



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 992 047 380
Organisasjonsform: Aksjeselskap
Foretaksnavn: FARSTAD OFFSHORE AS
Forretningsadresse: Skansekaia 4A
6002 ÅLESUND

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Leif Henning Stave
Dato for fastsettelse av årsregnskapet: 31.08.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 26.10.2021



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Freight Income		867 000	
Other income		5 508 000	1 903 000
Sum inntekter		6 375 000	1 903 000
Kostnader			
Depreciation and impairment		-158 000	2 402 000
Other operating expenses vessels	4, 5	862 512 000	307 000
Administration	5		
Sum kostnader		862 354 000	2 710 000
Driftsresultat		-855 979 000	-807 000
Finansinntekter og finanskostnader			
Annen renteinntekt		-7 011 000	-883 000
Financial income		59 000	143 000
Sum finansinntekter		-6 952 000	-741 000
Rentekostnad til foretak i samme konsern		1 838 000	
Annen rentekostnad		-2 557 000	3 303 000
Financial expenses		131 000	3 760 000
Sum finanskostnader		-588 000	7 063 000
Netto finans		-6 364 000	-7 803 000
Ordinært resultat før skattekostnad		-862 344 000	-8 611 000
Tax	2	1 628 000	1 622 000
Ordinært resultat etter skattekostnad		-863 972 000	-10 232 000
Årsresultat		-863 972 000	-10 232 000
Årsresultat etter minoritetsinteresser		-863 972 000	-10 232 000
Totalresultat		-863 972 000	-10 232 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	2		
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Inventories		18 500 000	18 500 000
Sum varer		18 500 000	18 500 000
Fordringer			
Account receivables, freight income		90 625 000	68 993 000
Other short-term receivables	4	88 130 000	620 339 000
Sum fordringer		178 755 000	689 332 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	7	70 268 000	36 109 000
Sum bankinnskudd, kontanter og lignende		70 268 000	36 109 000
Sum omløpsmidler		267 524 000	743 941 000
SUM EIENDELER		267 524 000	743 941 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	3, 6	177 100 000	177 100 000
Sum innskutt egenkapital		177 100 000	177 100 000
Opptjent egenkapital			
Other equity	3, 6	-1 021 170 000	-157 198 000
Sum opptjent egenkapital		-1 021 170 000	-157 198 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum egenkapital	8	-844 070 000	19 902 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Konvertible lån	4		70 000 000
Sum annen langsiktig gjeld			70 000 000
Sum langsiktig gjeld		0	70 000 000
Kortsiktig gjeld			
Leverandørgjeld		375 000	485 000
Tax payable	2	778 000	2 333 000
Other current liabilities	4	1 110 441 000	651 220 000
Sum kortsiktig gjeld		1 111 594 000	654 039 000
Sum gjeld		1 111 594 000	724 039 000
SUM EGENKAPITAL OG GJELD		267 524 000	743 941 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 861724

Enheten

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Organisasjonsform: Aksjeselskap
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6002 ÅLESUND

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Brønnøysundregistrene, 25.10.2021



Organisasjonsnr: 992 047 380
FARSTAD OFFSHORE AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Freight Income		867 000	
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		-863 972 000	-10 232 000
Totalresultat		-863 972 000	-10 232 000



Sum langsiktig gjeld		0	70 000 000
Kortsiktig gjeld			
Leverandørgjeld		375 000	485 000
Tax payable	2	778 000	2 333 000
Other current liabilities	4	1 110 441 000	651 220 000
Sum kortsiktig gjeld		1 111 594 000	654 039 000
Sum gjeld		1 111 594 000	724 039 000
SUM EGENKAPITAL OG GJELD		267 524 000	743 941 000



Organisasjonsnr: 992 047 380
FARSTAD OFFSHORE AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00



FARSTAD OFFSHORE AS
Postboks 1301
6001 ÅLESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Farstad Offshore AS, org.nr. 992 047 380

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 Offshore AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Farstad Offshore 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 Offshore AS er heleid av Farstad Shipping ASA. Selskapet er et managementselskap for Subsea fartøyer. Aktivitetene er konsentrert til markedene i Nordvest-Europa og Brasil. 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. Forrettingspråket 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

Efter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk Departementet kan ved ... enkelvedtak 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 pricing av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

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

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er 100 % eiet av et selskap som benytter engelsk som forretningspråk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle vesentlige aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
Seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Geir Johannessen



Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Farstad Offshore AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Farstad Offshore AS, which comprise the balance sheet as at 31 December 2020 and the statement of profit and loss 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 2020 and its financial performance 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.

Responsibilities of management for the financial statements

The Board of Directors (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 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.

Bergen, 31 August 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Øyvind Nore

State Authorized Public Accountant

On behalf of: Ernst & Young AS

Serial number: 9578-5994-4-485745

IP: 85.200.xxx.xxx

2021-08-31 20:44:48Z



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PROFIT AND LOSS

FARSTAD OFFSHORE AS (NOK 1 000)


	Note	2020	2019
Operating income:			
Freight Income		867	0
Other income		5 508	1 903
Total operating Income		6 375	1 903
Operating expenses:			
Other operating expenses vessels	4, 5	862 512	307
Total operating expenses		862 512	307
Operating profit before depreciations (EBITDA)		-856 137	1 595
Depreciation and impairment		-158	2 402
Operating result (EBIT)		-855 979	-807
Financial items:			
Financial income		59	143
Financial expenses		131	3 760
Interest expense to group companies		1 838	0
Realised agio (disagio)		-7 011	-883
Unrealised (agio) disagio		-2 557	3 303
Net financial income and expenses		-6 364	-7 803
Tax and results:			
Pre tax profit		-862 344	-8 611
Tax	2	1 628	1 622
Profit for the year		-863 972	-10 232
Annual net profit		-863 972	-10 232




BALANCE SHEET

FARSTAD OFFSHORE AS (NOK 1 000)

	Note	2020	2019
ASSETS			
CURRENT ASSETS			
Account receivables, freight income		90 625	68 993
Inventories		18 500	18 500
Other short-term receivables	4	88 130	620 339
Cash and cash equivalents	7	70 268	36 109
Total current assets		267 524	743 941
Total assets		267 524	743 941
EQUITY AND LIABILITIES			
EQUITY			
Share capital	3, 6	177 100	177 100
Other equity	3, 6	-1 021 170	-157 198
Total equity	8	-844 070	19 902
NON-CURRENT LIABILITIES			
Liabilities to parent company	4	0	70 000
Total non-current liabilities		0	70 000
CURRENT DEBT			
Accounts payable		375	485
Tax payable	2	778	2 333
Other current liabilities	4	1 110 441	651 220
Total current liabilities		1 111 594	654 039
Total liabilities		1 111 594	724 039
Total equity and liabilities		267 524	743 941


Kjetil Ramstad
member of the board

Skudeneshavn, 31.08.2021
The board of Farstad Offshore AS

Lars Peder Solstad
chairman of the board


Eivind Kvilhaug
member of the board



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD OFFSHORE AS

NOTE 1 ACCOUNTING PRINCIPLES

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

Estimates

Areas that involve judgement or complexity, or areas where assumptions and estimates are significant to the annual accounts are impairment of fixed assets, tax, average settlements and loss on receivables.

Costs and Income recognition

The group's vessels are mainly leased on time charters (TC). The TC contracts comprise payment for factors such as crew hire. Income from the lease of vessels is recognised on a straight-line basis during the lease period. The lease period starts on the date the vessel is made available to the leaser, and terminates on the agreed date for return of the vessel. Crew hire and payments to cover other operating expenses are reported as income according to the straight-line method for the duration of the agreement. Income and costs associated with charter parties are recognised in the accounts on the basis of the number of days the contract lasts. Interest income is recorded as interest accrues.

Sale of fixed assets

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

Impairment of fixed assets

The booked values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that booked value may not be recoverable. If any such indications exist and if the booked value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount which for fixed assets is the greater of the net selling price and value in use. As an approach to net selling price for the fixed asset the value estimates obtained from sales of same type of assets in the same market are used as basis.

Maintenance costs on leased vessels

Ordinary repairs and maintenance are recognised in the profit and loss account. The cost of dockings, periodic maintenance, and larger modifications of leased vessels are recognised on the balance sheet and recognised as expenses on a straight-line basis over the period up to the next periodic maintenance/docking, normally every 60 months. The costs are recognised via depreciation.

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 against equity to the extent that they relate to equity transactions.

The company has according to NRS 6 Pension costs declared the option to use IAS 19 for the recognition of the defined benefit plan. The current service cost and net interest income/costs are recognised immediately. The service cost is recognised in the vessels crew cost and administration cost in the income statement. Changes in estimates, both in assets and liabilities are recognised through retained earnings.

Subsequent events

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



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD OFFSHORE AS

NOTE 2 TAXES

Calculation of deferred tax/deferred tax benefit

	2020	2019
Temporary differences		
Short term receivables	-863.306	-
Net temporary differences	-863.306	-
Unrecovered interests carried forward	-10.054	-10.054
Tax losses carried forward	-147.239	-148.202
Basis for deferred tax	-1.020.599	-158.255
Deferred tax/deferred tax asset 22%	-224.532	-34.816
Deferred tax asset not recognized in the balance sheet	-224.532	-34.816
Deferred tax in the balance sheet	-	-

Basis for income tax expense, changes in deferred tax and tax payable

	2020	2019
Result before taxes	-862.344	-8.611
Permanent differences	-	-
Basis for the tax expense for the year	-862.344	-8.611
Change in temporary differences	863.306	-
Basis for payable taxes in the Income statement	963	-8.611
Limitation of interest deduction	-	3.600
Change in tax losses carried forward	-963	5.011
+/- Group contributions received/given	-	-
Taxable income (basis for payable taxes in the balance sheet)	-	-

Components of the income tax expense

	2020	2019
Withholding tax	1.628	1.622
Payable tax on this year's result	-	-
Change in deferred tax	-	-
Tax expense	1.628	1.622

Payable taxes in the balance sheet

Payable tax in the tax charge	-	-
Payable tax abroad	778	2.333
Payable tax in the balance sheet	778	2.333

The reason deferred tax benefit are not reflected in the balance sheet is that it is doubtful that future taxable profits will be sufficient to utilize the tax benefit.

NOTE 3 EQUITY

	Share capital	Other equity	Total
Equity changes in the year			
Equity 01.01.	177.100	-157.198	19.902
Profit for the year	-	-863.972	-863.972
Group contribution after tax	-	-	-
Equity 31.12.	177.100	-1.021.170	-844.070



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD OFFSHORE AS

NOTE 4 BALANCE WITH GROUP COMPANIES, ETC.

	2020	2019
Accounts receivables		
Farstad Shipping AS	-	558.053
Farstad Construction AS	4.771	12.000
Farstad Supply AS	77.474	4.287
Farstad Marine AS	639	-
Farstad Subsea AS	-	458
Farstad Shipping Pte Ltd.	66	52
P/R International Services ANS	-	131
Solstad Farstad Pty. Ltd.	-	6.305
Dess Shipowning AS	-	36.498
Dess PSV IV Ltd	1.262	1.262
Solstad Shipping AS	2.737	-
Deep Sea Supply Shipowning AS	343	-
Rem Ship AS	178	-
Other receivables, vat etc	661	1.293
Total other short-term receivables	88.130	620.339

	2020	2019
Current liabilities		
Farstad Supply AS	553.698	324.444
Farstad Construction AS	220.138	163.273
Farstad Marine AS	25.661	12.985
Farstad Shipping Pte Ltd.	163.454	92.412
Deep Sea Supply Shipowning AS	68.708	58.106
Rem Ship AS	78.782	-
Total other current liabilities	1.110.441	651.220

	2020	2019
Long term debt		
Farstad Shipping AS *)	-	70.000
Total	-	70.000

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

The Company had MNOK 863,3 in accruals of bad inter company debt at year-end 2020.

NOTE 5 SALARIES, NUMBER OF EMPLOYEES AND MANAGEMENT AGREEMENTS WITH CLOSELY RELATED PARTIES

Farstad Offshore AS has no employees, thus no wages or directors fee have been paid in 2020.

Management of the vessels is handled by Solstad Shipping AS according to Management agreements. Corporate fee paid Solstad was in 2020 TNOK 233 (TNOK 233 in 2019).

The company is not obligated to have mandatory pension agreements.

	2020	2019
Expensed audit fee		
Statutory audit	56	47
Tax advisory fee	882	18
Total audit fees	938	65



NOTES TO THE ACCOUNTS (NOK 1 000)

FARSTAD OFFSHORE AS

NOTE 6 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of NOK 177 100 consist of 1 000 shares with nominal value of NOK 177.1 each. All shares are owned by Solstad Operations Holding AS.

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 7 RESTRICTED CASH

The company has pledged cash deposits of NOK 12.1 million as of 31.12.2020 (NOK 11.1 million in 2019). NOK 10.5 million is related to a guarantee for a frame agreement with Technip Norge AS and the remaining NOK 1.6 million is a performance guarantee to charterers for fulfillment of contracts.

NOTE 8 GOING CONCERN

The Financial Statements have been prepared on the going concern basis. After the completion of the operational and financial restructuring of a main part of Solstad Offshore Group, the Group's financial situation have improved resulting in positive equity and strengthened liquidity. The borrowing facilities in the restructured Group (Borrower Group) have been combined into one new fleet loan, with repayment terms that reflects the current market conditions. Solstad Shipholding AS is the registered borrower for this reinstated debt and companies within Borrower Group are guarantors and security providers. Internal loans are provided from Solstad Shipholding AS to subsidiaries within Borrower Group. This fleet loan agreement includes MNOK 1,500 in new working capital facility. There is free float of liquidity between the companies in the restructured group (Borrower Group). There are restrictions in the Solstad Shipholding AS fleet loan agreement to provide financial support to the ship owning entities outside Borrower Group, but part of Solstad Offshore ASA Group.

Amortization reliefs are given until 31.03.2023. The fleet loan matures in March 2024. Given the prevailing market conditions, the fleet loan's covenant with greatest associated uncertainty over the next 12 month's period, is the collateral vessels fair market values tested against the underlying vessel debt. Remedies are however available for borrowers through partial down payment of relevant loan tranches.

As part of the restructuring one third of Borrower Group's debt to credit institutions have been reduced. Related to this, equity transactions were done to strengthen equity in Solstad Shipholding. Similar conversions have not been done in shipowning companies. Based on this and development throughout the year, the equity in Farstad Marine AS is still negative. Solstad Shipholding AS has issued a support letter that states their financial support for all entities within the restructured Group (Borrower Group) for a period of 12 months from the date of approval of the balance sheet.

The going concern assumption is based on the level of cash and cash equivalents at year end, terms and conditions of the banking and borrowing facilities, the forecasted cash flow prognosis for Borrower Group, the backlog position at 31 December 2020 and the issued support letter from Solstad Shipholding AS.