



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Anders Hall Jomaas
Dato for fastsettelse av årsregnskapet: 30.07.2018

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, 19.11.2020



Resultatregnskap

Beløp i: USD	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Revenue		0	0
Sum inntekter		0	0
Kostnader			
Impairment on investments	8	50 550 000	98 483 000
Other operating expenses	7	20 000	1 608 000
Sum kostnader		50 570 000	100 091 000
Driftsresultat		-50 570 000	-100 091 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		258 000	235 000
Sum finansinntekter		258 000	235 000
Rentekostnad til foretak i samme konsern		1 092 000	810 000
Other financial expense/income		-7 000	178 000
Sum finanskostnader		1 085 000	988 000
Netto finans		-827 000	-753 000
Ordinært resultat før skattekostnad		-51 397 000	-100 844 000
Ordinært resultat etter skattekostnad		-51 397 000	-100 844 000
Årsresultat		-51 397 000	-100 844 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-51 397 000	-100 844 000
Sum overføringer og disponeringer		-51 397 000	-100 844 000



Balanse

Beløp i: USD	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Fixtures and fittings, tools, office machinery and equipment	2	2 000	2 000
Sum varige driftsmidler		2 000	2 000
Finansielle anleggsmidler			
Investering i datterselskap	8	56 178 000	14 627 000
Sum finansielle anleggsmidler		56 178 000	14 627 000
Sum anleggsmidler		56 180 000	14 629 000
Omløpsmidler			
Varer			
Fordringer			
Trade receivables		28 000	26 000
Konsernfordringer	3	13 718 000	2 842 000
Sum fordringer		13 746 000	2 868 000
Bankinnskudd, kontanter og lignende			
Cash and bank deposits		11 000	714 000
Sum bankinnskudd, kontanter og lignende		11 000	714 000
Sum omløpsmidler		13 757 000	3 582 000
SUM EIENDELER		69 937 000	18 211 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	4, 5	4 302 000	253 000



Balanse

Beløp i: USD	Note	2017	2016
Overkurs	4	288 762 000	252 452 000
Sum innskutt egenkapital		293 064 000	252 705 000
Opptjent egenkapital			
Annen egenkapital	4	-286 332 000	-234 936 000
Sum opptjent egenkapital	4	-286 332 000	-234 936 000
Sum egenkapital	4	6 732 000	17 769 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	3	63 205 000	442 000
Sum annen langsiktig gjeld		63 205 000	442 000
Sum langsiktig gjeld		63 205 000	442 000
Sum gjeld		63 205 000	442 000
SUM EGENKAPITAL OG GJELD		69 937 000	18 211 000



Skattedirektoratet

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

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS
Postboks 447
4664 KRISTIANSAND S

PRICEWATERHOUSECOOPERS
INNKOMMET 31 MAR 2016

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

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

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

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

Skattedirektoratets vurdering

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

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

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

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

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

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



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Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer





To the General Meeting of Deep Sea Supply AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Deep Sea Supply AS showing a loss of USD 51 396 000. The financial statements comprise the balance sheet as at 31 December 2017, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities 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.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Deep Sea Supply AS



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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 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 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 laws, regulations, and auditing standards and practices generally accepted 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. We 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.

(2)



Independent Auditor's Report - Deep Sea Supply AS

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Other Matters

The Company's financial statements have been submitted after the expiry of the statutory time limit for preparation of financial statements.

This audit report replaces our previous audit report as of 1 July 2018, which was issued at the statutory deadline for holding the annual shareholders meeting. Complete annual financial statements and Board of Directors report were at this point in time not submitted by the Board of Directors.

Arendal, 7 August 2018
Pricewaterhousecoopers AS

Svein A Andresen
State Authorised Public Accountant



Deep Sea Supply AS

Notes to the accounts for 2017

Note 1 Accounting principles

Basis of preparation

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

Functional and presentation currency

The company uses USD as functional currency and presentation currency.

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

Use of estimates

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

Classification of balance sheet items

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

Investments in other companies

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

Asset impairments

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

Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present. Reversal of previously recognized impairment is limited to the amount the carrying value of the asset would have been, had the initial impairment charge not taken place.

Debtors

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

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



Deep Sea Supply AS

Notes to the accounts for 2017

Foreign currencies

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

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Taxes

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

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.



Deep Sea Supply AS

Notes to the accounts for 2017

Note 2 Fixed assets

	Equipment	
	2017	2016
Purchase cost 01.01.	2	2
Additions	0	0
Disposals	0	0
Purchase cost 31.12.	2	2
Accumulated depreciation 31.12.	0	0
Accumulated impairment 31.12.	0	0
Net book value 31.12.	2	2
Depreciation in the year	0	0
Impairment charges	0	0
Expected useful life	Equipment 3 years	
Depreciation plan	Straight line	

Note 3 Balance with group companies, etc.

	Other debtors	
	2017	2016
Group companies	13 718	2 842
Total	13 718	2 842
	Other long term liabilities	
	2017	2016
Group companies	-63 205	-442
Total	-63 205	-442

Note 4 Shareholders' equity

Equity changes in the year	Share capital	Share premium	Other equity	Total
Equity 01.01.	253	252 452	-234 936	17 769
Contribution in kind	4 049	36 310	0	40 359
Profit for the year	0	0	-51 396	-51 396
Equity 31.12.	4 302	288 762	-286 332	6 732

The company has performed a capital increase by conversion of debt the 28th of June and 26th of July.

Note 5 Share capital and shareholder information

The share capital consists of 60 shares, each with a nominal value of NOK 605 224 each. All shares issued are fully paid in.

Deep Sea Supply AS has the following shareholder's:

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

The parent company of Solship Invest 3 AS has its registered offices in Nesavægen 39, 4280 Skudeneshavn in Karmøy in Rogaland, Norway. The ultimate parent company Solstad Farstad ASA is listed on the Oslo stock exchange. The consolidated accounts are available from the company's webpage. www.solstadfarstad.com



Deep Sea Supply AS

Notes to the accounts for 2017

Note 6 Taxes

The shipowning companies in the group entered into the Norwegian shipping tax system as of 23.9.2015. Only a few vessels in the group pay tonnage tax, given the size of the vessels.

Based on net taxable loss from finance the company has a loss carried forward as of 31.12.17 of kNOK 23 152.

Note 7 Payroll expenses, number of employees, remunerations, loans to employees, etc.

There have been no employees in the companies included in the consolidation throughout the year. No remuneration has been paid to Board of Directors during 2017. No loans/sureties have been granted to the general manager, Board chairman or other related parties.

Expensed audit fee

	2017	2016
Statutory audit (incl. technical assistance with financial statements)	20	77
Other assurance services	1	0
Total audit fees	21	77

Note 8 Subsidiaries, associated companies, and joint ventures

Parent company

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

Subsidiaries	Location	Ownership/ voting right	Equity last year (100%)	Result last year (100%)	Balance sheet value
Deep Sea Supply Shipowning AS	Grimstad, Norway	100 %	25 663	-20 285	25 663
Deep Sea Sypply Shipowning I AS	Grimstad, Norway	96,7 %	-26 380	-40 658	0
Deep Sea Sypply Shipowning II AS	Grimstad, Norway	100 %	-30 672	-24 702	0
Deep Sea Sypply Shipowning III AS	Grimstad, Norway	100 %	30 515	-1 410	30 515
Balance sheet value 31.12.			-874	-87 055	56 178

The company has bought 100 % of the shares in Deep Sea Supply Shipowning AS from Deep Sea Supply Management AS. The investments in subsidiaries has been impaired with the total of USD 50 550.

Due to weak and challenging market conditions with decreased ship values, the company has impaired the value for several of the vessels in its subsidiaries. The company has received independent valuation on the vessels from 2 independent brokers. Value in use calculation has been prepared for all vessels. The most important assumptions in the value in use calculation are a WACC on 8,36 % and to estimate the rate assumption historical rates for the previous 7 - 10 years are used. The company has used a growth assumption on 0 - 1 % until 2021 and after 2021 they have added an inflation rate adjustment of 2 % to the revenue. The group assumes that the market will be back in a normal situation in 2023. From today until 2023, the market is expected to gradually improve.

Note 9 Events after the balance sheet date

On 27th March, the Company and other fellow group companies ("the Group") has entered into a standstill and deferral agreement with its lenders. Reference is made to the stock exchange announcement July 12th, 2018, in which it was informed that Solship Invest 3 AS and its subsidiaries ("SI-3") had entered into an agreement with its major financial creditors to postpone instalment and interest payments until July 20th, 2018. SI-3 has today entered into an agreement with its financial creditors for the financial restructuring of SI-3 (the "Financial Restructuring"). The Financial Restructuring includes a deferral of scheduled instalments, interests and bareboat payments until December 31st, 2019 in a total amount of approximately USD 48 mill. The Financial Restructuring also entails suspension of the majority of financial covenants in the same period.

As part of the Financial Restructuring, SI-3 will be provided a loan from Sterna Finance Ltd. in the amount of USD 27 million, which shall be applied for general corporate purposes in SI-3. Completion of the Financial Restructuring grants SI-3 a sufficient runway to meet the current market challenges.

The Financial Restructuring is subject to customary conditions to be satisfied within August 31st, 2018.

For further information, see press releases via the homepage of the group: www.solstedfarstad.com



Cash flow statements

Deep Sea Supply AS

	2017	2016
Cash flow from operations		
Loss before income taxes	-51 396	-100 843
Impairment on investments	50 550	98 483
Change in trade debtors	-2	111
Change in other provisions	0	-98
Net cash flow from operations	-849	-2 347
Cash flow from investments		
Proceeds on loan receivable group (short./long.t)	0	20 358
Payments on loan receivable group (short./long.t)	-10 876	0
Net cash flow from investments	-10 876	20 358
Cash flow from financing		
Payments debt group companies	11 021	-17 570
Net cash flow from financing	11 021	-17 570
Net cash flow for the period	-704	442
Cash and cash equivalents at the beginning of the period	714	272
Cash and cash equivalents at the end of the period	11	714
This consist of:		
Bank deposits etc.	11	714



Directors' report 2017

Background and activities

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

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

The Company is the parent company of Deep Sea Supply Shipowning I AS, Deep Sea Supply Shipowning II AS, Deep Sea Supply Shipowning III A and Deep Sea Supply Shipowning AS. The four subsidiaries are the owners of 16 vessels, 7 AHTS vessels and 9 PSV vessels and have 4 vessels bare boated on a long term contract from a third party, 2 AHTS and 2 PSVs.

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

Financial status

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

Revenues and Profit

The Company's revenues were nil during 2017, due to the downturn in the offshore supply market, which resulted in zero dividends from its subsidiaries.

Total operating expenses were MUSD 50.57 out of which MUSD 50.55 were impairment charges on investments.

Net loss for the year after tax was MUSD 51.40.

Equity

The company's total equity at the end of 2017 was MUSD 6.7. The Board considers the equity size as satisfactory.

Going concern

The financial statements are prepared on a going concern basis.

On 27th March, the Company and other fellow group companies ("the Group") has entered into a standstill and deferral agreement with its lenders. Reference is made to the stock exchange announcement July 12th, 2018, in which it was informed that Solship Invest 3 AS and its subsidiaries



("SI-3") had entered into an agreement with its major financial creditors to postpone instalment and interest payments until July 20th, 2018. SI-3 has, on 20th July 2018, entered into an agreement with its financial creditors for the financial restructuring of SI-3 (the "Financial Restructuring"). The Financial Restructuring includes a deferral of scheduled instalments, interests and bareboat payments until December 31st, 2019 in a total amount of approximately USD 48 mill. The Financial Restructuring also entails suspension of the majority of financial covenants in the same period.

As part of the Financial Restructuring, SI-3 will be provided a loan from Sterna Finance Ltd. in the amount of USD 27 million, which shall be applied for general corporate purposes in SI-3. Completion of the Financial Restructuring grants SI-3 a sufficient runway to meet the current market challenges.

The Financial Restructuring is subject to customary conditions to be satisfied within August 31st, 2018.

For further information, see press releases via the homepage of the group: www.solstadfarstad.com

Financial risk

Below, we will explain some key risk factors:

Assessment of the company's assets

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

Market risk

The Company's subsidiaries have and will have its fleet in the spot market which means uncertainty about future rate levels and thus the company's revenues and profits. The market was weak throughout 2016 and future development depends on the activity level for the oil companies.

Health, safety and environment

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

Equality

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

Future outlook



During 2017 the Company saw a continued weakening of the global OSV markets. In Brazil, the situation remains difficult with reduced activity and foreign flagged vessels being blocked by vessels with local flag. No improvement in the market situation for OSVs is expected in the short to medium term. The contract coverage for 2016 for the Company is not satisfactory and the Company is currently pursuing several term opportunities, however the competition is fierce and rate levels are low.

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

Allocation of profit

Loss after tax is MUSD 51.40 and proposed transferred to other equity.

Grimstad, 30th July 2018

Lars Peder Solstad
Chairman of the Board

Sven Stakkestad
Member of the Board

Anders Hall Jomaas
Member of the Board



Deep Sea Supply AS

INCOME STATEMENT

(Amounts in USD 1000)

	Note	2017	2016
Revenue		0	0
Total revenue		0	0
Impairment on investments	8	-50 550	-98 483
Other operating expenses	7	-20	-1 608
Total operating expenses		-50 570	-100 091
Operating loss		-50 570	-100 091
Interest income from subsidiaries and associated companies		258	235
Interest expenses from subsidiaries and associated companies		-1 092	-810
Other financial expense/income		7	-178
Loss before income tax		-51 396	-100 843
Income tax expense	6	0	0
Net loss for the year		-51 396	-100 843



Deep Sea Supply AS

BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

ASSETS	Note	2017	2016
Fixtures and fittings, tools, office machinery and equipment	2	2	2
Total tangible assets		2	2
Investments in subsidiaries	8	56 178	14 627
Total financial fixed assets		56 178	14 627
TOTAL FIXED ASSETS		56 180	14 629
Trade receivables		28	26
Receivables with group companies	3	13 718	2 842
Total receivables		13 746	2 867
Cash and bank deposits		11	714
TOTAL CURRENT ASSETS		13 757	3 582
TOTAL ASSETS		69 937	18 211



Deep Sea Supply AS

BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

EQUITY AND LIABILITIES	Note	2017	2016
Share capital	4, 5	4 302	253
Share premium	4	288 762	252 452
Total paid-in equity		293 064	252 704
Other equity		-286 332	-234 936
Total retained earnings	4	-286 332	-234 936
TOTAL EQUITY	4	6 732	17 768
Liabilities to related parties	3	63 205	442
Total other non-current liabilities		63 205	442
TOTAL LIABILITIES		63 205	442
TOTAL EQUITY AND LIABILITIES		69 937	18 211

Grimstad, 30 July 2018

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