



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 985 716 404
Organisasjonsform: Aksjeselskap
Foretaksnavn: FARSTAD AUSTRALIA AS
Forretningsadresse: Skansekaia 4A
6002 ÅLESUND

Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Idar Johannes Gjerde
Dato for fastsettelse av årsregnskapet: 30.06.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

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, 02.11.2020



Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler			
Annen driftskostnad	2	18 000	14 000
Sum kostnader		18 000	14 000
Driftsresultat		-18 000	-14 000
Annen finansinntekt			
Nedskrivning av finansielle eiendeler	5	25 745 000	68 454 000
Rentekostnad til foretak i samme konsern	6	3 646 000	1 007 000
Annen finanskostnad			
Sum finanskostnader		29 391 000	69 461 000
Netto finans		-29 391 000	-69 461 000
Ordinært resultat før skattekostnad		-29 409 000	-69 475 000
Skattekostnad på ordinært resultat	3		
Ordinært resultat etter skattekostnad		-29 409 000	-69 475 000
Årsresultat		-29 409 000	-69 475 000
Årsresultat etter minoritetsinteresser		-29 409 000	-69 475 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	4	-29 409 000	-69 475 000
Sum overføringer og disponeringer		-29 409 000	-69 475 000



Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	5		
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		4 000	4 000
Sum fordringer		4 000	4 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		19 000	37 000
Sum bankinnskudd, kontanter og lignende		19 000	37 000
Sum omløpsmidler		23 000	41 000
SUM EIENDELER	5	23 000	41 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4, 7	100 000	100 000
Sum innskutt egenkapital		100 000	100 000
Opptjent egenkapital			
Annen egenkapital	4	-85 919 000	-56 510 000
Sum opptjent egenkapital		-85 919 000	-56 510 000



Balanse

Beløp i: NOK	Note	2017	2016
Sum egenkapital	8	-85 819 000	-56 410 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Konvertible lån	6	81 599 000	55 854 000
Sum annen langsiktig gjeld		81 599 000	55 854 000
Sum langsiktig gjeld		81 599 000	55 854 000
Kortsiktig gjeld			
Annen kortsiktig gjeld	6	4 242 000	596 000
Sum kortsiktig gjeld		4 242 000	596 000
Sum gjeld		85 841 000	56 450 000
SUM EGENKAPITAL OG GJELD		22 000	40 000



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- Ingebrigtsen	Vår referanse 2014/882482

FARSTAD AUSTRALIA AS
Postboks 1301 Sentrum
6001 ÅLESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Farstad Australia AS, org.nr. 985 716 404

- 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 Australia AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Farstad Australia 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 Australia AS er heleid av Farstad Shipping ASA. Farstad Australia AS er et rent holdingselskap som eier Farstad Shipping (Indian Pacific) Pty. Ltd. og Farstad Shipping Offshore Simulator Center Pty. Ltd. Aktivitetene er konsentrert til markedene i 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 800 80 000
Org.nr: 996250318 Telefaks
E-post: 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

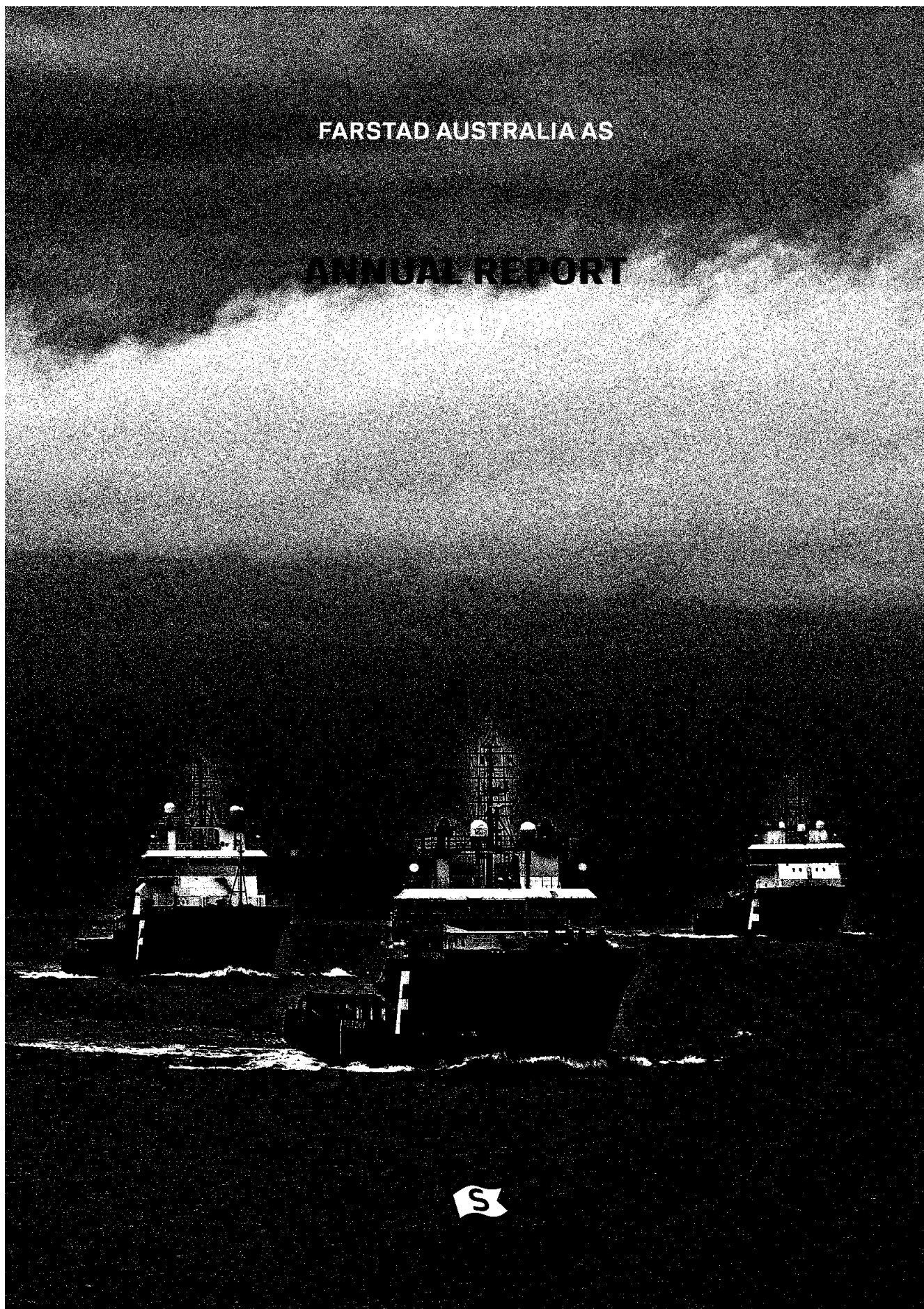
Geir Johannessen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



FARSTAD AUSTRALIA AS

ANNUAL REPORT





THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

COMPANY STRUCTURE

FARSTAD AUSTRALIA AS was established on 16 May 2003 in order to run international shipping operation, directly and/or through participation in other companies in Norway and/or overseas. The company is 100 % controlled by Farstad Shipping AS (the sub-group) and its head office is in Aalesund.

In June 2017 Farstad Shipping ASA merged with a Solstad company and changed name to Farstad Shipping AS and became a subsidiary of the listed company Solstad Farstad ASA. The ultimo parent company is Solstad Farstad ASA.

The company owns 100 % of SolstadFarstad Pty. Ltd. localised in Perth, Australia and operates the part of the SolstadFarstad fleet in the region. This company was renamed from Farstad Shipping (Indian Pacific) Pty. Ltd. in December 2017.

In 2011 a new training center was established in Perth, Farstad Offshore Simulation Centre Pty. Ltd. This company is owned 100 % of SolstadFarstad Pty. Ltd. The main purpose is training of personnel as well as development and testing of marine operations under critical and extreme situations and operating conditions.

MANAGEMENT AND ENVIRONMENT

The Company has no employees. The administration is managed by Farstad Shipping AS. The Company has limited impact on the external environment.

ACCOUNTS

The annual accounts show a loss of NOK 29.4 million, due to impairment of investments in subsidiaries. The Board has approved the total loss to be transferred to Other Equity.

GOING CONCERN

The Board confirms that the assumption of going concern is present, and that the 2017 financial statements, pursuant to section 3-3a of the Norwegian accounting act, have been prepared based on the assumption of a going concern. This is based on, among others, the liquidity budget for 2018 and its operational forecast. The Directors affirm that this assumption is correct. The Board is aware of the low equity and the challenging liquidity situation of the sub-group and its subsidiaries, and closely monitors the financial situation and deal with issues as they occur. Synergy effects and cost reduction measures implemented after the mergers are expected to give full effect during 2018. Furthermore, the sub-group's current contract backlog and signs of market improvements will have a positive effect on the sub-group's financial situation going forward.

As per 31 March 2018 Farstad Shipping AS (the sub-group), was not in compliance with a debt-service-cover-ratio financial covenant which is included in the majority of the sub-group subsidiaries' loan agreements, reference to press release from 17 April 2018 for further information. In accordance with the financial framework applied, this leads to a reclassification of the sub-group non-current liabilities of MNOK 7.041 to current liabilities. Until the sub-group is back in compliance with the financial covenant or until the covenant is unconditionally waived for a period of at least 12 months or amended in agreement with the financial creditors. Based on the current management forecast for 2018, the sub-group is expected to be back in compliance with the debt-service-cover ratio in second half of 2018, and the sub-group is in dialogue with its financial creditors in order to waive this financial covenant for the relevant period.

Aalesund, 31 December 2017
30 June 2018

The Board of Directors of Farstad Australia AS

Sven Stakkestad
Member of the Board

Lars Peder Solstad
Chairman of the Board

Anders Hall Jomaas
Member of the Board



PROFIT AND LOSS


FARSTAD AUSTRALIA AS (NOK 1 000)

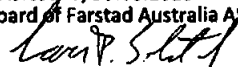
	Note	2017	2016
Operating expenses:			
Administration	2	18	14
Total operating expenses		<u>18</u>	<u>14</u>
Operating profit before depreciations (EBITDA)		<u>-18</u>	<u>-14</u>
Depreciation		0	0
Operating result (EBIT)		<u>-18</u>	<u>-14</u>
Financial items:			
Impairment of financial fixed assets	5	25 745	68 454
Interest expense to group entities	6	3 646	1 007
Net financial income and expenses		<u>-29 391</u>	<u>-69 461</u>
Tax and results:			
Pre tax profit		-29 409	-69 475
Tax	3	0	0
Profit for the year		<u>-29 409</u>	<u>-69 475</u>
Annual net profit		<u>-29 409</u>	<u>-69 475</u>
To other equity	4	-29 409	-69 475
Net brought forward		<u>-29 409</u>	<u>-69 475</u>


**BALANCE SHEET**

FARSTAD AUSTRALIA AS (NOK 1 000)

	Note	2017	2016
ASSETS			
FIXED ASSETS			
CURRENT ASSETS			
Other short-term receivables		4	4
Cash and cash equivalents		19	37
Total current assets		22	41
Total assets	5	22	41
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4, 7	100	100
Other equity	4	-85 919	-56 510
Total equity	8	-85 819	56 410
NON-CURRENT LIABILITIES			
Loan from parent company	6	81 599	55 854
Total non-current liabilities		81 599	55 854
CURRENT LIABILITIES			
Other current liabilities	6	4 242	596
Total current liabilities		4 242	596
Total liabilities		85 841	56 450
Total equity and liabilities		22	41


Sven Stakkestad
member of the board

Aalesund, 30.06.2018
The board of Farstad Australia AS

Lars Peder Solstad
chairman of the board


Anders Hall Jomaas
member of the board



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD AUSTRALIA AS

NOTE 1 ACCOUNTING PRINCIPLES

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

Deferred tax/Tax expense

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences existing between accounting and tax values, and any carryforward losses for tax purposes at year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Classification and evaluation of the balance sheet

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

Investments in subsidiaries

Investment in subsidiaries are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An 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 later 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.

The principle for investments in other companies is the cost method. Shares owned by Farstad Australia is 100 % in SolstadFarstad Pty. Ltd. (renamed in December 2017 from Farstad Shipping (Indian Pacific) Pty. Ltd. (FSIP)), which owns 100 % in Farstad Shipping Offshore Simulation Centre Pty. Ltd. Both companies are located in Perth in Australia.

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 SALARIES, NUMBER OF EMPLOYEES AND MANAGEMENT AGREEMENTS WITH CLOSELY RELATED PARTIES

Farstad Australia AS has no employees, - thus no wages or directors fee have been paid in 2017. The company is not obligated to have mandatory pension agreements. The management is undertaken by Farstad Shipping AS.

Expensed audit fee

	2017	2016
Statutory audit	18	14
Tax advisory fee	-	-
Total audit fees	18	14

VAT is not included in the audit fee.

NOTE 3 TAXES

Temporary differences	2017	2016
Net temporary differences		
Tax losses carried forward	-9 875	-6 211
Basis for deferred tax	-9 875	-6 211
Deferred tax	-2 271	-1 491
Deferred tax benefit not shown in the balance sheet	2 271	1 491
Deferred tax in the balance sheet	-	-

The reason deferred tax benefit are not reflected in the balance sheet is that historical results create doubt that future taxable profits will be sufficient to utilise the tax benefit.

Basis for income tax expense, changes in deferred tax and tax payable	2017	2016
Result before taxes	-29 409	-69 475
Permanent differences	25 745	68 454
Basis for the tax expense for the year	-3 664	-1 022
Change in temporary differences	-	-
Change in losses carried forward	3 664	1 022
Basis for payable taxes in the income statement	-	-
+/- Group contributions received/given	-	-
Taxable income (basis for payable taxes in the balance sheet)	-	-



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD AUSTRALIA AS

NOTE 4 EQUITY

Equity changes in the year	Sharecapital	Other equity	Total
Equity 01.01.	100	-56 510	-56 410
Profit for the year	-	-29 409	-29 409
Equity 31.12.	100	-85 919	-85 819

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 Australia AS. The Board of Directors will take necessary actions to improve the financial situation of the company.

NOTE 5 LIQUID ASSETS, SHARES IN SUBSIDIARIES AND OTHER SHARES

Shares owned by Farstad Australia AS:	Paid-in capital	Number of shares	Nominal value	Book value
SolstadFarstad Pty. Ltd. *)	AUD 11 220	9 997 528	94 198	-
		Owner share	Equity 31.12	Result 31.12
SolstadFarstad Pty. Ltd. *)		100 %	-55 770	-11 275

*) The company has made and impairment of investment in subsidiary in 2017 of NOK 25 745 (NOK 68 454 in 2016).

NOTE 6 BALANCE WITH GROUP COMPANIES, ETC.

Long term debt	2017	2016
Farstad Shipping AS *)	81 599	55 854
Total	81 599	55 854
Current liabilities	2017	2016
Farstad Shipping AS	4 242	596
Total	4 242	596

*) Long term debt to Farstad Shipping AS NOK has following interest conditions: 3 months NIBOR + 3,75 % margin.

NOTE 7 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of TNOK 100 consists of 100 shares with nominal value of NOK 1 each. All shares are owned by Farstad Shipping AS, Ålesund.

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

NOTE 8 GOING CONCERN

As per 31 March 2018 Farstad Shipping AS (the sub-group), was not in compliance with a debt-service-cover-ratio financial covenant which is included in the majority of the sub-group subsidiaries' loan agreements, reference to press release from 17 April 2018 for further information. In accordance with the financial framework applied, this leads to a reclassification of the sub-group non-current liabilities of MNOK 7.041 to current liabilities. Until the sub-group is back in compliance with the financial covenant or until the covenant is unconditionally waived for a period of at least 12 months or amended in agreement with the financial creditors. Based on the current management forecast for 2018, the sub-group is expected to be back in compliance with the debt-service-cover ratio in second half of 2018, and the sub-group is in dialogue with its financial creditors in order to waive this financial covenant for the relevant period.

The annual accounts are prepared on the assumption of a going concern. This is based on, among others, the liquidity budget for 2018 and its operational forecast. The Directors affirm that this assumption is correct. The Board is aware of the low equity and the challenging liquidity situation of the sub-group and its subsidiaries, and closely monitors the financial situation and deal with issues as they occur. Synergy effects and cost reduction measures implemented after the mergers are expected to give full effect during 2018. Furthermore, the sub-group's current contract backlog and signs of market improvements will have a positive effect on the sub-group's financial situation going forward.



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Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Farstad Australia AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Farstad Australia AS, which comprise the balance sheet as at 31 December 2017 and the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2017 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

We draw attention to note 8 in the financial statements, which describes that the Farstad Shipping AS (the sub-group) was not in compliance with a debt-service-cover-ratio financial covenant as of 31 March 2018. These events, along with other matters as set forth in note 8, 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.



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Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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Report on other legal and regulatory requirements

Opinion on registration and documentation

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

Aalesund, 31. July 2018
ERNST & YOUNG AS

Ivar-André Norvik
State Authorised Public Accountant (Norway)