



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 918 665 803
Organisasjonsform: Aksjeselskap
Foretaksnavn: FARSTAD SHIPPING AS
Forretningsadresse: Skansekaia 4A
6002 ÅLESUND

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Idar Johannes Gjerde
Dato for fastsettelse av årsregnskapet: 09.09.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

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, 02.11.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Freight Income			
Other income	3	22 608 250	40 053 352
Sum inntekter		22 608 250	40 053 351
Kostnader			
Depreciation	6	3 675 186	3 859 651
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5	-310 950 000	-310 950 000
Administration	4, 7, 15	32 993 291	45 187 153
Sum kostnader		-274 281 523	-261 903 196
Driftsresultat		253 511 442	251 635 594
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		69 437 277	62 073 396
Annen renteinntekt		-227 880	1 230 913
Financial income		94 103	445 075
Sum finansinntekter		69 303 500	63 749 383
Impairment shares and receivables	11, 12		694 962 116
Rentekostnad til foretak i samme konsern		7 667 480	6 383 415
Annen rentekostnad		-4 524 941	-13 527 194
Financial expenses		841 856	1 317 515
Sum finanskostnader		3 984 395	689 135 851
Netto finans	17	65 319 105	-625 386 468
Ordinært resultat før skattekostnad		362 208 878	-323 429 920
Tax	8		
Ordinært resultat etter skattekostnad		362 208 878	-323 429 920
Årsresultat	10, 18	1 086 626 635	-970 289 760
Årsresultat etter minoritetsinteresser		362 208 878	-323 429 920



Resultatregnskap

Beløp i: NOK	Note	2019	2018
Totalresultat		362 208 878	-323 429 920



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Negative goodwill	5	-777 375 000	-1 088 325 000
Sum immaterielle eiendeler		-777 375 000	-1 088 325 000
Varige driftsmidler			
Fixed assets office	6	15 064 378	18 371 930
Sum varige driftsmidler		15 064 378	18 371 930
Finansielle anleggsmidler			
Investering i datterselskap	11	2 792 554	2 803 816
Investering i annet foretak i samme konsern	11	576 937 597	576 937 597
Lån til foretak i samme konsern	12	755 939 933	649 116 921
Other long-term receivables		7 800 000	
Sum finansielle anleggsmidler		1 343 470 084	1 228 858 334
Sum anleggsmidler		1 939 693 924	1 406 135 528
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables	14	97 430	8 228 509
Other short-term receivables	12	968 170 928	603 951 315
Sum fordringer		968 268 359	612 179 823
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	9	11 084 105	5 376 237
Sum bankinnskudd, kontanter og lignende		11 084 105	5 376 237
Sum omløpsmidler		979 352 464	617 556 060
SUM EIENDELER		1 560 511 926	776 461 324



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	16	30 000	30 000
Sum innskutt egenkapital		30 000	30 000
Opptjent egenkapital			
Uncovered loss		-730 271 258	-1 092 480 137
Sum opptjent egenkapital		-730 271 258	-1 092 480 137
Sum egenkapital	10, 18	-730 241 258	-1 092 450 137
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	7	14 072 223	18 297 777
Sum avsetninger for forpliktelser		14 072 223	18 297 777
Annen langsiktig gjeld			
Konvertible lån	2, 12	1 542 656 370	1 542 406 292
Other long term liabilities	15	25 200 000	27 000 000
Sum annen langsiktig gjeld		1 567 856 370	1 569 406 292
Sum langsiktig gjeld		1 581 928 592	1 587 704 068
Kortsiktig gjeld			
Leverandørgjeld		43 287 158	62 889 961
Other current liabilities	12, 13	665 537 434	218 317 431
Sum kortsiktig gjeld		708 824 592	281 207 392
Sum gjeld		2 290 753 184	1 868 911 460
SUM EGENKAPITAL OG GJELD		1 560 511 926	776 461 324



FARSTAD SHIPPING AS BOARD OF DIRECTOR'S REPORT – 2019

The company is part of a shipping group and is a wholly owned subsidiary of the listed holding company Solstad Offshore ASA. The company thus does not prepare consolidated accounts.

Solstad Offshore's vision is to be a world-leading shipping company, recognized by our employees, customers and other intersections, by providing quality services within the oil and gas markets, renewable energy and fish farming.

Farstad Shipping AS's business is to be a parent company in a group that includes ownership and leasing of offshore service vessels. The operation of the vessels as well as the company's management functions are carried out by Solstad Shipping AS in Skudeneshavn together with other service companies in the shipping group. The Farstad Shipping Group currently has a fleet of 45 offshore service vessels.

Ships owned or rented by the company's subsidiaries had a few harmless emissions that contaminated the external environment by 2019. All applicable environmental requirements are met. The Board's perceptions are that the company's activity does not contaminate the external environment beyond what is considered normal for the industry.

The company was established in 2017 under the name of Solship Invest 2 AS, and during the year it merged with Farstad Shipping ASA. The shareholders in Farstad Shipping ASA received consideration shares in Solstad Offshore ASA. The company subsequently changed name to Farstad Shipping AS. The merger gave a negative goodwill of MNOK 1.555 due to the conclusion of a purchase on favorable terms (see note 2 of the Financial statements).

The general expectation for the oil price in 2019 was a steady and stable increase towards a higher level, however the prices continued to be volatile throughout the year but stabilized around USD 60-65/bbl towards the end of the year. In the first months of 2020 the oil price continued at the same levels but at the end of first quarter 2020 there has been a sharp decline in the oil price. The combination of OPEC and Russia overflowing the market with oil and the substantially reduced demand for oil and oil products following economic "shutdowns" in many countries due to the outbreak of COVID-19 has resulted in a market in serious imbalance. This led to a dramatic fall in oil prices and also significant fall in the indexes on stock markets globally. The global pandemic is assumed to affect the macroeconomics in the coming years and is expected to, along with the increased uncertainty about future oil price, impact the Groups activity going forward.

The company has 14 employees, 3 women and 11 men. When recruiting, the company's objective is that gender, nationality, disability, religion and the like should not influence the hiring process. The company's board consists of 3 men and no women.

The financial statement shows a surplus for the year of MNOK 362 and the equity is negative by MNOK 730 as of 31.12.19. The opinion of the Board is that the presented income statement and balance sheet and accompanying notes and cash flow statement provide comprehensive information about the operations and position at the end of the year.

The annual accounts are prepared on the assumption of a going concern. However, the Company's and the 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. On 8 May 2020, the Company entered into a Restructuring Implementation Agreement to strengthen its financial situation, and the going concern assumption is based on the board's view that the Restructuring Implementation Agreement has a reasonable prospect of being implemented. If the Restructuring Implementation Agreement is not implemented, 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 information above the Board of Directors would like to emphasize that there is material uncertainty related to the going concern assumption.



Solstad Offshore ASA and its subsidiaries have since Q3 2018 worked with their creditors towards a consensual financial restructuring. On 8 May 2020 the Group signed a Restructuring Implementation Agreement (the "RIA") for a restructuring of the Solstad Offshore ASA Group. The key features of the Restructuring are:

- Debt to equity conversion of approximately NOK 10.9 billion
- New fleet loan maturing after 4 years
- Financing of additional liquidity
- Industrial shareholders to retain ownership of up to 33.34%
- Streamlining of corporate structure

The RIA has been entered into with a majority of the Restructuring's key stakeholders, including all of its secured finance providers except for three financial providers in the Solship Invest 3 AS and Farstad Shipping AS silos.

The RIA reconfirms the key elements of the Restructuring as described in the Solstad Offshore press release dated 31 March 2020. For further information and details please see note 28 in the annual report for 2019 from Solstad Offshore ASA and note 14.

Included in long term loans from group companies in Farstad Shipping AS Group there is a loan from Solstad Offshore ASA on MNOK 1.403 in which the Board will start a process of converting to equity in 2019, which will result in positive equity for Farstad Shipping AS.

The Board proposes that the surplus for the year of NOK 362,208,878 be transferred to Uncovered loss. Based on the proposed disposals, the company's book equity at the end of the year was negative by MNOK 730.

Skudeneshavn, 9. September 2020

Lars Peder Solstad
chairman of the board

Kjetil Ramstad
member of the board


Eivind Kvilhaug
member of the board


**PROFIT AND LOSS****FARSTAD SHIPPING AS (NOK 1)**

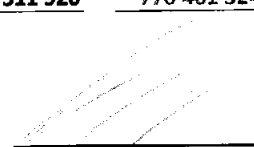
	Note	2019	2018
Operating income:			
Other income	3	<u>22 608 250</u>	<u>40 053 352</u>
Total operating Income		<u>22 608 250</u>	<u>40 053 351</u>
Operating expenses:			
Administration	4, 7, 15	<u>32 993 291</u>	<u>45 187 153</u>
Total operating expenses		<u>32 993 291</u>	<u>45 187 153</u>
Operating profit before depreciations (EBITDA)		<u>-10 385 041</u>	<u>-5 133 801</u>
Depreciation	6	3 675 186	3 859 651
Negative goodwill recognition	5	<u>-310 950 000</u>	<u>-310 950 000</u>
Operating result (EBIT)		<u>296 889 773</u>	<u>301 956 548</u>
Financial items:			
Interest income from group companies		69 437 277	62 073 396
Financial income		94 103	445 075
Financial expenses		841 856	1 317 515
Impairment shares and receivables	11, 12	0	694 962 116
Interest expense to group companies		7 667 480	6 383 415
Realised agio (disagio)		-227 880	1 230 913
Unrealised agio (disagio)		4 524 941	13 527 194
Net financial income and expenses	17	<u>65 319 105</u>	<u>-625 386 468</u>
Tax and results:			
Pre-tax profit / (Loss)		362 208 878	-323 429 920
Tax	8	0	0
Profit / (Loss) for the year	10, 18	<u>362 208 878</u>	<u>-323 429 920</u>
Annual net profit		<u>362 208 878</u>	<u>-323 429 920</u>

**BALANCE SHEET****FARSTAD SHIPPING AS (NOK 1)**

	Note	2019	2018
ASSETS			
Negative goodwill	5	<u>-777 375 000</u>	<u>-1 088 325 000</u>
Total intangible assets		<u>-777 375 000</u>	<u>-1 088 325 000</u>
FIXED ASSETS			
Fixed assets office	6	15 064 378	18 371 930
Other long-term receivables		7 800 000	0
Loan to group companies	12	755 939 933	649 116 921
Shares	11	2 792 554	2 803 816
Shares in subsidiaries	11	576 937 597	576 937 597
Total fixed assets		<u>1 358 534 462</u>	<u>1 247 230 264</u>
CURRENT ASSETS			
Accounts receivables	14	97 430	8 228 509
Other short-term receivables	12	968 170 928	603 951 315
Cash and cash equivalents	9	11 084 105	5 376 237
Total current assets		<u>979 352 464</u>	<u>617 556 060</u>
Total assets		<u>1 560 511 926</u>	<u>776 461 324</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	30 000	30 000
Uncovered loss		<u>-730 271 258</u>	<u>-1 092 480 137</u>
Total equity	10, 18	<u>-730 241 258</u>	<u>-1 092 450 137</u>
NON-CURRENT LIABILITIES			
Loan from group companies	2, 12	1 542 656 370	1 542 406 292
Pension liabilities	7	14 072 223	18 297 777
Other long term liabilities	15	25 200 000	27 000 000
Total non-current liabilities		<u>1 581 928 592</u>	<u>1 587 704 068</u>
CURRENT DEBT			
Accounts payable		43 287 158	62 889 961
Other current liabilities	12, 13	665 537 434	218 317 431
Total current liabilities		<u>708 824 592</u>	<u>281 207 392</u>
Total liabilities		<u>2 290 753 184</u>	<u>1 868 911 460</u>
Total equity and liabilities		<u>1 560 511 926</u>	<u>776 461 324</u>


Lars Peder Solstad
chairman of the board

Aalesund, 09.09.2020
The board of Farstad Shipping AS

Kjetil Ramstad
member of the board


Eivind Kvilhaug
member of the board

**STATEMENT OF CASH FLOW**

FARSTAD SHIPPING AS (NOK 1)

	Note	2019	2018
Cash flow from operational activities			
Profit/(Loss) before income taxes		362 208 878	-323 429 920
Interest costs		8 509 336	7 644 747
Ordinary depreciation	6	3 675 186	3 859 651
Badwill recognition	5	-310 950 000	-310 950 000
Impairments investment subsidiaries	11	-	439 153 214
Impairments loans subsidiaries	12	-	255 808 902
Impairment intercompany balances	12	-	-
Onerous contracts	15	-1 800 000	-
Change in trade debtors		8 131 079	2 599 604
Change in trade creditors		-19 602 802	-8 736 190
Differences in expensed pensions and payments pension scheme		-4 225 554	-5 753 118
Change in other provisions		44 601 372	-85 646 571
Net cash flow from operational activities A		90 547 495	-25 449 681
Cash flow from investment activities			
Investments on fixed assets	6	-675 434	-638 600
Sale of fixed assets		307 800	390 140
Net cash flow from investment activities B		-367 634	-248 460
Cash flow from finance activities			
New long-term loans		-	-
Repayment of long term loans		-	-
Payment of interest		-8 509 336	-8 033 191
Deposit travelling account		-7 800 000	-
Change in intercompany loans and receivables		-68 162 657	4 729 840
Net cash flow from finance activities C		-84 471 993	-3 303 351
Net change in liquidity over the year A + B + C		5 707 868	-29 001 491
Cash and cash equivalents at 01.01		5 376 237	34 377 728
Cash and cash equivalents at 31.12	9	11 084 105	5 376 237



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 1 ACCOUNTING PRINCIPLES

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

The company was established as Solship Invest 2 AS 21. February 2017 and changed name to Farstad Shipping AS 22. June 2017 after the merged with Farstad Shipping ASA at the same date.

The company is a wholly owned subsidiary of Solstad Offshore ASA, which has headoffice in Skudeneshavn. According to Norwegian Accounting Act § 3-7 group financial accounts is not prepared for Farstad Shipping AS and its subsidiaries. This is included in Solstad Offshore ASA group annual report. The annual report can be obtained by contacting Solstad Offshore ASA, or from the company's internet site, www.solstad.com

Estimates

Areas that involve judgement or complexity, or areas where assumptions and estimates are significant to the annual accounts are impairment of investments in subsidiaries, measurement of merger with Solstad Offshore ASA, including negative goodwill, tax, average settlements and loss on receivables.

Financial instruments

Profit and loss items are recognised at the transaction date's exchange rate. Current assets and current liabilities are recognised at the balance sheet date's exchange rate, and currency gains and losses due to changes in the exchange rates, are recognised through profit or loss. Hedging instruments such as forward contracts and interest hedging is recognised in the annual accounts as they are not considered as hedging instruments. The hedging instrument is valued at market value according to section 5-8 Financial instruments and commodities derivatives in the Norwegian Accounting Act. The following exchange rates applied on the balance sheet date: USD 8.7803, GBP 11.5936, EUR 9.8638, AUD 6.1668 and BRL 2.198.

Revenue recognition

The income consists of management fees from other companies in the Group and is recognised as income earned as per agreements between the companies.

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.

Fixed assets office

Fixed assets office is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted and used.

Investment in subsidiaries and shares

Subsidiaries and investments in shares are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. Impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

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.

Classification and evaluation of the balance sheet

Current assets and short term liabilities includes items which is due for payment within one year after time of acquisition. Other items classified are fixed assets/long term liabilities. Current assets are evaluated to the lowest of acquisition cost and actual value. Short term liabilities are posted with nominal amount at entrance time. Fixed assets are evaluated to acquisition cost, less depreciation. Long term debt is posted with nominal amount at time of establishment.

Financial leases

Financial leases are leases under which the company takes over most of the risk and return associated with the ownership of the asset. At the inception of the lease, finance leases are recognised at the lower of their fair value and the present value of the minimum lease payments, minus accumulated depreciation and impairment losses. When calculating the lease's present value, the implicit interest cost in the lease is used if it is possible to calculate this. If this cannot be calculated, the company's marginal borrowing rate is used. Direct costs linked to establishing the lease are included in the asset's cost price.

Operational leases

Any leases where a significant amount of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to profit and loss on a straight-line basis over the period of the lease.



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

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

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 BUSINESS COMBINATIONS

On 22 June 2017 the Company merged with Farstad Shipping ASA through a triangular merger where Solstad Offshore ASA issued consideration shares.

The merger was a part of the consolidation in the offshore shipping business. As a result of the down-turn in the oil- and gas sector, the shipping business has been, and still is, affected by over-capacity of vessels, lower revenues and high debt.

The merger was completed as a statutory triangular merger and followed the provision of chapter 13 of the Norwegian Public Limited Companies Act. Farstad

A negative goodwill of MNOK 1,555 has been recognized due to conclusion of a purchase on favourable terms. Valuation of the investment involves group companies, mainly effected by that the vessels was a significant part of the purchase price allocation. Value-in-use-calculations forms the basis for the vessel valuation, combined with experience from the business, and historic knowledge and expectations for the future, taken into consideration in the valuation the investment in other group companies.

One major factor for concluding on the negative goodwill is related to merged companies was in a distressed financial position.

The negative goodwill is amortized over 5 years.

Fair value of identifiable assets and liabilities in Farstad Shipping ASA's subsidiaries at the date of acquisition was (in NOK 1):

	Fair value	Book value
Other fixed assets	24 270 000	24 270 000
Shares in subsidiaries	1 934 170 000	1 659 273 000
Loan to group companies	720 095 000	720 095 000
Current assets	342 031 000	342 031 000
Cash	223 435 000	223 435 000
Current liabilities	-155 142 000	-155 142 000
Non-current debt and liabilities	-131 464 000	-131 464 000
Net assets	2 957 395 000	2 682 498 000
Negative goodwill from business combination	1 554 750 000	
Net acquisition cost	1 402 645 000	

Total acquisition cost of MNOK 1,403 is settled by issue of consideration 136,179,139 shares in Solstad Offshore ASA.

NOTE 3 OPERATING INCOME

	2019	2018
Corporate Fee	22 561 603	39 853 352
Other income	46 647	200 000
Total operating income	22 608 250	40 053 352

**NOTES TO THE ACCOUNTS (NOK 1)**

FARSTAD SHIPPING AS

NOTE 4 ADMINISTRATION, NUMBER OF EMPLOYEES

	2019	2018
Salaries	11 000 631	14 600 025
Social security costs	1 514 070	4 529 139
Pension costs	-265 022	-238 186
Other salary costs	231 473	483 385
Staff costs	12 481 152	19 374 363
Premises costs	7 922 483	8 687 164
IT and communication costs	4 043 044	6 658 011
Extremal consultancy	1 273 940	6 251 055
Corporate fee Solstad Shipping AS	580 000	580 000
Other office costs	6 692 672	3 636 560
Other administration costs	20 512 139	25 812 790
Administration	32 993 291	45 167 153

The average number of man-year in the company for the reporting period was 11.

The Company had no Management positions in 2019.

	2019	2018
Auditor (ex. VAT)		
Statutory audit fee	930 928	560 000
Tax	-	322 086
Other services	343 012	920 259
Total auditor's fee	1 273 940	1 802 345

The specified audit fee is the fee for the full year 2019.

NOTE 5 NEGATIVE GOODWILL

	Note	2019	2018
Acquisition cost			
From merger June 2017	2	-1 554 750 000	-1 554 750 000
Acquisition cost per 31. December		-1 554 750 000	-1 554 750 000
Accumulated recognition			
Depreciation per 1. January		466 425 000	155 475 000
Depreciation for the year		310 950 000	310 950 000
Accumulated depreciation 31. December		777 375 000	466 425 000
Net book negative value pr. 31. December		-777 375 000	-1 088 325 000

NOTE 6 FIXED ASSETS OFFICE

	2019	2018
Acquisition cost		
Opening balance	24 538 691	24 290 231
Merger 1. July 2017	-	-
Additions	675 434	638 600
Disposals	307 800	390 140
Acquisition cost per 31. December	24 906 325	24 538 691
Accumulated depreciation		
Depreciation per 1. January	6 166 761	2 307 110
Depreciation for the year	3 675 186	3 859 651
Disposals	-	-
Accumulated depreciation 31. December	9 841 947	6 166 761
Net book value pr. 31. December	15 064 378	18 371 930

Depreciation of fixed assets office

Furniture and fittings, vehicles, IT equipment and office machinery etc are depreciated linearly over 3-5 years.



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 7 PENSION

The following assumptions are used:

	UK 2019	Norway 2019	UK 2018	Norway 2018
Discounted interest				
Expected return	2,00 %	2,30 %	2,70 %	2,60 %
Regulation of salaries		2,25 %		2,60 %
Regulation of base account	4,00 %	2,25 %	4,20 %	2,75 %
Regulation of pension		1,50 %		2,50 %
	2,50 %	1,50 %	3,80 %	2,50 %

	2019	2018
Changes in plan assets		
Opening value plan assets	178 106 669	201 773 884
Expected return	4 477 860	4 392 576
Benefits paid	-5 284 374	-6 574 720
Actuarial gain/ (loss)	10 638 880	-21 485 071
Estimated plan assets at year end	187 939 035	178 106 669

	2019	2018
Changes in pension obligation		
Estimated liability at beginning of year	196 404 921	225 586 592
Addition due to merger	-	-
Interest expense	4 954 617	5 755 385
Annual pension earnings	0	1 076 491
Benefits paid	-11 427 990	-12 293 385
Actuarial (gain)/ loss on the obligation	12 079 671	-23 720 162
Estimated liability at year end	202 011 219	196 404 921

	2019	2018
Net plan assets/liabilities		
Pension liabilities	202 011 219	196 404 921
Plan assets	187 939 035	178 106 669
Net plan assets/ (liabilities) Incl social security	-14 072 184	-18 298 252

	2019	2018
Pension cost		
Present value of pension obligation	221 252	562 940
Interest expense on obligation	4 954 617	5 755 385
Expected return on plan assets	-4 477 860	-4 392 576
Administration expense	416 449	369 237
Actuarial gain/ loss	-1 440 791	-2 677 485
Social security	61 313	144 314
Pension cost	-265 022	-238 186

LIABILITIES UNDER NEW AFP PENSION SCHEME

All the Norwegian office employees (14 persons) are members of this scheme. Further there is 5 members at benefit pension scheme. Payment to the AFP scheme is included in administration cost and was NOK 416 449

CONTRIBUTION SCHEME

The company has contribution schemes for the office and offshore employees in Ålesund. The schemes covers 53 fulltime employees. Further there is 3 member in benefit pension scheme. Posted contributions amounted to NOK 738 671 for 2019.

INDIVIDUAL PENSION-AGREEMENTS

Three former managers pensions from agreements with an early retirement clause. Calculations show that the obligations are NOK 11.385.696 which has been entered in the balance sheet as a pension liability, and included in the table above.



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 8 TAXES

Calculation of deferred tax/deferred tax benefit:

On 22 June 2017 the Company merged with Farstad Shipping ASA through a triangular merger where Solstad Offshore ASA issued consideration shares. The merger was carried out with tax continuity pursuant to the Norwegian Taxation act chapter 11. Tax positions related to assets, rights and liabilities transferred from Farstad Shipping ASA as part of the merger remained unchanged and was transferred.

	2019	2018
CALCULATION OF TAXABLE PROFIT:		
Result before taxes	362 220 140	-323 429 920
None tax-deductible expenses/ (none taxable income)	191 113	97 139
Negative goodwill recognition	-310 950 000	-310 950 000
Result from Farstad Shipping ASA in the period 1.1.2017-22.06.2017	-	-
None tax-deductible expenses/ (none taxable income) in the period 1.1.2017-11.06.2017	-	-
Impairment	-	439 153 214
Changes in temporary differences	-4 582 216	248 607 301
Taxable carry-forward loss used	-46 879 037	-53 477 734
Taxable profit	-	-
RECONCILIATION OF NOMINAL AND EFFECTIVE TAX RATES:		
Pre-tax profit	362 220 140	-323 429 920
Tax expense at tax rate in Norway (22%/23%)	79 688 431	-74 388 882
Recognised tax expense	-	-
Difference between expected and recognised tax expense	79 688 431	-74 388 882
Explanation of differences:		
None tax-deductible expenses / (none taxable income)	-68 366 955	29 509 081
Effect of change in tax rate	-	8 435 430
Deferred tax assets not recognised	11 549 933	37 060 192
Difference between expected and recognised tax expense	-56 817 022	75 004 703
Deferred tax asset at 01st Januar / 31st December		
Property, plant and equipment	7 129 502	7 937 499
Pension	-14 072 223	-18 297 777
Receivables	-698 130 407	-698 130 407
Taxable carry-forward losses	-38 871 656	-85 750 692
Other current liabilities	-47 165 063	-48 329 722
Other temporary differences	66 534	-971 909
Total temporary differences	-791 043 313	-843 543 008
Deferred tax at 22% 01.01 /22% at 31.12	-174 029 529	-185 579 462
Deferred tax asset not recognised	174 029 529	185 579 462
Deferred tax asset at 01st Januar / 31st December	0	-



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 9 CASH AND CASH EQUIVALENTS

Including restricted funds amounting NOK 682.506 (NOK 787.785 in 2018) for employees' tax deductions

NOTE 10 EQUITY

Equity changes In the period	Share capital	Share premium	Other equity	Total
Equity 01.01.	30 000	-	-1 092 480 137	-1 092 450 137
Loss for the period	-	-	362 208 878	362 208 878
Changes in revaluation reserve	-	-	-	-
Equity 31.12.	30 000	-	-730 271 260	-730 241 260

NOTE 11 SHARES IN SUBSIDIARIES AND OTHER SHARES

Company	Share capital	Number of share	Ownership in %	Par value	Measured cost from merger	Book value
Equity investment shares:						
Farstad Shipping Ltd., Aberdeen	£539	539 339	100	4 830	6 471 836	6 471 836
Farstad Supply AS, Ålesund	382 524	1 471 245	100	382 524	1 115 529 214	-
Farstad Brasil AS, Ålesund	617 100	100	100	617 100	-	-
Farstad Australia AS, Ålesund	100	100	100	100	-	-
Farstad Shipping Aalesund AS	100	1 000	100	27 447	2 447 213	2 447 213
Farstad Shipping Pte Ltd, Singapore	\$59 418	58 470 002	100	392 695	210 567 689	114 567 689
Farstad Construction AS, Ålesund	53 701	1 000	100	53 701	281 604 636	221 604 636
Farstad Offshore AS, Ålesund	177 100	1 000	100	177 100	38 478 000	30 951 000
Farstad Marine AS, Ålesund	669 000	1 000 000	100	669 000	-	-
Farstad Subsea AS, Ålesund	30	30 000	100	30	274 927 000	200 000 000
Farstad do Brasil Navegacao Ltda.	BRL 8 049	8 048 870	10	2 266	1 265 223	895 223
Shares in subsidiaries, total				2 326 793	1 931 290 811	576 937 597
Other shares				4 703 904	2 922 142	2 792 554

NOTE 12 BALANCE WITH GROUP COMPANIES, ETC.

Other short-term receivables

	2019	2018
Farstad Supply AS	551 626 596	336 737 632
PR International Offshore Services ANS	5 474 085	5 614 973
Farstad Australia AS	12 614 785	8 184 888
Farstad Africa AS	110 000	-
Farstad Brasil AS	169 125	34 125
Farstad Marine AS	113 619 866	108 516 827
Farstad Shipping Aalesund AS	5 193 462	5 237 766
Farstad Subsea AS	21 552 916	25 127 223
Far Superior AS	26 999 592	16 766 866
Solstad Farstad Pty. Ltd., Perth	27 783 436	35 529 943
Farstad Shipping Ltda, Rio de Janeiro	75 843 516	32 790 969
Farstad Shipping Pte. Ltd., Singapore	216 484 403	86 657 792
Farstad Shipping Crewing Services Pte. Ltd., Singapore	33 634 660	11 860 080
Solstad Offshore companies	8 195 318	66 230 328
Deep Sea Supply companies	370 743	233 797
Other short-term receivables	7 683 333	3 613 314
Provision for doubtful debt inter-company	-139 184 888	-139 184 888
Total	968 170 928	603 951 615



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

Other current liabilities

	Note	2019	2018
Farstad International AS		4 950 947	2 562 663
PR International Offshore Services ANS		-	2 020 536
Farstad Shipping Ltd.		12 449 120	11 701 579
Farstad Shipping Aalesund AS		6 265 076	20 121 567
Farstad Subsea AS		1 765 335	1 818 336
Far Superior AS		635 788	561 681
Farstad Construction AS		56 101 120	37 205 868
Farstad Offshore AS		558 052 862	107 740 689
Farstad Shipping Ltda, Rio de Janeiro		220 384	-
Solstad Offshore companies		135 107	-
Accruals legal disputes Brazil	13	21 965 063	21 329 722
Other current liabilities		2 647 243	5 395 363
VAT refund account		349 389	7 859 427
Other current liabilities - slått sammen men lønnsavsetninger			
Total		665 537 434	218 317 431

Long term loan to group companies

	2019	2018
Farstad Supply AS	78 721 407	78 721 407
Farstad Shipping Pte. Ltd., Singapore	48 374 010	47 992 550
Solstad Farstad Pty. Ltd., Perth	9 467 210	2 634 465
Farstad Shipping Ltda, Rio de Janeiro	94 582 696	-
Farstad Construction AS	372 100 000	372 100 000
Farstad Offshore AS	70 000 000	70 000 000
Farstad Brasil AS	2 312 596	1 077 987
Farstad Subsea AS	51 000 000	51 000 000
Solstad Rederi AS	29 382 014	25 590 512
Total	755 939 933	649 116 921

The company has as per 31. December 2019 made a provision for loss of NOK 558,945,519 relating to loan to group companies.

Long term loan from group companies

	Note	2019	2018
Solstad Offshore ASA	2	1 402 645 000	1 402 645 000
Farstad International AS		73 500 000	73 500 000
Farstad Marine AS		7 105 802	7 105 802
Farstad Shipping Ltd		4 405 568	4 155 490
PR International Offshore Services ANS		55 000 000	55 000 000
Total		1 542 656 370	1 542 406 292

NOTE 13 CONTINGENT LIABILITIES, ASSETS AND PROVISIONS

Chartering of non-Brazilian built tonnage in Brazil, implies temporary importation of tonnage to Brazil. This has in several cases led to Brazilian authorities claiming to have identified procedural errors, which in turn has led to rather large fines. In several cases, this has also occurred in connection with importation of spare parts.

This is also the situation for our subsidiaries in Brazil, Farstad Shipping Ltda. They have in connection with importation of vessels and spare parts during the period 2008- 2017, received considerable claims of customs duties and/or fines. The claims are annually adjusted according to market interest rate.

Our lawyers in Brazil have rejected the claims and believe the authorities have committed procedural errors, and find our chances to succeed to be good. Although the group rejects these claims, they are liabilities which, in the management's assessment, most likely will lead to the release of financial resources in the future. The management also believes that these liabilities can be measured and estimated reliably.

All cases are in administrative proceeding. One of these cases was partly closed in 2017. No further accruals were made for new cases during 2018. Accruals are adjusted for exchange rates and was at 31. December 2019 NOK 21.965.063

NOTE 14 ACCOUNT RECEIVABLES

	2019	2018
Account receivables	436 303	1 076 913
Prepayments and other receivables	-	7 151 595
Bad debts provision	-338 873	-
Trade debtors in the balance sheet	97 430	8 228 508



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 15 FINANCIAL / OPERATIONAL LEASES

ONEROUS CONTRACTS

The company has a long-term leasing agreement of offices in Aalesund. Due to relocation of management there is a significant excess of office space in the leased premises. As per the end of 2019 an onerous contracts accrual of NOK 25.2 million is recognized for this contract.

Overview of future minimum operating lease payments net of subleasing office Aalesund

	2019	2018
Within 1 year	18 101 331	14 582 960
1 to 5 year	78 001 095	63 709 088
After 5 year	135 735 726	147 964 256
Total	231 838 152	226 256 304

NOTE 16 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of NOK 30 000 consists of 30 000 shares with nominal value of NOK 1 each. All shares are owned by Solstad Offshore ASA, Skudeneshavn.

The ultimo 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 17 FINANCIAL ITEMS

	2019	2018
Financial income		
Interest income bank and placements	94 103	445 075
Other capital income	-	-
Interest income loan to subsidiaries	67 755 258	60 905 611
Realised agio	4 625 787	4 424 145
Unrealised agio	34 800 099	39 735 154
Interest income from others	1 682 019	1 167 785
Total financial income	108 957 265	106 677 770
Financial expenses		
Interest expenses loan from subsidiaries	7 667 481	6 001 044
Interest swaps	-	1 458 695
Other financial expenses	841 856	-141 180
Impairment investment subsidiaries	-	439 153 214
Impairment intercompany loans	-	180 374 014
Impairment intercompany balances	-	73 817 259
Realised disagio	4 853 666	3 193 232
Unrealised disagio	30 275 158	28 207 960
Total financial expenses	43 638 161	732 064 238
Total financial income and expenses	65 319 105	-625 386 468



NOTES TO THE ACCOUNTS (NOK 1)

FARSTAD SHIPPING AS

NOTE 18 GOING CONCERN

The annual accounts are prepared on the assumption of a going concern. However, the Company's and the 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. On 8 May 2020, the Company entered into a Restructuring Implementation Agreement to strengthen its financial situation, and the going concern assumption is based on the board's view that the Restructuring Implementation Agreement has a reasonable prospect of being implemented. If the Restructuring Implementation Agreement is not implemented, 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 information above the Board of Directors would like to emphasize that there is material uncertainty related to the going concern assumption.

NOTE 19 SUBSEQUENT EVENTS

Restructuring Implementation Agreement

Far Superior AS is one of the ring-fenced structures as described in pullet no 4 below, and will not be much affected of this restructuring.

Solstad Offshore ASA (the "Company") and its subsidiaries ("SOFF" or the "Group") have since Q3 2018 worked with their creditors towards a consensual financial restructuring. On 8 May 2020 the Company signed a Restructuring Implementation Agreement (the "RIA") for a restructuring of the Group (the "Restructuring"). The key features of the Restructuring are:

- Debt to equity conversion of approximately NOK 10.9 billion
- New fleet loan maturing after 4 years
- Financing of additional liquidity
- Industrial shareholders to retain ownership of up to 33.34%
- Streamlining of corporate structure

The RIA has been entered into with a majority of the Restructuring's key stakeholders, including all of its secured finance providers except for three financial providers in the Solship Invest 3 AS and Farstad Shipping AS silos (the "Senior Finance Parties")

The RIA reconfirms the key elements of the Restructuring as described in the notice dated 31 March 2020:

1. The Group's balance sheet and liquidity will be notably strengthened.
2. Debt in an amount equivalent to approximately 10.9 billion (based on fixed foreign exchange rates) will be converted into equity. The debt converted to equity consists of secured debt, leasing obligations, bond obligations and other unsecured debt. All debt converted to equity will have the same conversion rate.
3. The Group's fleet will be refocused, and 37 vessels of the older and less sophisticated vessels are envisaged to be sold or scrapped over a period of time. The long-term business of the Group will be based on a core fleet of approximately 90 vessels.
4. The Group's financial and company structure will be simplified. Apart from certain ring-fenced structures, surviving secured debt of the Company will be included in a fleet loan maturing after four years. The fleet loan will be made available in NOK and USD. At prevailing foreign exchange rates, the consolidated surviving debt of the Group will be in an amount equivalent to approximately NOK 9,058 million and USD 886 million. A part of the new fleet loan in an amount equivalent to approximately NOK 0.9 billion, will be secured by the non-core vessels that are likely to be sold or scrapped with in a limited period of time following completion of the Restructuring. The net proceeds from such sales will be used to repay the relevant part of the fleet loan, and any remaining amount will subsequently be converted into equity at the same conversion rate as the debt being converted into equity at completion of the restructuring.
5. The SOFF 04 bonds will receive a fee of NOK 50 million financed by new equity, and the residual claim will be converted to equity in the Company. A bondholder meeting to resolve the Restructuring will be convened as soon as possible.
6. The bond holders in Solship Invest 1 AS will be repaid an amount equal to Solship Invest 1 AS' corporate cash (which amounts to approximately NOK 26 million). The residual claim will be converted to equity in the Company. A bond holder meeting to resolve the Restructuring will be convened as soon as possible.
7. The leasing agreements for five vessels owned by subsidiaries of SFL Corp Ltd. have been terminated. The relevant lessors will receive a fee of NOK 10 million, and the residual claim will be converted into shares in the Company.



NOTE 19 SUBSEQUENT EVENTS, CONT.

8. The leasing agreements for two vessels owned by a subsidiary of Ocean Yield ASA, F-Shiplease AS will be replaced by new lease agreements on amended terms. Claims under the existing lease agreements will be converted into shares in the Company. The charter rate payable under the new lease agreements shall be a reference rate equal to the average per vessel EBITDA in a pool of seven similar vessels. F-Shiplease AS will carry all upside/downside from the operation of its vessels during the charter period.

9. Upon completion of the restructuring, the existing shares will represent 0.4%, and the converted debt will represent at least 64-75% of the Company's shares.

10. Existing industrial shareholders including Lars Peder Solstad and companies controlled by him ("LPS") will continue to support the Company, and will be offered to subscribe for shares so as to retain an ownership of up to 1/3 of the shares in the Company upon completion of the restructuring. The industrial shareholders will also be offered to subscribe for a convertible loan in the Company which will be converted into shares in so far as necessary for them to maintain their shareholding following the conversion of the part of the new fleet loan that will be converted into equity upon the sale or scrapping of the Group's non-core vessels (cf. item 4 above). The remaining shareholders will be offered to subscribe for shares so as to retain a total ownership of up to 2%. The Chairman of the Board Mr. Harald Espedal will be offered to subscribe for shares representing 0.9% of the shares in the Company. Fausken Invest AS, a company controlled by board member Frank O. Reite, will enter into a put/call agreement with Aker for shares with a subscription amount of NOK 1 million. The shares to be subscribed by the industrial shareholders and Harald Espedal will be subject to a three year lock up period. The total subscription amount for the shares and convertible loan to be issued in consideration for cash (to represent up to approximately 38% of the shares of Company upon completion of the restructuring) will be up to approximately NOK 72.5 million.

11. LPS will be granted warrants through an incentive program, to achieve up to a 10% share of the Company (based on the shares outstanding, and including LPS' shares, in the Company at completion of the Restructuring).

The effectiveness of the RIA is conditional on credit committee approvals with the Senior Finance Parties, to be obtained within 29 May 2020 or such later date that may be agreed with the Company.

The implementation of the Restructuring is further subject to the approval of the general meeting of the Company and relevant bondholders' meetings, agreement on long form documentation with relevant stakeholders and related customary condition precedent documentation.

The closing of the Restructuring is expected to take place in July 2020, however the RIA has a long stop date which can be extended to 8 November 2020 if more time is required.

Some creditors in subsidiaries of Farstad Shipping AS and Solship Invest 3 AS have not yet acceded to the RIA. The inclusion in the restructuring of these companies and their debtors in the Group remains subject to further negotiations between the stakeholders. The Company expects that the Restructuring can be consummated in all material respect even if these creditors ultimately decide not to accede to the RIA.

All liabilities towards the financial creditors will be subject to standstill provisions in the period leading up to the closing of the Restructuring. Until the Restructuring is implemented, the Group continues its unilateral standstill towards certain creditors. In the bondholder meetings to be held in May, the bondholders will be asked to waive the current defaults in SOFF 04 and the Solship Invest 1AS bond loan as were advised in the notice by the Company 31 March 2020.

Other subsequent events

There is a potential risk connected to the impact of COVID - 19 virus and the effect this will have on the global market where the Group is operating. This might affect the Group's financial performance as a consequence of both internal and external factors that could present possible challenges in the period of time. The Group has so far been able to continue normal operations of its vessels even if crew changes has become difficult due to COVID-19. There is an increased risk in the sector of delays in execution of offshore projects as a result of COVID -19. It could be expected that both COVID19 and the oil price development will have a negative effect on the Group. Currently there are limited information available to provide clear data for calculating any estimates on financial exposure. The Group will continuously monitor financial exposure, taking measure to mitigate the risks and ensure timely recognition of all relevant estimates in financial reporting.



Vår dato 16.01.2019	Din/Deres dato 05.11.2018	Saksbehandler Henning Stokke
800 80 000 Skatteetaten.no	Din/Deres referanse Idar Gjerde	Telefon 800 80 000
Org.nr 974761076	Vår referanse 2019/5214369	Postadresse Postboks 9200 Grønland 0134 OSLO

FARSTAD SHIPPING AS
Postboks 13
4297 SKUDENESHAVN

Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk for Farstad Shipping AS, org.nr. 918 665 803

Vi viser til deres brev av 5. november 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Farstad Shipping AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Farstad Shipping 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

Fra søknaden gjengis:

Med bakgrunn i at selskapet og konsernet operer 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, Solstad Offshore ASA, er engelsk. All kommunikasjon med kunder og kredittinstitusjoner foregår i hovedsak på engelsk.

Farstad Shipping AS har konsentrert sine aktiviteter i markedene i Nordvest- Europa, Australia og Brasil. Alle datterselskaper til Farstad Shipping AS har tidligere fått tillatelse til utarbeidelse på engelsk språk. Med bakgrunn i dette søkes det om at årsregnskapet og årsberetningen for 2017 utarbeides på 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 vekt på at selskapets eierkrets er begrenset. Selskapet opererer i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Det anses at ingen andre mulige regnskapsbrukere blir vesentlig negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Juridisk avdeling, næring
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

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

Fax:
www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Farstad Shipping AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Farstad Shipping AS, which comprise the balance sheet as at 31 December 2019, the income statement, 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 2019 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

The financial statements and the Board of Director's report indicates that the Company's equity is negative by MNOK 730,2 as at 31 December 2019. The Company is a part of the Solstad Offshore ASA Group ("the Group") which is currently undergoing a restructuring process. On 8 May 2020, the Group signed a Restructuring Implementation Agreement ("RIA") to strengthen its financial position. In event the RIA is not implemented, and in the event the Company should be forced to realize its assets, assurance can be given that these will not be realized at a significantly lower value than their carrying value, as value in use is higher than estimates sales values. These circumstances along with other matters as set forth in note 18 and the Board of Director's report, indicate that a material uncertainty exists that 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 and Chief Executive Officer (management) 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 on the other information obtained prior to the date of the auditor's report, 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

Other matters

This report replaces our previous auditor's report, dated 4 September 2020, issued at the expiration of the statutory deadline for holding the Annual Shareholders' Meeting. At that time, the financial statements and the Director's report had not been approved.

Independent auditor's report – Farstad Shipping AS

A member firm of Ernst & Young Global Limited

Penneo Dokumenttrokket: 2WE6E-TSCCE-MFC4C-S1B16-DDN4Q-OBNYA



Building a better
working world

3

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 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, 9 September 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Asbjørn Rødal
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: 2WE6E-TSCCE-MFC4C-S1B16-DDN4Q-OBNYA



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo"™ - sikker digital signatur.
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Asbjørn Rødal

Statsautorisert revisor

Serienummer: 9578-5999-4-4255051

IP: 77.18.xxx.xxx

2020-09-09 13:45:55Z



Penneo Dokumentnøkkel: 2WEGE-T5CCE-MFCAC-S1B16-DD14Q-OB1YA

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>