



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 986 847 839
Organisasjonsform: Aksjeselskap
Foretaksnavn: DEEP SEA SUPPLY SHIPOWNING AS
Forretningsadresse: c/o Deep Sea Supply Management AS
Storgaten 4
4876 GRIMSTAD

Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

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: 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, 04.11.2020



Resultatregnskap

Beløp i: USD	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Freight revenues	10	16 598 000	17 163 000
Other operating income		72 000	27 000
Sum inntekter		16 670 000	17 190 000
Kostnader			
Depreciation	2	6 058 000	1 211 000
Impairment	2	12 825 000	5 697 000
Operating expenses vessels	12	12 139 000	14 691 000
Other operating expenses	11	2 314 000	11 974 000
Sum kostnader		33 336 000	33 573 000
Driftsresultat		-16 666 000	-16 383 000
Finansinntekter og finanskostnader			
Annen renteinntekt		1 045 000	657 000
Sum finansinntekter		1 045 000	657 000
Annen rentekostnad		4 884 000	932 000
Other financial expense		-229 000	1 556 000
Sum finanskostnader		4 655 000	2 488 000
Netto finans		-3 610 000	-1 831 000
Ordinært resultat før skattekostnad		-20 276 000	-18 214 000
Income tax expense	9	8 000	2 000
Ordinært resultat etter skattekostnad		-20 284 000	-18 216 000
Årsresultat		-20 284 000	-18 216 000
Overføringer og disponeringer			
Utbytte			8 000 000
Overføringer til/fra annen egenkapital		-20 284 000	-26 215 000
Sum overføringer og disponeringer		-20 284 000	-18 215 000



Balanse

Beløp i: USD	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels and newbuildings contracts	2	203 730 000	10 580 000
Sum varige driftsmidler		203 730 000	10 580 000
Finansielle anleggsmidler			
Other receivables	6	6 417 000	9 460 000
Sum finansielle anleggsmidler		6 417 000	9 460 000
Sum anleggsmidler		210 147 000	20 040 000
Omløpsmidler			
Varer			
Inventories	3	1 198 000	389 000
Sum varer		1 198 000	389 000
Fordringer			
Trade receivables		1 783 000	2 826 000
Other receivables	6	3 604 000	3 548 000
Konsernfordringer		24 412 000	19 498 000
Sum fordringer		29 799 000	25 872 000
Bankinnskudd, kontanter og lignende			
Cash and bank deposits		4 604 000	8 529 000
Sum bankinnskudd, kontanter og lignende		4 604 000	8 529 000
Sum omløpsmidler		35 601 000	34 790 000
SUM EIENDELER		245 748 000	54 830 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2017	2016
Egenkapital			
Innskutt egenkapital			
Share capital	7, 8	6 536 000	3 573 000
Sum innskutt egenkapital		6 536 000	3 573 000
Opptjent egenkapital			
Other equity	7	19 127 000	9 340 000
Sum opptjent egenkapital		19 127 000	9 340 000
Sum egenkapital	7	25 663 000	12 913 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	4	197 818 000	22 130 000
Langsiktig konserngjeld	5	15 295 000	7 347 000
Sum annen langsiktig gjeld		213 113 000	29 477 000
Sum langsiktig gjeld		213 113 000	29 477 000
Kortsiktig gjeld			
Liabilities to financial institutions	4	5 168 000	3 365 000
Utbytte	7		8 000 000
Other short-term liabilities		1 804 000	1 074 000
Sum kortsiktig gjeld		6 972 000	12 439 000
Sum gjeld		220 085 000	41 916 000
SUM EGENKAPITAL OG GJELD		245 748 000	54 829 000



To the General Meeting of Deep Sea Supply Shipowning AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Deep Sea Supply Shipowning AS showing a loss of USD 20,285,000. 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



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)



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 Shipowning AS

INCOME STATEMENT

(Amounts in USD 1000)

	Note	2017	2016
Freight revenues	10	16 598	17 163
Other operating income		72	27
Total revenue		16 670	17 191
Operating expenses vessels	12	-12 139	-14 691
Depreciation	2	-6 058	-1 211
Impairment	2	-12 825	-5 697
Other operating expenses	11	-2 314	-11 974
Total operating expenses		-33 337	-33 574
Operating loss		-16 667	-16 383
(Other) interest income		1 045	657
(Other) interest expenses		-4 884	-932
Other financial expense		229	-1 556
Loss before tax		-20 277	-18 214
Income tax expense	9	-8	-2
Net loss for the year		-20 285	-18 215
<i>Appropriation of profit can be shown here:</i>			
Dividend		0	-8 000
Other equity		-20 285	-10 215
Total transfers		-20 285	-18 215



Deep Sea Supply Shipowning AS

BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

ASSETS	Note	2017	2016
Vessels and newbuildings contracts	2	203 730	10 580
Total tangible assets		203 730	10 580
Other receivables	6	6 417	9 460
Receivables from group companies	5	24 412	19 498
Total financial fixed assets		30 829	28 958
TOTAL FIXED ASSETS		234 559	20 040
Inventories	3	1 198	389
Trade receivables		1 783	2 826
Other receivables	6	3 604	3 548
Total receivables		5 387	25 873
Cash and bank deposits		4 604	8 529
TOTAL CURRENT ASSETS		11 189	34 790
TOTAL ASSETS		245 748	54 830



Deep Sea Supply Shipowning AS

BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

EQUITY AND LIABILITIES	Note	2017	2016
Share capital	7, 8	6 536	3 573
Total paid-in equity		6 536	3 573
Other equity	7	19 127	9 340
Total retained earnings		19 127	9 340
TOTAL EQUITY	7	25 663	12 913
Liabilities to financial institutions	4	197 818	22 130
Liabilities to group companies	5	15 295	7 347
Total long term liabilities		213 113	29 477
Dividend	7	0	8 000
Liabilities to financial institutions	4	5 168	3 365
Other short-term liabilities		1 804	1 074
Total short term liabilities		6 972	12 440
TOTAL LIABILITIES		220 085	41 916
TOTAL EQUITY AND LIABILITIES		245 748	54 830

Grimstad 30th July, 2018

Lars Peder Solstad
Chairman of the BoardSven Stakkestad
Member of the BoardAnders Hall Jomaas
Member of the Board



Directors' report 2017

Background and activities

Deep Sea Supply Shipowning AS ("the Company") was established on 4th of April 2004.

On 28th June 2018 the Company was sold by Deep Sea Supply Management AS to another Group company, Deep Sea Supply AS.

The company is domiciled in Storgaten 4 Grimstad, Norway.

Financial status

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

Revenues and Profit

The Company's revenues were MUSD 16.7 during 2017. Revenue is generated from chartering of vessels to third party clients.

Total operating expenses were MUSD 33.3 out of which MUSD 12.8 were impairment charges on vessels values.

Net loss for the year after tax was MUSD 20.3.

Equity

The company's total equity at the end of 2017 was MUSD 25.7. 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 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.

In April 2018 the Company has sold the AHTS Sea Badger built in 2011.

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 fair value of the vessels which subsequently lead to further impairment of vessel values.

Market risk

The Company 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 2017 and future development depends on the activity level for the oil companies.

Currency rate risk

One risk is the foreign exchange risk. The Company is exposed to that risk mainly due to the amounts due to and from related parties. The main currencies that the Company is exposed to are Norwegian Kroner (NOK), British pounds (GBP) and Euro (EUR).

Interest rate risk

The Company is exposed to interest rate risk due to bank borrowings and cash at banks. The risk due to cash held at banks is immaterial as the Company does not intend to hold material liquid reserves in fixed deposits.

Liquidity risk



The Company monitors its risk to a shortage of funds by closely monitoring the projected cash flow from operations, financial expenses and investment expenditure. The Company maintains sufficient cash for its daily operations via short term cash deposits at banks.

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 2017 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 – Deep Sea Supply AS

Loss after tax is MUSD 20.3 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



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.

Freight revenues

Revenue derived from the charter of vessels is recognized over the charter period on a straight line basis.

Charter contracts are classified as operating leases, revenue derived from charter contracts is recognized in the period over the lease term on a straight line basis. Related services are recognized as revenue in accordance with the services being rendered.

Some charter contracts include mobilization fee, which is paid at the beginning of the charter period. If the fee is to cover upgrades or equipment, the fee is booked as revenue and the relevant capital expenditure is capitalized and depreciated over the charter period on a straight line basis.

Vessels without signed contract in place at discharge have no revenue before a new contract is signed. Charter related expenses incurred for vessels in the idle time are expensed. Revenues from time charters and bareboat charters accounted for as operating leases are recognized over the rental periods of such charters, as service is performed on a straight line basis.

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.

Non-current assets and maintenance costs

Property, plant and equipment are stated at historical cost, less subsequent depreciation and impairment. For vessels purchased, these costs include expenditures that are directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis, taking residual values into consideration, and adjusted for impairment charges, if any. The carrying value of the fixed assets on the balance sheet represents the cost less accumulated depreciation and any impairment charges.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Day-to-day maintenance costs are charged to the profit or loss during the financial period in which they are incurred. The cost of major renovations and periodic maintenance of vessels are capitalized and depreciated over the useful lifetime of the parts replaced. The useful lifetime of regular vessels docking expenses will normally be the period until next docking which if it is an intermediate survey is after 30 months and if it is a special survey is after 60 months. When ships are acquired, a proportion of the acquisition cost is separated to periodic maintenance.

Depreciation on vessels and other assets (equipment) is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Vessels	20 years
- Deferred maintenance	5 years
- Vehicles	5 years
- Furniture, fittings and equipment	3 years

The assets' residual values and useful lifetime assumptions of fixed-assets are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciation charges are changed accordingly.



Deep Sea Supply Shipowning AS

Notes to the accounts for 2017

Relocation costs

Relocation costs, for moving a vessel from one geographical location to another when entering a new charter agreement, are capitalized as a separate component for the vessel. The component is depreciated over the charter period on a straight line basis.

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.

Inventories

Inventories are valued at the lower of purchase cost (according to the FIFO principle) and fair value.

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.

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 Shipowning AS

Notes to the accounts for 2017

Note 2 Fixed assets

	Vessels and equipment	
	2017	2016
Purchase cost 01.01.	112 262	128 443
Additions	212 033	-217
Disposals	0	-15 964
Purchase cost 31.12.	324 295	112 262
Accumulated depreciation 31.12.	91 959	85 901
Accumulated impairment 31.12.	28 607	15 781
Net book value 31.12.	203 730	10 580
Depreciation in the year	6 058	1 211
Impairment in the year	12 825	5 697

The company has bought the vessel Sea Badger from Deep Sea Supply Cyprus Ltd, the vessels Sea Angler and Sea Witch from Deep Sea Supply PSV Ltd, the vessels Sea Tortuga, Sea Tantalus, Sea Titus, Sea Triumph and Sea Falcon from Deep Sea Supply PSV II Ltd, the vessel Sea Flyer from Deep Sea Supply III Ltd, and the vessels Sea Swan and Sea Swift from Deep Sea Supply PSV IV Ltd.

Impairment

Due to weak and challenging market conditions with decreased ship values, the company has impaired the value for several of the vessels. 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 3 Inventories

	2017	2016
Bunkers	1 166	356
Spare parts	32	32
Total	1 198	389

Note 4 Borrowings

Falling due between	2017	2016
0 - 1 year	5 168	3 365
1 - 2 years	5 168	9 460
2 - 5 years	192 965	12 307
Nominal value loan	203 301	25 132
Borrowing cost amortisation	-315	363
Total	202 986	25 495

On 8th of June 2017 Deep Sea Supply Shipowning AS, Deep Sea Supply Shipowning I, Deep Sea Supply Labuan and Deep Sea Supply Labuan II Limited entered into a Senior Secured Term Loan Facility agreement with ABN Amro Bank N.V., Nordea Bank AB, Swedbank AB and DnB Bank ASA. The purpose of the new facility is replacement of the existing facility from February 2013.

Maturity date for the new loan facility is December 31st 2021.



Deep Sea Supply Shipowning AS

Notes to the accounts for 2017

	2017	2016
Liabilities secured by mortgage	202 986	25 495
<i>Balance sheet value of assets placed as security:</i>		
Vessels	203 730	10 580
Total	203 730	10 580

Note 5 Balance with group companies, etc.

	Other debtors	
	2017	2016
Group companies	24 412	19 498
Total	24 412	19 498

	Other long term liabilities	
	2017	2016
Group companies	-15 295	-7 347
Total	-15 295	-7 347

Transactions with related parties, etc.

Related parties are members of the board, management and other companies within the group.

Deep Sea Supply Management AS has charged management fee of USD 923 (2016: USD 704) to Deep Sea Supply Shipowning AS during 2017.

Deep Sea Supply Management Singapore Pte Ltd has charged management fee of USD 686 (2016: USD 276) to Deep Sea Supply Shipowning AS during 2017.

Deep Sea Supply Crew Ukraine Ltd has charged handling fees of USD 16 (2016: USD 0) to Deep Sea Supply Shipowning AS during 2017.

During 2017, the company has hired out 7 vessels to the group company DESS PSV II LTD, DESS PSV III LTD and DESS PSV IV LTD. In other operating costs for 2017 USD 4 813 (2016: USD 10 193) are booked related to TC/BB agreements.

Intercompany balances are charged with an interest of Libor + 2 % margin.

The calculations are prepared in arrears, quarterly, based on the average balance for the quarter passed.

Note 6 CIRR deposit/loan

During the year ended 31 December 2008 the Group has applied for two Commercial Interest Reference Rate (CIRR) loan from the Norwegian Export Credit Agency. The amount of the loans was NOK 132 mill (USD 19 mill) and NOK 216 mill (USD 31 mill). The duration of the loans is 12 years and the cash proceeds from the loans have been deposited in a fixed deposit account with a Norwegian bank at a higher interest rate than the one of the loans. The agreed period of the deposits is identical with the one of the loans. The loans and the interest thereof will be repaid from that account and the difference has been recognized as deferred gain and will be amortized over the period of the life of the asset.

As of 31.12.2017 the deferred gain is USD 322 (2016: USD 419).

The loan is denominated in NOK and subject to currency fluctuations against the USD.

The bank deposit account for the CIRR loan is USD 9 949 (2016: USD 12 825) and is in the balance sheet classified a current asset at an amount of USD 3 532 and as a non - current asset at an amount of USD 6 417.



Deep Sea Supply Shipowning AS

Notes to the accounts for 2017

Note 7 Shareholders' equity

Equity changes in the year	Share capital	Other equity	Total
Equity 01.01.	3 573	9 340	12 913
Contribution in kind	2 963	30 072	33 035
Profit for the year	0	-20 285	-20 285
Equity 31.12.	6 536	19 127	25 663

The company has performed a capital increase by conversion of debt to share capital the 28th of June.

Note 8 Share capital and shareholder information

The share capital consists of 250,1 million shares, each with a nominal value of NOK 0,2 each. All shares issued are fully paid in.

The company is 100 % owned by Deep Sea Supply AS. Deep Sea Supply AS is located in Storgaten 4, 4876 Grimstad, Norway.

Note 9 Taxes

The company entered into the Norwegian shipping tax system as of 1.1.2007. The company does not pay tonnage tax because of 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 71 135.

Note 10 Freight revenue vessels

Geographical distribution	2017	2016
North Sea	10 910	11 520
Asia	198	0
Australia	3 854	6 004
Mediterranean	1 648	0
North South America	-12	-361
Total	16 598	17 163

Note 11 Payroll expenses, number of employees, remunerations, loans to employees, etc.

There have been no employees in the company 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)	15	50
Tax advisory fee (incl. technical assistance with tax return)	7	4
Other assurance services	3	0
Total audit fees	21	54



Deep Sea Supply Shipowning AS

Notes to the accounts for 2017

Note 12 Operating expenses vessels

	2017	2016
Hire of vessels	4 819	10 193
Crew expenses	4 492	2 991
Insurance	510	314
Repairs and maintenance, lubrication oil, stores, supplies and miscellaneous	1 543	821
Administration expenses	776	371
	12 139	14 691

Note 13 Parent company

Deep Sea Supply Shipowning AS is 100 % owned by Deep Sea Supply AS. The parent company is owned by Solship Invest 3 AS, based in Norway.

The address of the ultimate parent company, Solstad Farstad ASA is Nesavegen 39, 4280 Skudeneshavn In Karmøy in Rogaland. Solstad Farstad ASA is listed on Oslo Børs.

The consolidated financial statements can be obtained by contacting Deep Sea Supply Management AS, or via the homepage of the group: www.solstadfarstad.com

Note 14 Subsequent events

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. In April 2018 the Company has sold the AHTS Sea Badger built in 2011.



Cash flow statement Deep Sea Supply Shipowning AS

	2017	2016
Cash flow from operations		
Loss before tax	-20 277	-18 215
Taxes paid in the period	-8	0
Loss sale of fixed asset	0	10 927
Depreciation	6 058	1 211
Impairment of fixed assets	12 825	5 697
Change in inventory	-810	340
Change in trade debtors	1 043	6 108
Change in other provisions	674	-11 524
Net cash flow from operations	-495	-5 455
Cash flow from investments		
Proceeds from sale of fixed assets	0	5 037
Proceeds of fixed assets	0	217
Purchase of fixed assets	-212 033	0
Proceeds loans receivable on group companies	0	1 267
Proceeds on other loan receivables (short.t/long.t)	-1 871	7 602
Net cash flow from investments	-213 904	14 123
Cash flow from financing		
Payments debt group companies	0	-4 071
Proceeds debt group companies	40 983	0
Payments on other borrowings (short.t/long.t)	0	-4 983
Proceeds on other borrowings (short.t/long.t)	177 490	0
Payment dividend	-8 000	
Net cash flow from financing	210 473	-9 053
Net cash flow in the period	-3 925	-385
Cash and cash equivalents at the beginning of the period	8 529	8 914
Cash and cash equivalents at the end of the period	4 604	8 529
This consist of:		
Bank deposits	4 604	8 529





1 043		
Trade receivables		1 783

674		
Consist of:		
Other receivables	56	
Other short term recei	-730	
	-674	
Other receivables	6	3 604 ⁷
Other short-term liabilities		1 804
Total short-term liabilities		5 408

-1 871		
Consist of:		
Other receivables	3043	
Receivables from grou	-4914	
	-1871	
Other receivables	6	6 417 ⁸
Receivables from group companies	5	24 412
Total financial fixed assets		30 829

-212 033		
Purchase cost 01.01.		
Additions		
Disposals		
Purchase cost 31.12.		
Accumulated depreciation 31.12.		
Accumulated impairment 31.12.		
Net book value 31.12.		
Depreciation in the year		
Impairment in the year		

40 983		
Consist of:		
Liabilities to group companies	7 948	
Capital increase	33 035	
	40 983	
Liabilities to group companies	5	15 295



177 490		
Liabilities to financial institutions - long. T	175688	
Liabilities to financial institutions - short t.	1803	
	177491	
Liabilities to financial institutions	4	197 818 ^a
Liabilities to group companies	5	15 295
Total long term liabilities		213 113
Dividend	7	0
Liabilities to financial institutions	4	5 168 ^a
Other short-term liabilities		1 804
Total short term liabilities		6 972
-8 000		
Payment dividend	8000	
Dividend	7	0
Liabilities to financial institutions	4	5 168 ^a
Other short-term liabilities		1 804
Total short term liabilities		6 972
TOTAL LIABILITIES		220 085
TOTAL EQUITY AND LIABILITIES		245 748



2 826	1 043
-------	-------

3 548	-56
1 074	-730
42 440	

9 460	3 043
19 498	-4 914
28 958	-1 871

	2017	2016
	112 262	128 443
	212 033	-217
	0	-15 964
	324 295	112 262
	91 959	85 901
	28 607	15 781
	203 730	10 580
	6 058	1 211
	12 825	5 697

7 347	-7 948
-------	--------



22 130	-175 688
7 347	
<u>29 477</u>	
8 000	
3 365	-1 803
1 074	-177 490
<u>12 440</u>	

8 000
3 365
1 074
<u>12 440</u>
<u>41 916</u>
<u>54 830</u>



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

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



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.



2016/247372 Side 3 av 3

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

