



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - 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: 01.01.2016 - 31.12.2016

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 Jomås
Dato for fastsettelse av årsregnskapet: 30.06.2017

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

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	2016	2015
RESULTATREGNSKAP			
Inntekter			
Freight revenue	10	17 163 000	52 101 000
Other Operating income		27 000	606 000
Sum inntekter		17 190 000	52 707 000
Kostnader			
Depreciation	2	1 211 000	2 853 000
Impairment	2	5 697 000	3 659 000
Operating expenses vessels	12	14 691 000	38 375 000
Other operating expenses	11	11 974 000	1 876 000
Sum kostnader		33 573 000	46 763 000
Driftsresultat		-16 383 000	5 944 000
Finansinntekter og finanskostnader			
Annen renteinntekt		657 000	428 000
Sum finansinntekter		657 000	428 000
Annen rentekostnad		932 000	1 525 000
Other financial expense		1 556 000	2 010 000
Sum finanskostnader		2 488 000	3 535 000
Netto finans		-1 831 000	-3 107 000
Ordinært resultat før skattekostnad		-18 214 000	2 837 000
Income tax expense		2 000	
Ordinært resultat etter skattekostnad		-18 216 000	2 837 000
Årsresultat		-18 216 000	2 837 000
Overføringer og disponeringer			
Utbytte		8 000 000	
Overføringer til/fra annen egenkapital		-26 215 000	2 837 000
Sum overføringer og disponeringer		-18 215 000	2 837 000



Balanse

Beløp i: USD	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels and newbuilding contracts	2	10 580 000	33 669 000
Sum varige driftsmidler		10 580 000	33 669 000
Finansielle anleggsmidler			
Other receivables	6	9 460 000	15 942 000
Sum finansielle anleggsmidler		9 460 000	15 942 000
Sum anleggsmidler		20 040 000	49 611 000
Omløpsmidler			
Varer			
Inventories	3	389 000	729 000
Sum varer		389 000	729 000
Fordringer			
Trade receivables		2 826 000	8 903 000
Other receivables		3 548 000	1 434 000
Konsernfordringer	5	19 498 000	23 983 000
Sum fordringer		25 872 000	34 320 000
Bankinnskudd, kontanter og lignende			
Cash and bank deposits		8 529 000	8 914 000
Sum bankinnskudd, kontanter og lignende		8 529 000	8 914 000
Sum omløpsmidler		34 790 000	43 963 000
SUM EIENDELER		54 830 000	93 574 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2016	2015
Egenkapital			
Innskutt egenkapital			
Share Capital	7,8	3 573 000	3 573 000
Sum innskutt egenkapital		3 573 000	3 573 000
Opptjent egenkapital			
Other equity	7	9 340 000	35 555 000
Sum opptjent egenkapital		9 340 000	35 555 000
Sum egenkapital		12 913 000	39 128 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	4	22 130 000	15 974 000
Langsiktig konserngjeld	5	7 347 000	6 115 000
Other long term liabilities	5	0	6 564 000
Sum annen langsiktig gjeld		29 477 000	28 653 000
Sum langsiktig gjeld		29 477 000	28 653 000
Kortsiktig gjeld			
Liabilities to financial institutions	4	3 365 000	24 268 000
Utbytte	7	8 000 000	0
Other short term liabilities		1 074 000	1 527 000
Sum kortsiktig gjeld		12 439 000	25 795 000
Sum gjeld		41 916 000	54 448 000
SUM EGENKAPITAL OG GJELD		54 829 000	93 576 000



Skattedirektoratet

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

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS
Postboks 447
4664 KRISTIANSAND S

PRICEWATERHOUSECOOPERS
INNKOMMET 31 MAR 2016

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

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

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Postboks 9200 Grønland
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Se www.skatteetaten.no
Org.nr: 996250318
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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.



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Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer





Directors' report 2016

Background and activities

Deep Sea Supply Shipowning AS ("the Company") was established in 26th of July 2005.

The company is domiciled in Storgaten 4 in Grimstad, Norway. The Company owned per 31.12.2016 the Platform Supply Vessel (PSV); "Sea Trout". The Company has owned the Anchor Handling Vessel (AHTS) "Sea Lynx", which it sold during the year.

The vessel have been operating in the North Sea spot market. Due to the changes in the market situation, "Sea Trout" was laid-up during the financial year 2016.

In addition to the owned vessel, the company also hired a number of vessels on bareboat contract and hired them further out on time charter basis.

Financial status and principal risks

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

Revenues and Profit:

The Company's total revenues were MUSD 17.2 of which MUSD 17.1 were Freight revenues, whereof MUSD 11.5 from the North Sea, MUSD 6.0 from Australia and MUSD -0.4 from North and South America. .

The vessels' operating expenses was MUSD 33.6. The company's operating profit was a negative MUSD 16.4, while total financial cost was MUSD 1.8.

Profit before and after taxes was MUSD 18.2

Equity

The company's total equity at the end of 2016 was MUSD 12.9. The Board considers the equity size as satisfactory.

Currency

The company's net cash flow for 2016 was negative by MUSD 0.4.

Going concern

The financial statements are prepared on a going concern basis.

Financial risk

Below, we will explain some key risk factors:

Assessment of the company's assets

The value of the company's ships could change, due long-term changes in the market (earnings) for this type of vessel, the cost of newbuilding of vessels etc. This may affect the Company's equity.



Market risk:

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

Liquidity risk

A long period of low rates and a weak market situation might create a strained liquidity situation of the company.

Health, safety and environment

The working environment is considered to be very good and there have been no accidents at work of any kind during the year. There have been no long-term sick leave or injury during the year and the total sickness absence is very low. The company does not pollute the environment.

Equality

The company has no employees. The Board consists of men. The Board strives to gender equality.

Future outlook

During 2016 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. The North Sea spot market is challenging with unsustainable rate levels and low utilization. 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. Deep Sea Supply Shipowning AS 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 Shipowning AS

Loss after tax is of MUSD 18.2. The profit is proposed transferred to other equity.

Dividend from retained earnings

The board proposes a dividend from available retained earnings of MUSD 8.0. The available retained earnings after the dividend are MUSD 9.3

Events after the balance sheet date

Deep Sea Supply Plc has announced that a merger will take place between the companies Solstad Offshore ASA, Farstad Shipping ASA and Deep Sea Supply Plc.



The Deep Sea Supply Plc group want to restructure their business in order to achieve a more appropriate company structure. As a part of the internal restructuring, it is proposed that the company should purchase the vessel Sea Badger (IMO 9420019) from DESS Cyprus Ltd., the vessels Sea Angler (IMO 9350513) and Sea Witch (IMO 9392975) from DESS PSV Ltd., and the vessels Sea Tortuga (IMO 9624744), Sea Tantalus (IMO 9575620), Sea Titus (IMO 9575632) and Sea Triumph (IMO 9581760) from DESS PSV II Ltd., the vessels Sea Falcon (IMO 9645683) and Sea Flyer (IMO 9645695) from DESS PSV III Ltd., as well as Sea Swan (IMO 9656682) and Sea Swift (IMO 9656694) from DESS PSV IV Ltd.

Deep Sea Supply AS has acquired all the shares in Deep Sea Supply Shipowning AS according to the share purchase agreement between Deep Sea Supply AS and Deep Sea Supply Management AS.

For further information, see press releases via the homepage of the group:
www.deepseasupply.no

Grimstad, 20th June 2017

Anders Hall Jomaas

Jon Are Gummedal

Tallak Strandness

Chairman



Deep Sea Supply Shipowning AS

INCOME STATEMENT

(Amounts in USD 1000)

	Note	2016	2015
Freight revenues	10	17 163	52 101
Other operating income		27	606
Total revenue		17 191	52 707
Operating expenses vessels	12	-14 691	-38 375
Depreciation	2	-1 211	-2 853
Impairment	2	-5 697	-3 659
Other operating expenses	11	-11 974	-1 876
Total operating expenses		-33 574	-46 763
Operating profit		-16 383	5 944
(Other) interest income		657	428
(Other) interest expenses		-932	-1 525
Other financial expense		-1 556	-2 010
Profit before tax		-18 214	2 837
Income tax expense	9	-2	0
Net profit or loss for the year		-18 215	2 837
<i>Appropriation of profit can be shown here</i>			
Dividend		-8 000	0
Other equity		-10 215	2 837
Total transfers		-18 215	2 837



Deep Sea Supply Shipowning AS

BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

ASSETS	Note	2016	2015
Vessels and newbuildings contracts	2	10 580	33 669
Total tangible assets		10 580	33 669
Other receivables	6	9 460	15 942
Total financial fixed assets		9 460	15 942
TOTAL FIXED ASSETS		20 040	49 611
Inventories	3	389	729
Receivables from group companies	5	19 498	23 983
Trade receivables		2 826	8 903
Other receivables		3 548	1 434
Total receivables		25 873	34 320
Cash and bank deposits		8 529	8 914
TOTAL CURRENT ASSETS		34 790	43 963
TOTAL ASSETS		54 830	93 574



Deep Sea Supply Shipowning AS

BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

EQUITY AND LIABILITIES	Note	2016	2015
Share capital	7, 8	3 573	3 573
Total paid-in equity		3 573	3 573
Other equity	7	9 340	35 555
Total retained earnings		9 340	35 555
TOTAL EQUITY	7	12 913	39 129
Liabilities to financial institutions	4	22 130	15 974
Liabilities to group companies	5	7 347	6 115
Other long term liabilities	5	0	6 564
Total long term liabilities		29 477	28 652
Dividend	7	8 000	0
Liabilities to financial institutions	4	3 365	24 268
Other short-term liabilities		1 074	1 527
Total short term liabilities		12 440	25 795
TOTAL LIABILITIES		41 916	54 447
TOTAL EQUITY AND LIABILITIES		54 830	93 574

Grimstad 20th June, 2017

Anders Hall Jomaas
Chairman of the BoardJon Are Gummedal
General managerTállak Standenæs
Member of the board



Cash flow statement
Deep Sea Supply Shipowning AS

	2016	2015
Cash flow from operations		
Loss/ profit before tax	-18 215	2 837
Loss sale of fixed asset	10 927	0
Depreciation	1 211	2 853
Impairment of fixed assets	5 697	3 659
Change in inventory	340	28
Change in trade debtors	6 108	14 561
Change in other provisions	-11 524	21 883
Net cash flow from operations	-5 455	45 821
Cash flow from investments		
Proceeds from sale of fixed assets	5 037	0
Purchase of fixed assets	217	-1 003
Proceeds loans receivable on group companies	1 267	854
Proceeds on other loan receivables (short.t/long.t)	7 602	0
Payments on other loans (short.t/long.t)	0	-7 862
Net cash flow from investments	14 123	-8 011
Cash flow from financing		
Proceeds debt group companies	-4 071	-2 233
Proceeds from other borrowings (short.t/long.t)	-4 983	-46 368
Net cash flow from financing	-9 053	-48 601
Net cash flow in the period	-385	-10 791
Cash and cash equivalents at the beginning of the period	8 914	19 705
Cash and cash equivalents at the end of the period	8 529	8 914
This consist of:		
Bank deposits	8 529	8 914



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 30 years
- Vehicles 5 years
- Dry docking costs
- Intermediate survey 2.5 Years
- Special survey 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 2016

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 tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

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 2016

Note 2 Fixed assets

	Vessels and equipment	
	2016	2015
Purchase cost 01.01.	128 443	127 442
Additions	-217	1 003
Disposals	-15 964	0
Purchase cost 31.12.	112 262	128 443
Accumulated depreciation 31.12.	85 901	84 690
Accumulated impairment 31.12.	15 781	10 084
Net book value 31.12.	10 580	33 669
Depreciation in the year	1 211	2 853
Impairment in the year	5 697	3 659

Note 3 Inventories

	2016	2015
Bunkers	356	697
Spare parts	32	32
Total	389	729

Note 4 Borrowings

Falling due between	2016	2015
0 - 1 year	3 365	24 268
1 - 2 years	9 460	0
2 - 5 years	12 307	15 942
More than 5 years	-	0
Nominal value loan	25 132	40 210
Borrowing cost amortisation	363	32
Total	25 495	40 242

The companies long term borrowings are nominated in kUSD 21 767 and kNOK 187 582.

Deep Sea Supply Plc undertakes to provide financial support to Deep Sea Supply Shipowning AS to enable the company to meet its liabilities as and when they fall due.

	2016	2015
Liabilities secured by mortgage	25 495	40 242

Balance sheet value of assets placed as security:

Vessels	10 580	33 669
Total	10 580	33 669



Deep Sea Supply Shipowning AS

Notes to the accounts for 2016

Note 5 Balance with group companies, etc.

	Other debtors	
	2016	2015
Group companies	19 498	22 346
Joint ventures	0	1 637
Total	19 498	23 983

	Other long term liabilities	
	2016	2015
Group companies	-7 347	-6 115
Joint ventures	0	-6 564
Total	-7 347	-12 679

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 kUSD 976 (2015: kUSD 1 812) to Deep Sea Supply Shipowning AS during 2016.

During 2016, the company has hired 7 vessels from the group company DESS PSV II LTD, DESS PSV III LTD and DESS PSV IV LTD. In other operating costs for 2016 kUSD 10 193 (2015: kUSD 26 301) are booked related to TC/BB agreements.

Intercompany balances are charged with an interest of Nibor/EURIBOR or 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 recognised as deferred gain and will be amortised over the period of the life of the asset.

As of 31.12.2016 the deferred gain is kUSD 419 (2015: kUSD 523).

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

The bank deposit account for the CIRR loan is kUSD 12 825 (2015: kUSD 15 492) and is in the balance sheet classified as a non-current asset.



Deep Sea Supply Shipowning AS

Notes to the accounts for 2016

Note 7 Shareholders' equity

Equity changes in the year	Share capital	Other equity	Total
Equity 01.01.	3 573	35 555	39 129
Profit for the year	0	-18 215	-18 215
Dividend	0	-8 000	-8 000
Equity 31.12.	3 573	9 340	12 913

Note 8 Share capital and shareholder information

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

The company is 100 % owned by Deep Sea Supply Management AS. Deep Sea Supply Management 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 31.12.16 of kNOK 64 621.

Note 10 Freight revenue vessels

Geographical distribution	2016	2015
North Sea	11 520	21 246
Black Sea	0	4 040
Africa	0	-43
Asia	0	196
Australia	6 004	24 452
Mediterranean	0	2 691
North South America	-361	-480
Total	17 163	52 101



Deep Sea Supply Shipowning AS

Notes to the accounts for 2016

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 2016.

No loans/sureties have been granted to the general manager, Board chairman or other related parties.

Expensed audit fee

	2016	2015
Statutory audit (incl. technical assistance with financial statements)	50	52
Tax advisory fee (incl. technical assistance with tax return)	4	0
Total audit fees	54	52

Note 12 Operating expenses vessels

	2016	2015
Hire of vessels	10 193	26 301
Crew expenses	2 991	8 311
Insurance	314	841
Repairs and maintenance, lubrication oil, stores, supplies and miscellaneous	821	1 644
Administration expenses	371	1 279
	14 691	38 375

Note 13 Parent company

Deep Sea Supply Shipowning AS is 100 % owned by Deep Sea Supply Management AS. The parent company is as of 31.12.2016 is 100% owned by Deep Sea Supply Plc, based in Cyprus.

The address of the ultimate parent company is John Kennedy Ave, Iris House, 7th floor, Office no 740 B, Limassol 3100, Cyprus. Deep Sea Supply 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.deepseasupply.no



Deep Sea Supply Shipowning AS

Notes to the accounts for 2016

Note 14 Subsequent events

Deep Sea Supply Plc has announced that a merger will take place between the companies Solstad Offshore ASA, Farstad Shipping ASA and Deep Sea Supply Plc.

The Deep Sea Supply Plc group want to restructure their business in order to achieve a more appropriate company structure. As a part of the internal restructuring, it is proposed that the company should purchase the vessel Sea Badger (IMO 9420019) from DESS Cyprus Ltd., the vessels Sea Angler (IMO 9350513) and Sea Witch (IMO 9392975) from DESS PSV Ltd., and the vessels Sea Tortuga (IMO 9624744) , Sea Tantalus (IMO 9575620), Sea Titus (IMO 9575632) and Sea Triumph (IMO 9581760) from DESS PSV II Ltd., the vessels Sea Falcon (IMO 9645683) and Sea Flyer (IMO 9645695) from DESS PSV III Ltd., as well as Sea Swan (IMO 9656682) and Sea Swift (IMO 9656694) from DESS PSV IV Ltd.

Deep Sea Supply AS has aquired all the shares in Deep Sea Supply Shipowning AS according to the share purchase agreement between Deep Sea Supply AS and Deep Sea Supply Management AS.

For further information, see press releases via the homepage of the group: www.deepseasupply.no



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 NOK 18 215 336. The financial statements comprise the balance sheet as at 31 December 2016, 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 2016, 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.

PricewaterhouseCoopers AS, Gravane 26, Postboks 447, NO-4664 Kristiansand

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - Deep Sea Supply Shipowning AS

Responsibilities of The Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including 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. 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 International Standards on Auditing (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

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Independent Auditor's Report - Deep Sea Supply Shipowning AS

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 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.

Kristiansand, 20 June 2017
PricewaterhouseCoopers AS

Svein A. Andresen
State Authorised Public Accountant