



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 996 020 355  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: FARSTAD SHIPPING AALESUND AS  
Forretningsadresse: Skansekaia 4A  
6002 ÅLESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

### 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 Johannes Gjerde  
Dato for fastsettelse av årsregnskapet: 28.06.2019

### Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert  
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 06.11.2020



## Resultatregnskap

Beløp i: NOK	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt			11 000
Annen driftsinntekt	2		5 734 000
<b>Sum inntekter</b>			<b>11 490 000</b>
<b>Kostnader</b>			
Annen driftskostnad	3, 4, 5	75 000	4 980 000
<b>Sum kostnader</b>		<b>75 000</b>	<b>4 980 000</b>
<b>Driftsresultat</b>		<b>-151 000</b>	<b>1 531 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		12 000	153 000
<b>Sum finansinntekter</b>		<b>12 000</b>	<b>154 000</b>
Annen finanskostnad		14 000	11 000
<b>Sum finanskostnader</b>		<b>14 000</b>	<b>11 000</b>
<b>Netto finans</b>		<b>-2 000</b>	<b>143 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-78 000</b>	<b>908 000</b>
Skattekostnad på ordinært resultat	6		
<b>Ordinært resultat etter skattekostnad</b>		<b>-78 000</b>	<b>908 000</b>
<b>Årsresultat</b>		<b>-78 000</b>	<b>908 000</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-78 000</b>	<b>908 000</b>
<b>Totalresultat</b>		<b>-78 000</b>	<b>908 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-78 000	908 000
<b>Sum overføringer og disponeringer</b>		<b>-78 000</b>	<b>908 000</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	6		
<b>Sum anleggsmidler</b>		<b>0</b>	<b>0</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer	8	21 900 000	14 881 000
<b>Sum fordringer</b>		<b>21 900 000</b>	<b>14 881 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	11	46 000	44 659 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>46 000</b>	<b>44 659 000</b>
<b>Sum omløpsmidler</b>		<b>21 946 000</b>	<b>59 540 000</b>
<b>SUM EIENDELER</b>		<b>21 946 000</b>	<b>59 540 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	7, 10	100 000	100 000
Annen innskutt egenkapital	7, 10		
<b>Sum innskutt egenkapital</b>		<b>100 000</b>	<b>100 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	7	3 008 000	3 086 000
<b>Sum opptjent egenkapital</b>		<b>3 008 000</b>	<b>3 086 000</b>
<b>Sum egenkapital</b>		<b>3 108 000</b>	<b>3 186 000</b>



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	5		13 520 000
<b>Sum avsetninger for forpliktelser</b>			<b>13 520 000</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>13 520 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		29 000	2 742 000
Skyldige offentlige avgifter			
Annen kortsiktig gjeld	8, 9	18 809 000	40 092 000
<b>Sum kortsiktig gjeld</b>		<b>18 838 000</b>	<b>42 834 000</b>
<b>Sum gjeld</b>		<b>18 838 000</b>	<b>56 354 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>21 946 000</b>	<b>59 540 000</b>



## PROFIT AND LOSS

FARSTAD SHIPPING AALESUND AS (NOK 1 000)

	Note	2018	2017
<b>Operating income:</b>			
Freight Income		0	11
Other income	2	0	5 734
<b>Total operating Income</b>		<b>0</b>	<b>5 745</b>
<b>Total income</b>		<b>0</b>	<b>5 745</b>
<b>Operating expenses:</b>			
Other operating expenses vessels		0	11
Administration	3, 4, 5	75	4 968
<b>Total operating expenses</b>		<b>75</b>	<b>4 980</b>
<b>Operating profit before depreciations (EBITDA)</b>		<b>-75</b>	<b>765</b>
<b>Operating result (EBIT)</b>		<b>-75</b>	<b>765</b>
<b>Financial items:</b>			
Financial income		12	153
Financial expenses		14	11
<b>Net financial income and expenses</b>		<b>-2</b>	<b>143</b>
<b>Tax and results:</b>			
Pre tax profit		-78	908
<b>Profit for the year</b>		<b>-78</b>	<b>908</b>
<b>Annual net profit</b>		<b>-78</b>	<b>908</b>
Allocated to other equity		-78	908



## BALANCE SHEET

FARSTAD SHIPPING AALESUND AS (NOK 1 000)

	Note	2018	2017
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>CURRENT ASSETS</b>			
Other short-term receivables	8	21 900	14 881
<b>Total receivables</b>		<b>21 900</b>	<b>14 881</b>
Cash and cash equivalents	11	46	44 659
<b>Total current assets</b>		<b>21 946</b>	<b>59 540</b>
<b>Total assets</b>		<b>21 946</b>	<b>59 540</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7, 10	100	100
<b>Total paid-up equity</b>		<b>100</b>	<b>100</b>
Other equity	7	3 008	3 086
<b>Total equity</b>		<b>3 108</b>	<b>3 186</b>
<b>NON-CURRENT LIABILITIES</b>			
Pension liabilities	5	0	13 520
<b>Total non-current liabilities</b>		<b>0</b>	<b>13 520</b>
<b>CURRENT DEBT</b>			
Accounts payable		29	2 742
Other current liabilities	8, 9	18 809	40 092
<b>Total current liabilities</b>		<b>18 838</b>	<b>42 834</b>
<b>Total liabilities</b>		<b>18 838</b>	<b>56 354</b>
<b>Total equity and liabilities</b>		<b>21 946</b>	<b>59 540</b>

Aalesund, 28.06.2019  
The board of Farstad Shipping Aalesund AS

Sven Stakkestad  
member of the board

Lars Peder Solstad  
chairman of the board

Anders Hall Jomaas  
member of the board



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## THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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### COMPANY STRUCTURE

Farstad Shipping Aalesund AS was established on 30 September 2010 in order to run shipping operation and other business associated with this. The company is 100 % owned by Farstad Shipping AS (the sub-group) and its head office is in Aalesund.

In June 2017 Farstad Shipping ASA merged with a Solstad company and changed name to Farstad Shipping AS and became a subsidiary of the listed company Solstad Farstad ASA, which change name to Solstad Offshore ASA 1<sup>st</sup> of October 2018. The ultimo parent company is Solstad Offshore ASA.

With effect from 1st January 2018 all Norwegian seafarers employees by Farstad Shipping AS was transferred and employed by another crewing company in the group, Solstad Shipping AS. Pension liabilities and other crew related liabilities will be transferred to the overtaking company.

### FINANCIAL

#### Financial statement

Operating income for 2018 was 0, compared to NOK 5.7 million in 2017. Operating result was negative with NOK 0.078 million in 2018 compared to positive with NOK 0.8 million in 2017. The company has an equity ratio of 14% in 2018 compared to 5.4 % in 2017 and is in a challenging liquidity situation.

#### Cash flow

Cash and cash equivalents were reduced with NOK 44.6 million during 2018. The reduction in cash and cash equivalents is mainly due to reduced other current liabilities.

The annual accounts show a loss of NOK 0.078 million. The Board has approved the total loss to be transferred to Other Equity.

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

Farstad Shipping'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.

#### Management system

As a part of the merger process, a plan was set to transfer all on- and offshore activities into one management system with one common Document of Compliance (DOC). A common global management system is seen as a key factor in relation to achieve safe and efficient operation of the Company's activities. The implementation is progressing as planned and scheduled completion is by June 2018. The common management system (SIMS) includes overall objectives and policies for the Company. Further, it describes the various processes and activities to be performed and each employee's responsibilities/roles related to these.

#### Lost time injuries and unwanted events

Two of the measuring indicators used by the Farstad Shipping AS, (the sub-group) are the lost time injury frequency (LTIF) and total recordable case frequency (TRCF). Both frequencies are measured as the number of injuries per one million working hours, measured 24 hours a day so that recreational injuries are included. At the end of 2018 the LTIF was 0.41 compared to 0.68 in 2017. The TRCF frequency was 1.21 compared to 1.19 in 2017. Both measures are at low levels. In a time where the industry is facing multiple challenges, our crew and employees continue to deliver safe and environmentally friendly operations. None of the Group's vessels were in contact with offshore installations in 2018.



**The outer environment**

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

In close collaboration with designers, shipyards and equipment suppliers we make use of the at any time best available technological solutions in order to build and operate vessels with minimal risk of releasing environmentally hazardous substances into air and water.

In recent years, several of the Group's vessels have been equipped to use shore power in frequent port calls during normal operation.

Due to the continuing development of new technological solutions, better control and maintenance as well as the option to choose more environmentally friendly products, the emission of pollutants to water and air has been considerably reduced in recent years.

**GOING CONCERN**

The Board confirms that the assumption of going concern is present, and that the 2017 financial statements, pursuant to section 3-3a of the Norwegian accounting act, have been prepared based on the assumption of a going concern. However, the Company and the sub-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 sub-group's business depends on the sub-group finding a solution to its financial situation. The going concern assumption is based on the board's view that the efforts in this respect have a possibility of success. A solution is expected to involve a comprehensive restructuring of the balance sheet for the sub-group. The outcome of the discussions and the going concern assumption is nevertheless subject to material uncertainty. If the discussions are not successful, and in the event the sub-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 above the Board is of the opinion that there is significant uncertainty related to the going concern assumption for the Farstad Shipping AS sub-group.

It was agreed on the 19 December 2018 that interest and amortisations on most financial debt in Farstad Shipping AS sub-Group would be temporarily suspended and deferred until 20.06.2019.

Long term liabilities recognized in Farstad Shipping AS sub-group of MNOK 7.292 have been reclassified to current liabilities as of 31 December 2018. 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 period end in June 2019.

The sub-group is in negotiations with its key creditors and other stakeholders, and the going concern assumption is based on the board's view that the sub-group's efforts in this respect have a possibility of success. A solution is expected to involve a comprehensive restructuring of the sub-group's balance sheet.

Aalesund, 31 December 2018

28 June 2019

The Board of Directors of Farstad Shipping Aalesund AS

Sven Stakkestad  
Member of the Board

Lars Peder Solstad  
Chairman of the Board

Anders Hall Jomaas  
Member of the Board





**PROFIT AND LOSS**

**FARSTAD SHIPPING AALESUND AS (NOK 1 000)**

	Note	2018	2017
<b>Operating income:</b>			
Freight Income		0	11
Other income	2	0	5 734
<b>Total operating income</b>		<u>0</u>	<u>5 745</u>
<b>Operating expenses:</b>			
Other operating expenses vessels		0	11
Administration	3, 4, 5	75	4 968
<b>Total operating expenses</b>		<u>75</u>	<u>4 980</u>
<b>Operating result (EBIT)</b>		<u>-75</u>	<u>765</u>
<b>Financial items:</b>			
Financial income		12	153
Financial expenses		14	11
<b>Net financial income and expenses</b>		<u>-2</u>	<u>143</u>
<b>Tax and results:</b>			
Pre tax profit		-78	908
<b>Profit for the year</b>		<u>-78</u>	<u>908</u>
<b>Annual net profit</b>		<u>-78</u>	<u>908</u>





BALANCE SHEET

FARSTAD SHIPPING AALESUND AS (NOK 1 000)

	Note	2018	2017
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>CURRENT ASSETS</b>			
Other short-term receivables	8	21 900	14 881
Cash and cash equivalents	11	46	44 659
<b>Total current assets</b>		<u>21 946</u>	<u>59 540</u>
<b>Total assets</b>		<u>21 946</u>	<u>59 540</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7, 10	100	100
Other equity	7	3 008	3 086
<b>Total equity</b>		<u>3 108</u>	<u>3 186</u>
<b>NON-CURRENT LIABILITIES</b>			
Pension liabilities	5	0	13 520
<b>Total non-current liabilities</b>		<u>0</u>	<u>13 520</u>
<b>CURRENT DEBT</b>			
Accounts payable		29	2 742
Other current liabilities	8, 9	18 809	40 092
<b>Total current liabilities</b>		<u>18 838</u>	<u>42 834</u>
<b>Total liabilities</b>		<u>18 838</u>	<u>56 354</u>
<b>Total equity and liabilities</b>		<u>21 946</u>	<u>59 540</u>

  
Sven Stakkestad  
member of the board

Aalesund, 28.06.2019  
The board of Farstad Shipping Aalesund AS  
  
Lars Peder Solstad  
chairman of the board

  
Anders Hall Jomaas  
member of the board



**CASH FLOW STATEMENT**

**FARSTAD SHIPPING AALESUND AS (NOK 1 000)**

	<b>2018</b>	<b>2017</b>
<b>Cash flow from operations</b>		
Profit before income taxes	-78	908
Change in trade debtors	-	-
Change in trade creditors	35	698
Differences in expensed pensions and payments in/out of the pension scheme	-13.520	3.471
Effect of exchange fluctuations	-	-
Change in other provisions	-31.050	-8.656
<b>Net cash flow from operations</b>	<b>-44.613</b>	<b>-3.579</b>
Net change in cash and cash equivalents	-44.613	-3.579
Cash and cash equivalents at the beginning of the period	44.659	48.238
<b>Cash and cash equivalents at the end of the period</b>	<b>46</b>	<b>44.659</b>



## NOTES TO THE ACCOUNTS (NOK 1 000)

### FARSTAD SHIPPING AALESUND AS

#### NOTE 1 ACCOUNTING PRINCIPLES

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

##### Estimates

Areas that involve judgment or complexity, or areas where assumptions and estimates are significant to the consolidated accounts, are pension commitments.

##### Revenue and expense recognition principles

Revenues in the company consist entirely of affiliate earnings for the staffing services delivered to Farstad Shipping AS. The costs in the company consist entirely of administrative costs, included payment for services purchased from Farstad Shipping AS to operate the company. Expenses related to salaries for employees sailors are netted since this is entirely recharged to the buyer of staffing services.

##### Taxes

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

##### Pensions

The company pension plan is a defined benefit plan and is valued at the present value of accrued future pension benefits at the balance sheet date. Pension plan assets are valued at their fair value. The company has according to NRS 6 Pension costs declared the option to use IAS 19 for the recognition of the defined benefit plan.

Changes in the pension obligations due to changes in pension plans are recognised over the estimated average remaining service period. The accumulated effect of changes in estimates and in financial and actuarial assumptions (actuarial gains or losses) are recognized through retained earnings. The net pension cost for the period is classified as payroll expense. Net pension cost and actuarial gains and losses are recharged to ship-owing companies, and presented net in the financial statements.

##### Government grants

Government grants are not recorded until it is reasonably certain that the company will meet the conditions stipulated in connection with the receipt of the grants and that the grants will be received. Government grants are recorded as deductions from the cost that the grants are meant to cover.

##### 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.

##### Events after the balance sheet date

New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date, but which will affect the company's position in the future, are stated if significant.

#### NOTE 2 OPERATING INCOME

	2018	2017
Other income	-	5.734
<b>Total income</b>	<b>-</b>	<b>5.734</b>

Other income in the company is a 2% provision of the total crew costs for the year.

#### NOTE 3 GOVERNMENT GRANTS

	2018	2017
Net pay scheme at NOR-vessels	-	39.104
Refund scheme for temporary and work experience positions for sailors in training	-	300
<b>Government grants for the reduction of crew costs</b>	<b>-</b>	<b>39.404</b>



## NOTES TO THE ACCOUNTS (NOK 1 000)

### FARSTAD SHIPPING AALESUND AS

#### NOTE 4 SALARIES, NUMBER OF EMPLOYEES AND MANAGEMENT AGREEMENTS WITH CLOSELY RELATED PARTIES

With effect from 1 January 2018 all Norwegian seafarers employed by Farstad Shipping Aalesund AS was transferred and employed by another crewing company in the group, Solstad Shipping AS. Pension liabilities and other crew related liabilities will be transferred to the overtaking company. The activity in Farstad Shipping Aalesund will after this transaction be limited and a plan to wind up the company will be made.

Payroll expenses	2018	2017
Wages and salaries	-	224.012
Social security costs	-	39.937
Pension costs	-	18.557
Other contributions	-	4.173
<b>Total payroll expenses</b>	-	<b>286.679</b>
Recharged to shipowner	-	-286.679
<b>Net payroll expenses for the year</b>	-	-

Payroll expenses for the company was related to crew leased to ship-owned companies in Farstad Shipping AS group up to end of 2017. The company has no employees in the administration. Administration fee paid to Solstad Shipping AS was NOK 41 for 2018 (to Farstad Shipping AS NOK 4 732 in 2017).

Average number of employees in the company was 0 in 2018 (416 in 2017).

#### Expensed audit fee

	2018	2017
Statutory audit	30	102
Tax advisory fee	0	95
<b>Total audit fees</b>	<b>30</b>	<b>197</b>

VAT is not included in the audit fee.

#### NOTE 5 PENSIONS

Defined benefits scheme - All Norwegian seafarers employed was by 01.01.2018 transferred to Solstad Shipping AS and this company took over all pension liabilities at that time.

The company pension schemes was treated in accordance with Farstad Shipping AS standard for pensions expenses (NRS 6/AS 19.) The pension scheme in Norway is in accordance with the requirements of the law.

The year's pension costs:	2018	2017
Current service cost	-	8.694
Interest cost on pension liability	-	226
Expected return on the plan assets	-	-
Administration cost	-	387
Employers' national insurance contributions from pension costs	-	1.258
Net actuarial gains / losses for the year	-	-
<b>Net pensions costs</b>	-	<b>10.565</b>

Change in estimates to other comprehensive income (OCI) during period	2018	2017
Change in discount rate	-	3.301
Change in other financial assumptions	-	2.447
Change in mortality table	-	-
Change in other financial assumptions funds	-	197
Experience in defined benefit obligation	-	-4.339
Experience in assets	-	-406
Investment management cost	-	569
<b>OCI (gains)/losses during period in the ships owned company</b>	-	<b>1.768</b>

#### Pension liability and pension plan assets:

##### Reconciliation of the present value of the pension obligation:

	2018	2017
Present value of plan assets at beginning of the year	114.381	107.196
Transferred to Solstad Shipping AS	-114.381	-
Employers' national insurance contributions	-	-1.131
Current service cost	-	10.178
Interest cost on pension liability	-	2.743
Actuarial gains and losses	-	1.408
Benefits paid	-	-6.013
<b>Present value of the pension obligation at December 31st</b>	-	<b>114.381</b>



## NOTES TO THE ACCOUNTS (NOK 1 000)

### FARSTAD SHIPPING AALESUND AS

#### NOTE 5 PENSIONS Cont.

	2018	2017
<b>Reconciliation of fair values of pension plan assets:</b>		
Present value of plan assets at beginning of the year	100.862	97.147
Transferred to Solstad Shipping AS	-100.862	-
Expected return on the plan assets	-	2.205
Actuarial gains and losses	-	-360
Employer contributions	-	7.883
Benefits paid	-	-6.013
<b>Fair values of pension plan assets at December 31st</b>	<b>-</b>	<b>100.862</b>
Net pension liability	-	-13.520
Unrecognized estimate variances	-	-
<b>Net pension liability at December 31st</b>	<b>-</b>	<b>-13.520</b>
<b>Changes in net pension liability during the year:</b>		
Net pension liability at beginning of the year	2018	2017
Net pension liability at beginning of the year	-13.520	-10.049
Transferred to Solstad Shipping AS	13.520	-
Net pension cost for the year	-	-10.853
Contributions	-	9.151
OCI gains/(losses) during period	-	-1.768
<b>Net pension liability at December 31st</b>	<b>-</b>	<b>-13.520</b>
<b>Expected contributions for next year</b>	<b>-</b>	<b>10.308</b>

#### Major categories of plan assets

The pension obligations have been placed in various investments through external assurance companies or pension funds, and where each company or fund responsible for the administration of the invested amount of all corresponding transactions regarding the pension scheme. The allocation per 31.12 was:

	2018	2017
Equities		11 %
Bonds/securities		40 %
Money market funds		14 %
Property/Other		35 %

Calculations of pension costs and net pension obligations are based on the following assumptions:

	2018	
	Benefit expense	Benefit obligation
Discount rate		2,40 %
Rate of compensation increase		2,50 %
Rate of pension increase		2,25 %
Mortality		K2013 BE
	2017	
	Benefit expense	Benefit obligation
Discount rate		2,40 %
Rate of compensation increase		2,50 %
Rate of pension increase		2,25 %
Mortality		K2013 BE



## NOTES TO THE ACCOUNTS (NOK 1 000)

## FARSTAD SHIPPING AALESUND AS

## NOTE 6 TAXES

## Calculation of deferred tax/deferred tax benefit

	2018	2017
Temporary differences		
Pension	-	-13.520
Net temporary differences	-	-13.520
Tax losses carried forward	-	-
Basis for deferred tax	-24.753	-11.160
Deferred tax	-24.753	-24.680
Deferred tax benefit not shown in the balance sheet	-5.446	-5.676
Deferred tax in the balance sheet	5.446	5.676
	-	-
Basis for income tax expense, changes in deferred tax and tax payable	2018	2017
Result before taxes		
Permanent differences	-78	908
Basis for the tax expense for the year	5	-
Change in temporary differences	-73	908
Basis for payable taxes in the income statement	-13.520	3.471
Change in tax losses carried forward	-13.593	4.379
+/- Group contributions received/given	13.593	-4.379
Taxable income (basis for payable taxes in the balance sheet)	-	-
Components of the income tax expense	2018	2017
Payable tax on this year's result	-	-
Adjustment in respect of priors	-	-
Total payable tax	-	-
Change in deferred tax	-	-
Tax expense	-	-
Payable taxes in the balance sheet		
Payable tax in the tax charge	-	-
Tax effect of group contribution	-	-
Payable tax in the balance sheet	-	-

The Company has not recognised a deferred tax asset in the financial statement, due to uncertainty related to future taxable income.

## NOTE 7 EQUITY

Equity changes for the year	Share capital	Other equity	Total
Equity 01.01.			
Profit for the year	100	3.086	3.186
Equity 31.12.	-	-78	-78
	100	3.008	3.108

## NOTE 8 BALANCE WITH GROUP COMPANIES, ETC.

Other short-term receivables	2018	2017
Farstad Shipping AS		
Farstad Offshore AS	20.122	3.707
Farstad Construction AS	-	-
Farstad Marine AS	425	425
Farstad Supply AS	43	43
Farstad Subsea AS	1.157	1.157
Farstad Shipping Pte Ltd.	107	107
Total	36	36
	21.890	5.475
Other current liabilities		
Farstad Shipping AS	2018	2017
Solstad Shipping AS	5.238	5.225
Total	13.571	-
	18.809	5.225



## NOTES TO THE ACCOUNTS (NOK 1 000)

### FARSTAD SHIPPING AALESUND AS

#### NOTE 9 OTHER CURRENT LIABILITIES

	2018	2017
Public duties payable and vacation pay	-	34.867
Other current liabilities	-	5.225
<b>Total current liabilities</b>	-	<b>40.092</b>

#### NOTE 10 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of TNOK 100 consists of 1 000 shares with nominal value of NOK 100 each. All shares are owned by Farstad Shipping AS, Ålesund.

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

#### NOTE 11 CASH AND CASH EQUIVALENTS

Restricted funds amounting NOK 0 in 2018 compared to NOK 10 207 in 2017. (Employees' tax deductions)

#### NOTE 12 REFINANCING, MORTGAGES AND OTHER LONG-TERM LIABILITIES

Farstad Restructuring was completed in 1st quarter according to the plan announced in the press release dated 6 February 2017. This is in detail described in note 12 in last years annual report. Farstad Shipping Aalesund AS has no debt and was not a part of the refinancing.

#### NOTE 13 GOING CONCERN

The annual accounts are prepared on the assumption of a going concern. However, the Company and the Farstad Shipping 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. The going concern assumption is based on the board's view that the efforts in this respect have a possibility of success. A solution is expected to involve a comprehensive restructuring of the balance sheet. The outcome of the discussions and the going concern assumption is nevertheless subject to material uncertainty. If the discussions are not successful, 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 above the Board is of the opinion that there is significant uncertainty related to the going concern assumption for the Farstad Shipping AS Group.

It was agreed on the 19 December 2018 that interest and amortisations on most financial debt in Farstad Shipping AS Group would be temporarily suspended and deferred until 20.06.2019. In June the suspension was extended to 31.10.2019.

The Group has the following covenants:

- Farstad Shipping AS on a consolidated basis: Debt Service Cover Ratio (DSCR): Requirement > 1
- Farstad Shipping AS on a consolidated basis: Minimum liquidity covenant NOK 250 million
- Farstad Subsea AS on a consolidated basis: DSCR > 1
- Farstad Subsea AS on a consolidated basis: Minimum liquidity covenant of NOK 20 million at all times.

The above covenants are suspended as per suspension agreements with its financial creditors dated 19.12.2018, until 20.06.2019.

Long term liabilities recognized in Farstad Shipping AS Group of MNOK 7.292 have been reclassified to current liabilities as of 31 December 2018. The reclassification is based on standstill agreements of debt service with the banks where the covenant waiver period is less than 12

The Group is in negotiations with its key creditors and other stakeholders, and the going concern assumption is based on the board's view that the Group's efforts in this respect have a possibility of success. A solution is expected to involve a comprehensive restructuring of the Group's





Statsautoriserte revisorer  
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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Farstad Shipping Aalesund AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Farstad Shipping Aalesund AS, which comprise the balance sheet as at 31 December 2018, the income statement and statements 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 financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 13 in the financial statements and the Board of Director's report, which indicates that the Company incurred a net loss of NOK 78 thousand during the accounting year. The company is a part of the group Solstad Offshore ASA which is currently negotiating a refinancing agreement with its lenders, and for a large part of the group's and company's liabilities the lenders have agreed to a temporary standstill period until 31 October 2019. The going concern assumption is dependent on a successful refinancing. There is a risk that the group and the company will not reach an agreement with the lenders, and in the event the company should be forced to realize its assets, no assurance can be given that these will not be realized at a significantly lower value than their carrying value. These events or conditions, along with other matters as set forth in note 13 and the Board of Director's report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Responsibilities of management for the financial statements

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## 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

Independent auditor's report - Farstad Shipping Aalesund AS

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assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 28 June 2019  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Asbjørn Rødal  
State Authorised Public Accountant (Norway)

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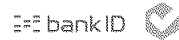
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## Skattedirektoratet

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- Ingebritgsen	Vår referanse 2014/882549

FARSTAD SHIPPING AALESUND AS  
Postboks 1301 , Sentrum  
6001 ÅLESUND

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Farstad Shipping Ålesund AS, org.nr. 996 020 355

- 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 Shipping Ålesund AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Farstad Shipping Ålesund 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 Shipping Ålesund AS er heleid av Farstad Shipping ASA. Selskapet driver med utleie av mannskap og leverer tjenester til selskaper i konsernet som har konsentrert sine aktiviteter til markedene i Nordvest-Europa, Brasil, Australia og 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](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto: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 forretningsspråk. 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

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