



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

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: 28.08.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

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	2019	2018
RESULTATREGNSKAP			
Inntekter			
Freight Income	2	23 700 000	106 859 000
Other income		945 000	1 758 000
Profit/loss on sale of fixed assets	8	1 053 000	-4 856 000
Sum inntekter		50 343 000	212 378 000
Kostnader			
Crewing expenses vessels	3	14 856 000	43 973 000
Depreciation and impairment	8	34 512 000	49 186 000
Other operating expenses vessels		11 490 000	20 376 000
Administration	3	7 015 000	10 387 000
Sum kostnader		67 873 000	123 922 000
Driftsresultat		-83 199 000	-65 872 000
Finansinntekter og finanskostnader			
Annen renteinntekt	10	-373 000	-5 244 000
Financial income	10	575 000	477 000
Sum finansinntekter		203 000	-4 768 000
Annen rentekostnad	10	6 294 000	2 586 000
Financial expenses	10	27 049 000	25 245 000
Sum finanskostnader		33 343 000	27 831 000
Netto finans		-33 141 000	-32 599 000
Ordinært resultat før skattekostnad		-75 316 000	-52 760 000
Tax	6	89 000	796 000
Ordinært resultat etter skattekostnad		-75 405 000	-53 556 000
Årsresultat		-75 405 000	-53 556 000
Årsresultat etter minoritetsinteresser		-75 405 000	-53 556 000
Totalresultat		-75 405 000	-53 556 000



Resultatregnskap

Beløp i: NOK	Note	2019	2018
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Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels and other fixed assets	8, 14	230 627 000	295 718 000
Sum varige driftsmidler		230 627 000	295 718 000
Finansielle anleggsmidler			
Lån til foretak i samme konsern	9	7 106 000	7 106 000
Sum finansielle anleggsmidler		7 106 000	7 106 000
Sum anleggsmidler		237 733 000	302 824 000
Omløpsmidler			
Varer			
Sum varer		2 638 000	1 359 000
Fordringer			
Account receivables		30 971 000	52 237 000
Other short-term receivables	9	56 891 000	52 567 000
Sum fordringer		87 862 000	104 804 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	4, 5, 12	40 362 000	40 211 000
Sum bankinnskudd, kontanter og lignende		40 362 000	40 211 000
Sum omløpsmidler		130 862 000	146 374 000
SUM EIENDELER		368 595 000	449 199 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2019	2018
Innskutt egenkapital			
Share capital	7, 11	670 000 000	670 000 000
Sum innskutt egenkapital		670 000 000	670 000 000
Opptjent egenkapital			
Uncovered loss	7		
Udekket tap		1 089 387 000	1 013 786 000
Sum opptjent egenkapital		-1 089 387 000	-1 013 786 000
Sum egenkapital	13	-419 387 000	-343 786 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Konvertible lån	6		
Langsiktig konserngjeld	4, 5		
Liabilities to parent company	9	120 000 000	120 000 000
Sum annen langsiktig gjeld		120 000 000	120 000 000
Sum langsiktig gjeld		120 000 000	120 000 000
Kortsiktig gjeld			
Interest-bearing mortgage debt	9	449 615 000	469 941 000
Leverandørgjeld		4 210 000	5 778 000
Tax payable	6		807 000
Other current liabilities	4, 9	214 158 000	196 458 000
Sum kortsiktig gjeld		667 983 000	672 984 000
Sum gjeld		787 983 000	792 984 000
SUM EGENKAPITAL OG GJELD		368 595 000	449 199 000



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Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

UAVHENGIG REVISORS BERETNING

Til generalforsamlingen i Farstad Marine AS

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert årsregnskapet for Farstad Marine AS som består av balanse per 31. desember 2019, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapets finansielle stilling per 31. desember 2019, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i avsnittet *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med de relevante etiske kravene i Norge knyttet til revisjon slik det kreves i lov og forskrift. Vi har også overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Vesentlig usikkerhet knyttet til fortsatt drift

Selskapet opplyser i resultatregnskapet og i årsberetningen at selskapet har pådratt seg et tap på MNOK 75,4 i regnskapsåret 2019. Selskapets egenkapital er negativ med MNOK 419 per 31.12.2019. Selskapet inngår i konsernet Solstad Offshore ASA hvor det er en pågående restruktureringsprosess. Den 8. mai 2020 inngikk konsernet en restruktureringsavtale for å styrke den økonomiske situasjonen. Hvis restruktureringsavtalen ikke blir implementert, og i tilfelle selskapet skulle tvinges til å realisere sine eiendeler, er det en risiko for at disse vil bli realisert til en betydelig lavere verdi enn balanseført verdi, ettersom bruksverdien er høyere enn estimert salgsverdi. Disse forholdene og andre omstendigheter som er beskrevet i note 13 og i årsberetningen, indikerer at det foreligger en vesentlig usikkerhet som kan skape tvil av betydning om selskapets evne til fortsatt drift. Vår konklusjon er ikke modifisert som følge av dette forholdet.

Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og daglig leder (ledelsen) er ansvarlig for den øvrige informasjonen. Vår uttalelse om revisjonen av årsregnskapet dekker ikke den øvrige informasjonen, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese den øvrige informasjonen med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon, er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.



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Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvike selskapet eller legge ned virksomheten, eller ikke har noe annet realistisk alternativ.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg

- ▶ identifiserer og anslår vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll;
- ▶ opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll;
- ▶ vurderer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimaterne og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige;
- ▶ konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det foreligger vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet. Hvis slike tilleggsopplysninger ikke er tilstrekkelige, må vi modifisere vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapets evne til fortsatt drift ikke lenger er til stede;
- ▶ vurderer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen, tidspunktet for vårt revisjonsarbeid og eventuelle vesentlige funn i vår revisjon, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom vårt arbeid.

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og forutsetningen om fortsatt drift og forslaget til disponering av resultatet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendige i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringskikk i Norge.

Uavhengig revisors beretning - Farstad Marine AS

A member firm of Ernst & Young Global Limited

Perneo Dokumentnr: 01W47J-DO21V-14LTT-HEI3Y-SUW4Q-BEHDV



Oslo, 28. august 2020
ERNST & YOUNG AS

Revisjonsberetningen er signert elektronisk

Asbjørn Rødal
statsautorisert revisor

Penneo Dokumentnøkkel: 0W47J-DO21V-4LTT-HEI3Y-SUJ4IQ-BEHDV

Uavhengig revisors beretning - Farstad Marine AS

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Asbjørn Rødal

Statsautorisert revisor

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**PROFIT AND LOSS**

FARSTAD MARINE AS (NOK 1 000)

	Note	2019	2018
Operating income and operating expenses			
Operating income:			
Freight Income	2	23 700	106 859
Other income		945	1 758
Total operating income		24 645	108 617
Profit/loss on sale of fixed assets	8	1 053	-4 856
Total income		25 698	103 761
Operating expenses:			
Crewing expenses vessels	3	14 856	43 973
Other operating expenses vessels		11 490	20 376
Administration	3	7 015	10 387
Total operating expenses		33 361	74 736
Operating profit before depreciations (EBITDA)		-7 663	29 025
Depreciation and impairment	8	34 512	49 186
Operating result (EBIT)		-42 175	-20 161
Financial items:			
Financial income	10	575	477
Financial expenses	10	27 049	25 245
Realised agio (disagio)	10	-373	-5 244
Unrealised agio (disagio)	10	-6 294	-2 586
Net financial income and expenses		33 141	32 599
Tax and results:			
Result		-75 316	-52 760
Tax	6	89	796
Result for the year		-75 405	-53 556

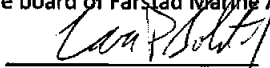
**BALANCE SHEET****FARSTAD MARINE AS (NOK 1 000)**

	Note	2019	2018
ASSETS			
FIXED ASSETS			
Vessels and other fixed assets	8, 14	230 627	295 718
Long-term loan to parent company	9	7 106	7 106
Total fixed assets		237 733	302 824
CURRENT ASSETS			
Account receivables		30 971	52 237
Inventories		2 638	1 359
Other short-term receivables	9	56 891	52 567
Cash and cash equivalents	4, 5, 12	40 362	40 211
Total current assets		130 862	146 374
Total assets		368 595	449 199
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7, 11	670 000	670 000
Uncovered loss		-1 089 387	-1 013 786
Total equity	13	-419 387	-343 786
NON-CURRENT LIABILITIES			
Liabilities to parent company	9	120 000	120 000
Total non-current liabilities		120 000	120 000
CURRENT DEBT			
Accounts payable		4 210	5 778
Tax payable	6	0	807
Other current liabilities	4, 9	214 158	196 458
Interest-bearing mortgage debt	9	449 615	469 941
Total current liabilities		667 983	672 984
Total liabilities		787 983	792 984
Total equity and liabilities		368 595	449 199



Kjetil Ramstad
member of the board

Aalesund, 28.08.2020
The board of Farstad Marine AS



Lars Peder Solstad
chairman of the board



Eivind Kvilhaug
member of the board



CASH FLOW STATEMENT

FARSTAD MARINE AS (NOK 1 000)

	2019	2018
Cash flow from operations:		
Profit/loss before income taxes	-75 316	-52 760
Paid taxes	-896	-1 174
Differences in expensed pensions and payments pension scheme	-148	345
Interest costs	27 049	25 245
Depreciations	7 512	9 665
Impairment	27 000	39 521
Gain/(loss) on sale of fixed asset	-1 053	4 856
Change in inventory	-1 279	2 986
Change in trade debtors	21 266	-37 569
Change in trade creditors	-1 568	2 984
Unrealized foreign exchange (gain)/loss	6 294	2 586
Change in other provisions	-9 652	20 700
Net cash flow from operations	-791	17 385
Cash flow from investments:		
Purchase of fixed assets	1 458	-3 890
Sale of fixed assets	30 174	12 239
Net cash flow from investments	31 632	8 349
Cash flow from financing:		
Proceeds from long term loans	-	-
Repayment of long-term debt	-30 690	-30 705
Payment of interest	-	-13 416
Net cash flow from financing	-30 690	-44 121
Net change in cash and cash equivalents	151	-18 387
Cash and cash equivalents at the beginning of the period	40 211	58 598
Cash and cash equivalents at the end of the period	40 362	40 211



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 annual accounts are residual values for vessels, the useful life of vessels, impairment of vessels, tax, the capitalisation and depreciation of deferred maintenance, 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 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 8.7803, GBP 11.5936, EUR 9.8636, AUD 6.1668 and BRL 2.1843.

Costs and income recognition

The group'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 number of days the contract lasts. Interest income is recorded as interest accrues.

Pension

Farstad Marine is hiring all crew and crew related duties from other companies within the Solstad Offshore 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.

Depreciation of vessels and other fixed assets

The vessels are decomposed into vessel and deferred maintenance. Vessels are included in the balance sheet at their cost 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 value in use. As an approach to net selling price for the vessels, the value estimates obtained from two 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.

Maintenance costs

Ordinary repairs and maintenance are recognised in the profit and loss account. The cost of dockings and periodic maintenance on 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 60 months. The costs are recognised through 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 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.

Taxes

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.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax/Tax expense

Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets. Deferred tax assets are recognised when it is probable that the company will have sufficient profit for tax purposes in subsequent periods to utilize the tax assets. 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 balance sheet.

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



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD MARINE AS

Sale of vessels

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

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	2019	2 018
Anchor Handling Vessels (AHTS)	-6 597	6 782
Platform Supply Vessels (PSV)	30 297	100 067
Total freight income	23 700	106 859

Freight income by region	2019	2 018
North West Europe	28 366	25 001
Brazil	4 201	15 340
Asia Pacific	-8 867	66 517
Total freight income	23 700	106 858

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 2019. The company is not obligated to have mandatory pension agreements.

Management of the vessels is performed by Solstad Shipping AS, according to agreements. Management fee was paid to Solstad Shipping AS in 2019 with NOK 6 466 (NOK 8 402 in 2018).

Audit fee

	2019	2018
Statutory audit	200	120
Tax advisory fee	-	-
Total audit fees	200	120

VAT is not included in the audit fee.

NOTE 4 MORTGAGES AND OTHER LONG-TERM LIABILITIES

Solstad Offshore ASA has in a press release dated 8th May 2020 announced that a Restructuring Implementation Agreement (the "RIA") has been signed for a restructuring of the Group. The key features of the Restructuring are:

- Debt to equity conversion of approximately NOK 10,9 billion
- New fleet loan maturing after 4 years
- Financing of additional liquidity
- Industrial shareholders to retain ownership of up to 33.34%
- Streamlining of corporate structure

The RIA has been entered into with a majority of the Restructuring's key stakeholders, including all of its secured finance providers.

The Group's balance sheet and liquidity will be notably strengthened. Debt in an amount equivalent to approximately 10,9 billion (based on fixed foreign exchange rates) will be converted into equity. The debt converted to equity consists of secured debt,

The Group's fleet will be refocused, and 37 vessels of the older and less sophisticated vessels are envisaged to be sold or scrapped over a period of time. The long-term business of the Group will be based on a core fleet of approximately 90 vessels.

The Group's financial and company structure will be simplified. Apart from certain ring-fenced structures, surviving secured debt of the Company will be included in a fleet loan maturing after four years. The fleet loan will be made available in NOK and USD.

The closing of the Restructuring is expected to take place in July 2020, however the RIA has a long stop date which can be extended to 8 November 2020 if more time is required.

Interest bearing loans of NOK 449,6 mill is presented as current liabilities due to the above.



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD MARINE AS

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

	2019	2018
Net interest bearing debt	456 183	481 870
Interest bearing current assets	40 362	40 211
Net interest bearing debt	415 821	441 659
Capitalized arrangement fee	0	1 583
Capitalized interest relief from restructuring 2017	6 568	10 348

Instalment schedule:	< 3 months:	3 - 12 months	1 - 4 years	> 4 years	Total:
Repayment schedule for existing debt	-	-	-	456 183	456 183
TOTAL	-	-	-	456 183	456 183

The long-term debt is distributed in currencies by 44% (51% in 2018) in NOK, 22% (18%) in USD and 34% (31%) in GBP.

The 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 GURANTEE LIABILITIES

	2019	2018
Liabilities secured by mortgage		
Interest-bearing mortgage debt(gross) and accrued interest	473 279	480 238
Total	473 279	480 238
Balance sheet value of assets placed as security:		
Vessels' book value	230 627	295 718
Pledged bank deposits	32 456	32 401
Total	263 083	328 119

Also, additional guarantee is provided through insurance settlements.

NOTE 6 TAXES

Calculation of deferred tax/deferred tax benefit

	2019	2018
Temporary differences		
Fixed assets	-322 210	-346 781
Profit and loss account	-147 245	-184 056
Other temporary differences	-	1 583
Net temporary differences	-469 456	-529 254
Unrecovered interests carried forward	-112 546	-87 292
Tax losses carried forward	-940 014	-830 153
Basis for deferred tax	-1 522 015	-1 446 699
Deferred tax	-334 843	-318 274
Deferred tax benefit not shown in the balance sheet	334 843	318 274
Deferred tax in the balance sheet	-	-

	2019	2018
Basis for income tax expense, changes in deferred tax and tax payable		
Result before taxes	-75 316	-52 760
Permanent differences	-	16 955
Basis for the tax expense for the year	-75 316	-35 805
Limitation of interest deduction	25 253	-
Change in temporary differences	-59 798	-102 968
Basis for payable taxes in the income statement	-109 861	-138 773
Change in tax losses carried forward	109 861	138 773
+/- Group contributions received/given	-	-
Taxable income (basis for payable taxes in the balance sheet)	-	-



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD MARINE AS

NOTE 6 TAXES cont.

	2 019	2018
Components of the income tax expense		
Withholding tax	89	796
Change in deferred tax	-	-
Tax expense	89	796
Payable taxes in the balance sheet		
Payable tax abroad	-	807
Payable tax in the balance sheet	-	807

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.

Farstad Marine AS left the basic tonnage tax scheme as of 30 June 2016 with taxable effect as per 1 January 2016 to the ordinary taxation scheme.

NOTE 7 EQUITY

	Share capital	Uncovered loss	Total
Equity changes in the year			
Equity 01.01.	670 000	-1 013 786	-343 786
Profit/(loss) for the year	-	-75 405	-75 405
Other changes	-	-196	-196
Equity 31.12.	670 000	-1 089 387	-419 387

The equity is negative. See note 13 for more information.

NOTE 8 VESSELS AND OTHER FIXED ASSETS

	Directly owned vessels	Spare parts	Total fixed assets
Purchase cost pr. 31.12.17	1 415 245	3 432	1 418 677
Additions	13	-	13
Disposals	328 059	-	328 059
Purchase cost pr. 31.12.18	1 087 199	3 432	1 090 631
Additions	-	-	-
Disposals	232 372	-	232 372
Purchase cost pr. 31.12.19	854 827	3 432	858 259
Accumulated depreciation 31.12.17	1 065 416	1 372	1 066 788
Depreciation in the year	3 731	-	3 731
Impairment	39 521	-	39 521
Disposals	309 059	-	309 059
Accumulated depreciation 31.12.18	799 609	1 372	800 981
Depreciation in the year	6 259	-	6 259
Impairment	27 000	-	27 000
Disposals	203 250	-	203 250
Accumulated depreciation 31.12.19	629 618	1 372	630 990
Recognized value deferred maintenance at December 2018	6 068	-	6 068
Recognized value deferred maintenance at December 2019	3 358	-	3 358
Net book value pr. 31.12.	228 567	2 060	230 627

Far Saitire was sold in 2019 at a net calculated gain of NOK 1.1 million.

Far Supporter and Far Supplier were sold in 2018 at a net calculated loss of NOK 4.9 million.

	2019	2018
Change in recognized value deferred maintenance		
Net book value pr. 01.01	6 068	10 481
Additions	3 549	3 890
Disposals	-	2 369
Depreciation in the year	6 259	5 934
Net book value pr. 31.12	3 358	6 068

Depreciation of vessels and other fixed assets

The vessels are decomposed in vessel and deferred maintenance. The vessels are depreciated over defined period of use on a best estimated of what we believe the vessels can be sold for when they are 20 years old. 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 60 months.

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



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD MARINE AS

NOTE 8 VESSELS AND OTHER FIXED ASSETS - cont.

Impairment

Due to the current market conditions, as well as uncertainty related to vessels future earnings, the company has performed individual impairment tests of all vessels. Impairments have been performed where the recoverable amount is lower than the recognized value for the vessels/assets. The recoverable amount for each vessel is based on a value in use calculation from cash flow before financial items and tax. The cash flow calculations have been discounted with an average cost of capital after tax (WACC) for the Solstad group of 9.0% (9.3% in 2018). The cash flow per vessel is calculated until vessel reaches an age of 20 years.

For vessels having firm contracts, revenue is based on the current contracts. For vessels without firm contracts, and for vessels where the firm contract expires during the period, revenue is based on historical data. For the first period it is expected that the day rates for the PSV- and AHTS segment will remain low. From 2024 to 2026 it is assumed a gradual increase of revenue to a level which correspond to the average rates for the past 7-10 years. It is expected that the markets are normalized within 2024.

Total impairment was NOK 27 000 in 2019 compared to 39 521 in 2018

NOTE 9 BALANCE WITH GROUP COMPANIES, ETC.

	2019	2018
Other short-term receivables		
Farstad Supply AS	-	-
Farstad Offshore AS	12 985	3 422
P/R International Offshore Services ANS	136	134
Farstad Shipping S.A.	13 411	8 987
Farstad Shipping (Indian Pacific) Pty Ltd	10 540	14 134
Farstad Shipping Pte Ltd	425	423
Deep Sea Supply Shipowning AS	6 813	4 710
Other receivables, damage claim, vat, prepayments	12 581	20 757
Total current assets	56 891	52 567
Other current liabilities		
Farstad Shipping AS	113 618	108 171
Farstad Offshore AS	-	796
Farstad Shipping Aalesund AS	43	43
Farstad Shipping Pte Ltd	10 678	7 016
Farstad Supply AS	11 928	18 095
Farstad Shipping Crewing Services Pte Ltd	1 196	1 157
Solstad Shipping AS	1 868	12 630
Deep Sea Supply Shipowning AS	53 875	33 288
Other current liabilities/incurred interest	20 952	15 262
Total current liabilities	214 158	196 458
Long-term asset		
Farstad Shipping AS	7 106	7 106
Total	7 106	7 106
Long-term debt		
Farstad Shipping AS *)	120 000	120 000
Total	120 000	120 000

*) 3 months NIBOR + 3,75 % margin.

NOTE 10 FINANCIAL ITEMS

	2019	2018
Financial income		
Interest income bank and placements	82	94
Interest income group companies	494	382
Realised agio	6 394	3 240
Unrealised agio	10 197	17 551
Total financial income	17 167	21 267
Financial expenses		
Interest Parent company loan	6 319	5 798
Interest long-term debt	17 591	16 157
Other financial expenses	3 139	3 290
Realised disagio	6 767	8 484
Unrealised disagio	16 492	20 137
Total financial expenses	50 308	53 866

NOTE 11 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital is NOK 670 000 consisting of 1 000 000 shares with nominal value of NOK 0.67 each. All shares are owned by Farstad Shipping AS, Aalesund.

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 1 000)

FARSTAD MARINE AS

NOTE 12 RESTRICTED CASH

The company has pledged cash deposits of NOK 32.5 million as of 31.12.2019, related to guarantee against lenders for payment of fleet loan (NOK 22.5 mill.) and Far Scotsman loan (NOK 10,0 mill.)

NOTE 13 GOING CONCERN

The annual accounts are prepared on the assumption of a going concern. However, the Company's and the Group's financial situation is unsustainable as equity is negative and liquidity is under pressure. The long-term viability of the Company's and the group's business depends on the Company finding a solution to its financial situation. On 8 May 2020, the Company entered into a Restructuring Implementation Agreement to strengthen its financial situation (see section 7 above), and the going concern assumption is based on the board's view that the Restructuring Implementation Agreement has a reasonable prospect of being implemented. If the Restructuring Implementation Agreement is not implemented, and in the event the Group should be forced to realize its assets, there is a risk that these will be realized at a significantly lower value than their carrying amount, as value in use is higher than estimated sales values for several of the vessels. Based on the information above the Board of Directors would like to emphasize that there is material uncertainty related to the going concern assumption.

NOTE 14 SUBSEQUENT EVENTS

Restructuring Implementation Agreement

Solstad Offshore ASA (the "Company") and its subsidiaries ("SOFF" or the "Group") have since Q3 2018 worked with their creditors towards a consensual financial restructuring. On 8 May 2020 the Company signed a Restructuring Implementation Agreement (the "RIA") for a restructuring of the Group (the "Restructuring"). The key features of the Restructuring are:

- Debt to equity conversion of approximately NOK 10.9 billion
- New fleet loan maturing after 4 years
- Financing of additional liquidity
- Industrial shareholders to retain ownership of up to 33.34%
- Streamlining of corporate structure

The RIA has been entered into with a majority of the Restructuring's key stakeholders, including all of its secured finance providers except for three financial providers in the Solship Invest 3 AS and Farstad Shipping AS silos (the "Senior Finance Parties")

The RIA reconfirms the key elements of the Restructuring as described in the notice dated 31 March 2020:

1. The Group's balance sheet and liquidity will be notably strengthened.
2. Debt in an amount equivalent to approximately 10.9 billion (based on fixed foreign exchange rates) will be converted into equity. The debt converted to equity consists of secured debt, leasing obligations, bond obligations and other unsecured debt. All debt converted to equity will have the same conversion rate.
3. The Group's fleet will be refocused, and 37 vessels of the older and less sophisticated vessels are envisaged to be sold or scrapped over a period of time. The long-term business of the Group will be based on a core fleet of approximately 90 vessels.
4. The Group's financial and company structure will be simplified. Apart from certain ring-fenced structures, surviving secured debt of the Company will be included in a fleet loan maturing after four years. The fleet loan will be made available in NOK and USD. At prevailing foreign exchange rates, the consolidated surviving debt of the Group will be in an amount equivalent to approximately NOK 9,058 million and USD 886 million. A part of the new fleet loan in an amount equivalent to approximately NOK 0.9 billion, will be secured by the non-core vessels that are likely to be sold or scrapped within a limited period of time following completion of the Restructuring. The net proceeds from such sales will be used to repay the relevant part of the fleet loan, and any remaining amount will subsequently be converted into equity at the same conversion rate as the debt being converted into equity at completion of the restructuring.
5. The SOFF 04 bonds will receive a fee of NOK 50 million financed by new equity, and the residual claim will be converted to equity in the Company. A bondholder meeting to resolve the Restructuring will be convened as soon as possible.
6. The bond holders in Solship Invest 1 AS will be repaid an amount equal to Solship Invest 1 AS' corporate cash (which amounts to approximately NOK 26 million). The residual claim will be converted to equity in the Company. A bond holder meeting to resolve the Restructuring will be convened as soon as possible.
7. The leasing agreements for five vessels owned by subsidiaries of SFL Corp Ltd. have been terminated. The relevant lessors will receive a fee of NOK 10 million, and the residual claim will be converted into shares in the Company.
8. The leasing agreements for two vessels owned by a subsidiary of Ocean Yield ASA, F-Shiplease AS will be replaced by new lease agreements on amended terms. Claims under the existing lease agreements will be converted into shares in the Company. The charter rate payable under the new lease agreements shall be a reference rate equal to the average per vessel EBITDA in a pool of seven similar vessels. F-Shiplease AS will carry all upside/downside from the operation of its vessels during the charter period.
9. Upon completion of the restructuring, the existing shares will represent 0.4%, and the converted debt will represent at least 64-75% of the Company's shares.
10. Existing industrial shareholders including Lars Peder Solstad and companies controlled by him ("LPS") will continue to support the Company, and will be offered to subscribe for shares so as to retain an ownership of up to 1/3 of the shares in the Company upon completion of the restructuring. The industrial shareholders will also be offered to subscribe for a convertible loan in the Company which will be converted into shares in so far as necessary for them to maintain their shareholding following the conversion of the part of the new fleet loan that will be converted into equity upon the sale or scrapping of the Group's non-core vessels (cf. item 4 above). The remaining shareholders will be offered to subscribe for shares so as to retain a total ownership of up to 2%. The Chairman of the Board Mr. Harald Espedal will be offered to subscribe for shares representing 0.9% of the shares in the Company. Fausken Invest AS, a company controlled by board member Frank O. Reite, will enter into a put/call agreement with Aker for shares with a subscription amount of NOK 1 million. The shares to be subscribed by the industrial shareholders and Harald Espedal will be subject to a three year lock up period. The total subscription amount for the shares and convertible loan to be issued in consideration for cash (to represent up to approximately 36% of the shares of the Company upon completion of the restructuring) will be up to approximately NOK 72.5 million.
11. LPS will be granted warrants through an incentive program, to achieve up to a 10% share of the Company (based on the shares outstanding, and including LPS' shares, in the Company at completion of the Restructuring).



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD MARINE AS

NOTE 14 SUBSEQUENT EVENTS - cont.

The effectiveness of the RIA is conditional on credit committee approvals with the Senior Finance Parties, to be obtained within 29 May 2020 or such later date that may be agreed with the Company.

The implementation of the Restructuring is further subject to the approval of the general meeting of the Company and relevant bondholders' meetings, agreement on long form documentation with relevant stakeholders and related customary condition precedent documentation.

The closing of the Restructuring is expected to take place in July 2020, however the RIA has a long stop date which can be extended to 8 November 2020 if more time is required.

Some creditors in subsidiaries of Farstad Shipping AS and Solship Invest 3 AS have not yet acceded to the RIA. The inclusion in the restructuring of these companies and their debtors in the Group remains subject to further negotiations between the stakeholders. The Company expects that the Restructuring can be consummated in all material respect even if these creditors ultimately decide not to accede to the RIA.

All liabilities towards the financial creditors will be subject to standstill provisions in the period leading up to the closing of the Restructuring. Until the Restructuring is implemented, the Group continues its unilateral standstill towards certain creditors. In the bondholder meetings to be held in May, the bondholders will be asked to waive the current defaults in SOFF 04 and the Solship Invest 1AS bond loan as were advised in the notice by the Company 31 March 2020.

Other subsequent events

There is a potential risk connected to the impact of COVID - 19 virus and the effect this will have on the global market where the Group is operating. This might affect the Group's financial performance as a consequence of both internal and external factors that could present possible challenges in the period of time. The Group has so far been able to continue normal operations of its vessels even if crew changes has become difficult due to COVID-19. There is an increased risk in the sector of delays in execution of offshore projects as a result of COVID -19. It could be expected that both COVID19 and the oil price development will have a negative effect on the Group. Currently there are limited information available to provide clear data for calculating any estimates on financial exposure. The Group will continuously monitor financial exposure, taking measure to mitigate the risks and ensure timely recognition of all relevant estimates in financial reporting.



THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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 Farstad Shipping AS 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, which changed name to Solstad Offshore ASA 1st of October 2018. The ultimo parent company is Solstad Offshore ASA.

MANAGEMENT

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

The company's Board of Directors has three members.

THE FLEET

As per 31 December 2019 the company's fleet consists of four vessels, all Platform Supply Vessels (PSV). One Anchor Handling Vessel (AHTS) was sold in 2019.

Two of the vessels in Farstad Marine has been laid-up during 2019.

FINANCIALS

Financial statement

Operating income for 2019 was NOK 25,7 million compared to NOK 103,7 million in 2018, including gain from sale of vessel NOK 1,0 in 2019 and loss from the sale of vessel NOK 4,8 million for 2018. Operating result was NOK - 42,1 for 2019 and NOK -20,1 million in 2018, after an impairment of 27,0 in 2019 compared to NOK 39,5 million in 2018. The company has a negative equity ratio of negative 76,61% in 2018 compared to negative 62.3 % and a challenging liquidity situation. Vessels in lay-up, low operating income and operating result, and the equity ratio reflects the challenging market situation for the company. As a result of the negative equity, Farstad Shipping AS has confirmed that they will provide suitable financing to Farstad Marine AS. Hence Farstad Marine AS will continue to have access to intra-group financing in order to meet its liabilities as they fall due in 2019.

Cash Flow

Holdings of cash and cash equivalents were reduced from NOK 58,6 at the end of 2017 to 40,2 million as of 31 December 2018. The reduction in cash and cash equivalents is due to the fact that cash flow from operational activities is insufficient to cover interest and installments related to long-term liabilities, even after the refinancing of the company. Net cash flow from operational activities was NOK 17,4 million (53,2 million in 2017). Net cash flow for investments was positive by NOK 8,3 million (NOK 8,8 million) due to sales of vessels. Net negative cash flow from financing activities of NOK 44,1 million (negative NOK 42,0 million) was due to repayment of debt from sold vessels and ordinary interest and reduced principal payments on debt.

The Board of Directors has proposed the net loss of NOK 53,5 million in Farstad Marine AS to be transferred to Uncovered Loss.



THE MARKET

The general expectation for the oil price in 2019 was a steady and stable increase towards a higher level, however the prices continued to be volatile throughout the year but stabilized around USD 60-65/bbl towards the end of the year. In the first months of 2020 the oil price continued at the same levels but at the end of first quarter 2020 there has been a sharp decline in the oil price. The combination of OPEC and Russia overflowing the market with oil and the substantially reduced demand for oil and oil products following economic "shutdowns" in many countries due to the outbreak of COVID-19 has resulted in a market in serious imbalance. This led to a dramatic fall in oil prices and also significant fall in the indexes on stock markets globally. The global pandemic is assumed to affect the macroeconomics in the coming years and is expected to, along with the increased uncertainty about future oil price, impact the Groups activity going forward.

The total number of vessels and vessels in layup was more or less unchanged in 2019. Day rates showed a modest increase and utilization improved slightly. Reactivations were mainly done based on firm contract awards and less on a speculative basis. Globally, vessels are still in layup, many of which have been laid up for a period of more than three years. Newbuilds were scarce in 2019, both in terms of new orders and deliveries from yards.

The world fleet of AHTS larger than 15,000 bhp was at year-end 235 vessels, whereof 60 vessels (26%) in layup. There were 1,026 PSVs with a capacity of more than 3,000 dwt, whereof 209 vessels (20%) in lay-up. In total there were 4 AHTS larger than 15,000 bhp under construction, and 96 PSVs larger than 3,000 dwt under construction.

There are 24 larger CSVs under construction at shipyards in Europe, USA, Asia and the Middle East. Total fleet of CSVs at the end of 2019 was 401 vessels, whereof 44 vessels in layup (the vessel category includes both installation vessels and inspection, maintenance and repair (IMR) vessels with 70t+ cranes).

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. Foreign currency loans and forward contracts/options are used to reduce the currency risk associated with cash flows in foreign currencies.

Interest risk

The company's long-term debt is subject to variation in the floating interest rate.

Credit risk

The company is exposed towards accounts receivable losses but had only incurred insignificant losses for 2018.

Market risk

The Group has chosen to concentrate its activity mainly in three markets: APAC, Brazil and North-West Europe. The activity in all the group's main markets has been characterised by the low oil price and the oil companies' reduction in activities and costs. The market risk in our industry is thus higher than it has been for years, and no early improvement is expected in any of the company's main markets.

HEALTH, WORKING ENVIRONMENT AND SAFETY

Farstad Marine AS's goal is to operate without damages to people, environment and materials. The Group works actively on several levels to make employees aware of this goal. Both the Group's main Board and the boards of the subsidiaries are focusing on this and discuss the development in health, environment and safety in all their meetings.

The Solstad Group operates in accordance with international regulations and standards and is certified to ISM, ISO 14001:2015, ISO 9001:2015, ISO 45001:2018, MLC (Maritime Labour Convention) and ISPS (International Ship and Port Facility Security). Furthermore ISO 50001:2018 (Energy Management) is implemented and a certification will be done during 2020. The crews are trained according to the Group's procedures and approved pursuant to the requirements of the STCW 10 (Seafarers Training, Certification and Watchkeeping Code). Internal audits are carried out on all ships and offices on an annual basis.



A vital part in order to understand and improve safety is to focus on preventative measures to avoid injuries and operational accidents or interruptions. In 2019, approximately 35,000 HSE reports were recorded and processed at different levels in the organization. Conclusions from analysis are used as basis for further preventative measures to avoid future accidents.

Overall, the Group had three work-related lost-time injuries that provide a H-factor (number of injures per 1 million hours worked) of 0.21 for 2019 (0.56 in 2018). The goal of no lost-time injuries is maintained for 2020, and the Group focuses on the evaluation, facilitation, planning and preventative work to avoid all kinds of personnel related injuries and incidents with adverse effect on the environment. A key achievement in 2019 was the implementation of the safety behaviour and culture program "Solstad Incident Free Operations" (SIFO). The Group has a program for sorting and reporting of all waste, and the program covers both ship and onshore organizations.

The working environment, onshore as well as on board the ships, is considered satisfactory. Sick leave for the Group was 5,3% in 2019, down from 5,6% in 2020. The Group has focus on diversity and strives to create equal opportunities for all employees, regardless of their ethnic background, nationality, descent, colour, language, religion, lifestyle or gender. The Group will select and appoint the most suitable person for a position based on their attitude, skills and qualifications.

MARKET OUTLOOK

When entering 2020, there were expectations of a gradually higher activity level in 2020 compared to 2019. That was based on an oil-price at a stable, high level and the E&P budgets published by the oil companies. During March 2020 the oil prices suddenly dropped significantly because of the Covid-19 pandemic and the "trade-war" between certain oil producing countries. Consequently, most oil companies announced a revision of their activity plans for 2020, leading to a significant reduction in their activity with immediate effect.

It is now a great uncertainty how the markets will develop. There are reasons to believe that the activity in general will be reduced, but short-term activity linked to oil & gas production will be less affected than activity linked to exploration and maintenance.

Within the renewable energy sectors, the activity continues to grow. Not only in Europe, but also in other areas, and particularly Asia.

RESTRUCTURING IMPLEMENTATION AGREEMENT

Solstad Offshore ASA and its subsidiaries have since Q3 2018 worked with their creditors towards a consensual financial restructuring. On 8 May 2020 the Group signed a Restructuring Implementation Agreement (the "RIA") for a restructuring of the Solstad Offshore ASA Group. The key features of the Restructuring are:

- Debt to equity conversion of approximately NOK 10.9 billion
- New fleet loan maturing after 4 years
- Financing of additional liquidity
- Industrial shareholders to retain ownership of up to 33.34%
- Streamlining of corporate structure

The RIA has been entered into with a majority of the Restructuring's key stakeholders, including all of its secured finance providers except for three financial providers in the Solship Invest 3 AS and Farstad Shipping AS silos.

The RIA reconfirms the key elements of the Restructuring as described in the Solstad Offshore press release dated 31 March 2020. For further information and details please see note 28 in the annual report for 2019 from Solstad Offshore ASA and note 14.

Long term liabilities recognized in Farstad Shipping AS sub-group have accordance with IFRS been reclassified to current liabilities as of 31 December 2019. The reclassification is based on standstill agreements of debt service with the banks where the covenant waiver period is less than 12 months. The waiver periods end March 31, 2020, subsequently prolonged to May 8, 2020, and further until the Restructuring is implemented.



Due to this long-term liability in Farstad Marine AS of NOK 449,6 million have been reclassified to current liabilities as of 31 December 2019.

GOING CONCERN

The Board confirms that the assumption of going concern is present, and that the 2019 financial statements, pursuant to section 3-3a of the Norwegian accounting act, have been prepared based on the assumption of a going concern. However, the company's and the Group's financial situation is unsustainable as equity is negative and liquidity is under pressure. The long-term viability of the company's and the Group's business depends on the Group finding a solution to its financial situation. On 8 May 2020, the Group entered into a Restructuring Implementation Agreement to strengthen its financial situation, and the going concern assumption is based on the board's view that the Restructuring Implementation Agreement has a reasonable prospect of being implemented. If the Restructuring Implementation Agreement is not implemented, and in the event the Group should be forced to realize its assets, there is a risk that these will be realized at a significantly lower value than their carrying amount, as value in use is higher than estimated sales values for several of the vessels.

Based on the information above the Board of Directors would like to emphasize that there is material uncertainty related to the going concern assumption for the Farstad Shipping AS sub-group.

Aalesund, 31 December 2019

28 August 2020

The Board of Directors of FARSTAD MARINE AS

Kjetil Ramstad
Member of the Board

Lars Peder Solstad
Chairman of the Board

Eivind Kvilhaug
Member of the Board



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 2014/882491

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:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
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