be sold for when they are 20 years old. The depreciation of vessels in the fleet older than 20 years old are reassessed based on the estimated residual value.

Depreciation for other fixed assets is calculated on a straight-line basis over estimated useful life.

#### Impairment of fixed assets

The booked values of vessels and other fixed assets are reviewed for impairment when events or changes in circumstances indicate that booked value may not be recoverable. If any such indications exist and where the booked value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount which, for fixed assets, is the greater of the net selling price and utility value. As an approach to net selling price for the vessels, the values estimated obtained from three independent Norwegian shipbrokers are used. The brokers' estimates assume the vessels are without any charter contracts, available for immediate sale on the market and there being a willing seller and a willing buyer. Due to the declining market and higher uncertainty in the broker's estimates, the company is careful to rely only on the values estimated by the brokers in the impairment test. Because of this, value in use have been estimated for all vessels by calculating net present value of estimated future cash flows using weighted average cost of capital as discounting rate. The broker's values are used only when this is significantly higher than the value in use. In all other situations value in use is used.

#### Maintenance costs

Ordinary repairs and maintenance are recognised in the income statement. The cost of dockings, periodic maintenance, and larger modifications of vessels are recognised in the balance sheet and recognised as expenses on a straight-line basis over the period up to the next periodic maintenance/docking, normally every 30 months. The costs are recognised as depreciation. Upon delivery of new vessels, a portion of the cost of the vessel is valued as deferred maintenance. If a vessel is sold, the remaining capitalized deferred maintenance is deducted from the profit.



## Contracts newbuilds

Paid instalments for new builds are entered as fixed assets as each payment take place. Investments related to the new vessel, not included in the contract, such as inspection costs and other related costs as well as rebates during construction, are capitalized. Vessels under construction are not depreciated until the asset is taken into use. Instalment payments, inspection costs and a minor portion of the construction contract are financed using own equity. Borrowing costs associated with qualifying assets may no longer be recognised as costs, but must be recognised in the balance sheet together with the asset. The company has not incurred such borrowing costs. Please also see note 11.

## Taxes

The Group is organized in compliance with the tax regime for shipping companies in Norway. In December 2007, the Norwegian parliament adopted a new shipping company tax scheme with accounting effect from and including the 2007 financial year. This new scheme entails no tax on profits or tax on dividends from companies within the scheme. Net finance, allowed for some special regulations, will continue to be taxed on an ongoing basis at a rate of 27% / 25%.

## Deferred tax/Tax expense

The company has tax increasing temporary differences posted in the statement of financial position as a deferred tax liability. Deferred tax assets are recognized when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilize the tax asset. Deferred tax and deferred tax assets are recognized at their nominal value and classified as long-term liabilities and non-current asset investments in the statement of financial position.

Taxes in the income statement represent the payable tax for the period and changes in deferred tax. Tax on gross income or tax relating directly to gross income is presented as reduction in income, while other taxes are presented as tax expense.

Tonnage tax within the regime is classified as an operating cost, but due to the size of the vessels, this is insignificant in this company. See note 7.

## 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.

## Subsequent events

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 will affect the company's position in the future, are stated if significant.

## NOTE 2 FREIGHT INCOME

Freight income by product	2015	02.09.-31.12.2014
Anchor Handling Vessels (AHTS)	31 953	366
Platform Supply Vessels (PSV)	279 649	43 229
<b>Total freight income</b>	<b>311 602</b>	<b>43 595</b>

Freight income by region	2015	02.09.-31.12.2014
North West Europe	21 659	8 793
Brazil	94 681	9 222
Asia Pacific	148 505	18 804
Other segments (Africa, etc)	46 757	6 776
<b>Total freight income</b>	<b>311 602</b>	<b>43 595</b>

## NOTE 3 SALARIES, NUMBER OF EMPLOYEES AND MANAGEMENT AGREEMENTS WITH RELATED PARTIES

Farstad Marine AS has no employees, - thus no wages or directors fee have been paid in 2015.

The company is not obligated to have mandatory pension agreements.

Management of the vessels is operated by Farstad Shipping ASA, Farstad Shipping (Indian Pacific) Pty Ltd, Melbourne and Farstad Shipping S A in Brazil, according to agreements. In 2015 NOK 11 264 was paid in management fee to Farstad Shipping ASA (NOK 0 i 2014), NOK 10 582 to Farstad Shipping Indian Pacific Ltd (NOK 1 007 in 2014) and NOK 7 753 to Farstad Shipping S A (NOK 0 in 2014). In addition, NOK 1 530 has been paid as management fee to Farstad Shipping Ltd (NOK 1 576 in 2014). It was also paid NOK 6 468 in corporate fee to Farstad Shipping ASA (NOK 642 in 2014).

## Expensed audit fee

	2015	02.09.-31.12.2014
Statutory audit (incl. technical assistance with financial statements)	154	15
Other assurance services	0	12
Other assistance (to be specified)	0	4
<b>Total audit fees</b>	<b>154</b>	<b>31</b>

VAT is not included in the audit fee.



## NOTE 4 MORTGAGES AND OTHER LONG-TERM LIABILITIES

The interest bearing mortgage long-term debt is completely related to the financing of the vessels. The loan agreements contain financial covenants which require the company to fulfil requirements vis-à-vis certain financial key figures. The following financial covenants applies for group bond loans and mortgage loans guaranteed by parent company Farstad Shipping ASA:

- Free liquid assets shall at all times be at least 50 % of the installments on long-term debt falling due within the next 12 months (any balloon payments excluded). Calculation for the Group as per 31 December 2015: 148%
  - The working capital shall be positive at all times. Current liabilities to include 50% of the coming 12 months installments (excluding balloon payments) on long-term debt. Calculation for the Group as per 31 December 2015: 1.56
  - The Group's value adjusted equity ratio shall be minimum 25 % at all times. Calculation for the Group as per 31 December 2015: 31%
- The group have fulfilled all financial covenants in 2015.

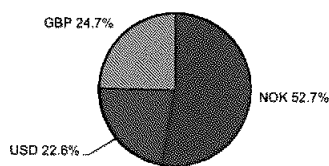
Net long-term loans for the company is NOK 1 017 mill.

The arrangement fees are presented as net amount together with the debt and is repayed over the term of the loan.

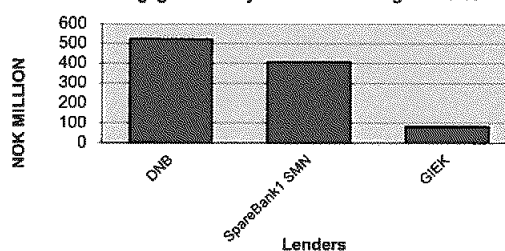
	2015	02.09.-31.12.2014
Net interest bearing debt	1 017 197	1 099 338
Interest bearing current assets	-57 539	-84 507
<b>Net interest bearing debt</b>	<b>959 658</b>	<b>1 014 831</b>
<b>Capitalized arrangement fee</b>	<b>7 473</b>	<b>9 205</b>

The long-term debt is distributed in currencies by 52.7% in NOK, 24.7% in GBP and 22.6% in USD.

Long-term debt by currency



Mortgage sorted by lender incl. loan guarantees



\*) The company has a total debt of NOK 250.0 million (GBP 19.125 million) in Eksportkredit Norge AS. These loans are guaranteed by other banks/GIEK and the guaranteed amounts are included in the above graph.

Installment schedule:	< 3 months:	3 - 12 months	1 - 5 years	> 5 years	Total:
Repayment schedule for existing debt	13 889	142 436	729 455	138 890	1 024 670
<b>TOTAL</b>	<b>13 889</b>	<b>142 436</b>	<b>729 455</b>	<b>138 890</b>	<b>1 024 670</b>

Currency	Amount	Interest	Weighted average remaining term
GBP	23.2 million	3.30 %	1.2 år

The market value of the interest swap agreement was NOK -7 552 million per 31.12.15 (not hedging).

The remaining interest-bearing debt has a floating interest rate. The interest rate is calculated using the market rate (NIBOR/LIBOR), plus a fixed margin charged by the banks.

## NOTE 5 MORTGAGES AND GURANTEEE LIABILITIES

Liabilities secured by mortgage	2015	02.09.-31.12.2014
Interestbearing mortgage debt(gross) and accrued interest	1 022 001	1 099 438
<b>Total</b>	<b>1 022 001</b>	<b>1 099 438</b>

### Balance sheet value of assets placed as security:

Vessels' book value	938 273	1 560 686
Pledged bank deposits	10 019	-
<b>Total</b>	<b>948 292</b>	<b>1 560 686</b>

Also, additional guarantee is provided through insurance settlements.



## NOTE 6 FORWARD CONTRACTS

The company is heavily exposed to foreign currency fluctuations as the freight income mainly is in foreign currency. The currency exchange risk is calculated for each relevant currency, where highly probable transactions in the relevant currency are taken into consideration. Forward exchange contracts are used to reduce the currency risk associated with cash flows in foreign currency. The company enters into forward contracts to reduce exchange rate risk in foreign currency cash flows.

The company had signed the following forward exchange contracts and hedging options for outstanding receivables and future cash flows in foreign currencies as per 31.12.15:

Currency	Due	Forward exchange rates
Sell USD 6 735 million	Jan 2016 - Jan 2017	7.0105-7.0250

The market value of the forward exchange contracts was NOK - 11 895,9 per 31.12.15 partly treated as hedge accounting. (NOK - 6 443 per 31.12.14) Due to over-hedging, NOK 6 662 is posted against unrealized disagio (termination of Petrobras contract on Far Strider).

Interest swap agreement is described in note 4.

## NOTE 7 TAXES

### Calculation of deferred tax/deferred tax benefit

	2015	2014
<b>Temporary differences</b>		
Net temporary differences	-	-
Tax losses carried forward	-15 646	-399
<b>Basis for deferred tax</b>	<b>-15 646</b>	<b>-399</b>
Deferred tax	-3 911	-108
Deferred tax benefit not shown in the balance sheet	3 911	108
<b>Deferred tax in the balance sheet</b>	<b>-</b>	<b>-</b>
<b>Calculation of taxable profit</b>		
Taxable financial result	-35 997	-399
Limitation of deductions for intercompany interest expenses	20 751	-
Change in tax losses carried forward	15 247	399
<b>Taxable profit</b>	<b>-</b>	<b>-</b>
<b>Components of the tax expense</b>		
Payable taxes abroad	2 070	217
<b>Tax expense</b>	<b>2 070</b>	<b>217</b>
<b>Payable tax in the balance sheet</b>		
Difference between calculated/assessed previous years	-	-
Payable tax abroad	2 070	217
<b>Payable tax in the balance sheet</b>	<b>2 070</b>	<b>217</b>

The reason deferred tax benefit are not reflected in the balance sheet is that it is doubtful that future taxable profits will be sufficient to utilize the tax benefit.

## NOTE 8 EQUITY

Equity changes in the year	Share capital	Share premium	Other equity/ uncovered loss	Total
Equity 01.01.	668 000	-	-116 354	551 646
Profit for the year	-	-136 000	-577 825	-713 825
Passed on changes in estimates	-	-	3 246	3 246
Capital increased	1 000	136 000	-	137 000
Dividend	-	-	-	-
<b>Equity 31.12.</b>	<b>669 000</b>	<b>-</b>	<b>-690 933</b>	<b>-21 933</b>

Total equity as of 31.12.2015 is negative. The Group acknowledges that the challenging market situation may require measures to strengthen the financial position and the capital structure of the Group and some of the subsidiaries, including Farstad Marine AS. On this basis Danske Bank, DNB Markets and Nordea Markets have been appointed financial advisors. The Group has a strong liquidity reserve of NOK 1,636.9 million at the beginning of 2016, and the parent company Farstad Shipping ASA guarantee for the going concern of Farstad Marine AS. See also the paragraph Going Concern in the Annual Report of the Board of Directors.



## NOTE 9 VESSELS AND OTHER FIXED ASSETS

	Directly owned vessels	Spare parts	Total fixed assets
Purchase cost pr. 01.01.	1 575 475	3 432	1 578 907
Additions	8 284	-	8 284
Disposals	35 173	-	35 173
<b>Purchase cost pr. 31.12.</b>	<b>1 548 586</b>	<b>3 432</b>	<b>1 552 018</b>
Accumulated depreciation and impairment 01.01	84 526	-	84 526
Depreciation in the year	215 185	-	215 185
Impairment	381 431	-	381 431
Disposals	27 221	-	27 221
<b>Accumulated depreciation and impairment pr. 31.12.</b>	<b>653 921</b>	<b>-</b>	<b>653 921</b>
<b>Recognized value deferred maintenance at 31.12</b>	<b>40 176</b>	<b>-</b>	<b>40 176</b>
<b>Net book value pr. 31.12.</b>	<b>934 841</b>	<b>3 432</b>	<b>938 273</b>
<b>Change in recognized value deferred maintenance</b>		<b>2015</b>	<b>02.09.-31.12.2014</b>
Net book value pr. 01.01		66 305	-
Additions		24 752	70 233
Disposals		8 921	3 928
Depreciation in the year		41 960	-
<b>Net book value pr. 31.12</b>		<b>40 176</b>	<b>66 305</b>

### Depreciation plan

Vessels are decomposed in vessel and deferred maintenance. The vessels are depreciated over a defined period of use of 20 years, taking into account residual value upon expiry of their period of use. Residual values are based on a best estimated sale price of vessel at the age of 20 years. Changes in depreciation on the basis of the annual reviewing of residual values are spread over the remaining period of use.

Deferred maintenance is capitalized and depreciated normally on a straight-line basis over the period up to next planned deferred maintenance/docking, normally over 30 months.

For some of the vessels, the market value is lower than the book value. There has been impairments on seven vessels to the approximate average value of broker estimates as of 31.12.15. Total impairment as of 31.12.15 was NOK 381 431. It is not undertaken documented value in use calculations for the vessels.

### Impairment

Based on market development, including the negative development in the brokers' value estimates of the fleet, and the uncertainty associated with the vessels' future earnings, impairments of vessels are made by NOK 452 000 in the 2015 accounts (NOK 25 000 as of 31.12.2014).

Individual valuations of the group's vessels have been made at year-end according to regulations in IAS 36. As the basis for determining the vessels' market value, the company uses average market value provided by three acknowledged, independent brokers. Due to the uncertain market situation the company has been more careful with regard to using value estimated from brokers as the basis for the impairment. The group has therefore supported the market value estimates by brokers by own value in use estimates. Unless the vessels' market value is considerably higher than book value, the value in use forms the basis for the impairment.

Expected cash flows per vessel before financial cost are used in the value in use estimates. Expected cash flows are based on the last approved budget for 2016 as well as expected earnings for the vessel's economic life. The cash flows are based on a weak market in the years 2016 to 2019, with normalization from the year 2020. Another essential assumption in the cash flows is the expectation that the Norwegian Krone will strengthen itself against other currencies between 9.0-12.5% until the year 2020. Cash flows are discounted with a discount rate after tax (WACC). The discount rate used is 7.82 %. 2.5 % inflation is used as growth rate in the calculation.

## NOTE 10 BALANCE WITH GROUP COMPANIES, ETC.

<b>Other current assets</b>	<b>2015</b>	<b>2014</b>
Farstad Shipping ASA	11 060	33
Farstad Supply AS	26	-
Farstad Construction AS	-	33
Farstad Shipping Pte Ltd	1 542	-
<b>Total current assets</b>	<b>12 628</b>	<b>66</b>
<b>Other current liabilities</b>	<b>2015</b>	<b>2014</b>
Farstad Shipping Indian Pacific Pty Ltd	11 420	16 617
Farstad Shipping S.A	226	-
<b>Total current liabilities</b>	<b>11 646</b>	<b>16 617</b>
<b>Long-term debt</b>	<b>2015</b>	<b>2014</b>
Farstad Shipping ASA*	-	442
<b>Total</b>	<b>-</b>	<b>442</b>



## NOTE 11 FINANCIAL ITEMS

	2015	02.09.-31.12.2014
<b>Financial income</b>		
Interest income bank and placements	332	164
Realised agio	16 716	2 301
Unrealised agio	13 556	144
<b>Total financial income</b>	<b>30 604</b>	<b>2 609</b>

	2015	02.09.-31.12.2014
<b>Financial expenses</b>		
Interest Parent company loan	2 415	2 278
Interest long-term debt	32 002	3 071
Other financial expenses	33 477	1 191
Realised disagio	20 523	2 844
Unrealised disagio	74 027	39 985
<b>Total financial expenses</b>	<b>162 444</b>	<b>49 369</b>

## NOTE 12 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital has been increased by NOK 1 000 to NOK 669 000 consisting of 1 000 000 shares with nominal value of NOK 0.669 each. All shares are owned by Farstad Shipping ASA, Aalesund.

The parent company Farstad Shipping ASA has its registered offices in Skansekaia 4A, 6002 Aalesund, where the consolidated accounts including this company can be obtained.



Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of  
Farstad Marine AS

## AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements of Farstad Marine AS, which comprise the balance sheet as at 31 December 2015, the statements of profit and loss and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors' and General Manager's responsibility for the financial statements*

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

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements of Farstad Marine AS 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 2015 and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

**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 Directors' report concerning the financial statements, the going concern assumption and the 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 the Board of Directors have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Aalesund, 29. April 2016  
ERNST & YOUNG AS

Ivar-André Norvik  
State Authorised Public Accountant (Norway)