



QUARTERLY REPORT
1-2018

REPORT

1ST QUARTER 2018

- Challenging Q1 with seasonally low activity, reduced revenues and pressure on certain financial covenants
- Operating income was MNOK 875 (MNOK 568) in Q1 2018
- EBITDA adjusted for operating lease was MNOK -16 (MNOK 156) in Q1 2018
- Ongoing discussions with financial creditors of subsidiary Solship Invest 3 AS
- Increased number of vessels active and generating revenue from April 2018 onwards
- Market situation gradually improving across all segments

THE COMPANY

Solstad Farstad ASA ("the Company") is a world leading owner and operator of offshore service vessels. The Company is the result of a merger between Solstad Offshore ASA, REM Offshore ASA (merged with Solstad Offshore ASA in 2016), Farstad Shipping ASA and Deep Sea Supply Plc, which took place in June 2017. As per May 2018 the Company owns and/or operates a fleet of 143 vessels. In addition to the offshore segment, the Company has established a joint venture with Marine Harvest ASA within the aquaculture segment. The joint venture currently has ten vessels under construction.

FINANCIAL PERFORMANCE

Operating income in Q1 2018 was MNOK 875 compared to MNOK 1,096 in Q4 2017. One of the main reasons for the decrease is vessels redelivered from charter contracts. Some of these vessels have been seasonally idle for the major part of the quarter. Compared to Q1 2017 the operating income is MNOK 307 higher, which is due to the merger in June 2017.

Operating expenses in Q1 2018 amounted to MNOK 986, of which MNOK 812 are ordinary operating expenses for the Company's vessels. This is equal to vessel operating expenses in Q4 2017. Vessel operating expenses are MNOK 436 higher compared to Q1 2017, due to the increased fleet resulting from the merger. Administrative expenses amounted to MNOK 128 for the quarter, compared to MNOK 140 and MNOK 156 for the two preceding quarters.

EBITDA, adjusted for operating leases, for Q1 2018 was MNOK -16 (MNOK 156 last year), compared to MNOK 210 for Q4 2017. The reduction in EBITDA matches the reduced Operating income. The Company's efforts to reduce operational costs for vessels continues. This effect is partly offset by several vessels that have re-activation or mobilization cost in Q1 relating to operations starting in Q2.

During the quarter, USD has weakened versus NOK, while GBP has remained unchanged. As a result, unrealized gain related to the Company's debt of MNOK 311 is recognized.

Result before taxes for Q1 2018 was MNOK -543 (MNOK -181).

Total equity at the end of the quarter was MNOK 4,428, i.e NOK 15 per share.

FINANCE

From a financial risk perspective, the Company is organized as four separate entities, with no parent company guarantees issued by Solstad Farstad ASA on behalf of Solship Invest 1 AS, Farstad Shipping AS or Solship Invest 3 AS.

One of the subgroups of Solstad Farstad ASA, Solship Invest 3 AS ("SI3"), on 27 March 2018 entered into a standstill agreement with its major financial creditors, aiming to achieve a long-term sustainable capital structure for SI3 and its subsidiaries. On 4 May 2018 the Company announced that the standstill agreement was extended until 2 June 2018. During this period, installments and interests payable to the majority of the financial creditors are postponed. As the standstill agreement is valid for a period of less than 12 months, the non-current liabilities of MNOK 3,896 are, in accordance with IFRS, reclassified and recognized as current liabilities at 31 March 2018.

As per 31 March 2018 another subgroup of the Company, Farstad Shipping AS ("FAR"), was not in compliance with a debt-service-cover-ratio financial covenant which is included in the majority of FAR's loan agreements, reference to press release from 17 April 2018. In accordance with IFRS, this leads to a reclassification of the subgroup's non-current liabilities of MNOK 7,041 to current liabilities, until FAR is back in compliance with the financial covenant or until the covenant is unconditionally waived for a period of at least 12 months or

¹ **EBITDA** – Operating profit before depreciation and amortization, adjusted for share from joint ventures excess / less values on freight contacts relating to business combinations and sales gains / losses

amended in agreement with the financial creditors. Based on the current management forecast for 2018, the subgroup is expected to be back in compliance with the debt-service-cover ratio in second half of 2018, and the Company is in dialogue with its financial creditors in order to waive this financial covenant for the relevant period.

CASH FLOW AND CASH POSITION

During Q1 2018, the overall cash position of the Company was reduced by MNOK 406 from MNOK 1,875 to MNOK 1,469. Net cash flow from operations was positive MNOK 135, while net cash flow from investments (net of sales proceeds from asset sales and capital expenditure for the total fleet) was negative MNOK 235. Net interest paid was MNOK 263, and net installments paid were MNOK 124 during Q1 2018. Furthermore, the Company has drawn MNOK 100 under a subordinated loan facility to support the investments in the aquaculture segment. Following negative currency movements of MNOK 19, the total reduction of cash during the quarter was MNOK 406.

COST SAVINGS PROGRAM

As previously communicated, the Company is targeting annualized cost savings to MNOK 700 – 800 compared to the 2016 pre-merger cost level. The targeted cost saving is based on comparing equal activity levels, and is not dependent on reactivation of vessels in lay-up. The majority of the cost savings is expected to materialize during first half of 2018, and the program is expected to have full effect from Q4 2018 onwards. The reduction in salary related expenses, both onshore and offshore, takes some time to materialize, and the total operating expenses are approximately the same in Q1 2018 as they were in Q4 2017, but the overall cost saving targets remain intact and are considered realistic.

SALE OF VESSELS

The Company had per end of Q1 2018 entered into Memorandum of Agreements for the sale of the AHTS “Nor Chief” and AHTS “Sea Badger”. Together with the previously reported sold, but not delivered, AHTS’s “Sea Fox”, “Sea Vixen” and “Sea Stoat” and the PSV “Far Supporter”, the vessels are classified as held-for-sale assets in Condensed Statement of Financial Position.

THE FLEET

As per May 2018, the Company owns and/or operates a fleet of in total 143 offshore service vessels. The fleet had the following composition: 33 CSVs, 47 AHTS and 63 PSVs.

VESSELS UNDER CONSTRUCTION

Through DESS Aquaculture Shipping AS, a 50% owned joint venture with Marine Harvest ASA, the Company has 6 wellboats, 3 service vessels and one harvest vessel under construction within the aquaculture segment. Long-term contracts for all newbuildings have been secured with commencement directly upon delivery from the shipyard. The harvest vessel and two of

the wellboats are scheduled for delivery in 2018, whilst the remaining seven newbuilds will be delivered in 2019 and 2020.

The investments will be financed through external financing and equity. The Company’s 50% share of the equity in DESS Aquaculture is secured through an agreement for a subordinated loan with a company associated with Hemen Holding Ltd. The company has secured external financing for the three vessels to be delivered in 2018.

The increased activity within the aquaculture represents an exciting growth opportunity for Solstad Farstad ASA, and the Company expects further growth within this segment.

EVENTS AFTER BALANCE SHEET DATE

During April 2018, the following AHTS vessels have been delivered to new owners: Sea Badger, Sea Fox, Sea Vixen, Sea Stoat and Nor Chief.

On 10 April 2018, the Company announced the construction of and charter contracts for five new aquaculture vessels.

On 4 May 2018, the Company announced an Extension of Standstill and Deferral Agreement for Solship Invest 3 AS until 2 June 2018.

OUTLOOK

Low demand and too many available vessels have had a significant negative effect on the global offshore service vessel market during the past years, resulting in low rates, low utilization and a large number of vessels in lay-up. However, the recent increase in the tender activity level gives reason to believe that the market has bottomed out, and that the activity level will continue to grow going forward.

The present oil price, combined with reduced cost, should increase investments in the oil & gas sector. Already in 2018 this might give a higher rig activity compared to what has been seen the last years. This is expected to be positive for the demand for AHTS and PSVs.

Within subsea installation several large projects have been sanctioned lately. It is expected that this will lead to increased construction activity from 2019 and onwards. However, demand for subsea maintenance services could pick up already in 2018. In combination with a steady, high activity in the Offshore wind sector, this is expected to grow the demand for CSVs.

The Company has signed several new contracts during the quarter, within all vessel segments the Company operates in. The majority of the new contracts are with clients in Norway, UK, Brazil and Australia.

Because of the significant reduction of liquidity since the date

of the merger, which continued also in Q1 2018, the Company monitors the situation closely and continues its efforts to reduce costs further and secure additional cash. The liquidity situation is expected to improve during 2018 due to the higher activity and increased revenues, but with certain differences between the different subgroups of the Company, as cash with the current structure is locked in each subgroup without free float of liquidity within the Company.

The Company is working on a continuous basis with alternative strategic opportunities, including sale of vessels, entering into joint ventures or further consolidation of the OSV industry.

The Company's backlog for the remainder of 2018 is MNOK 2,491.

RISK

The Solstad Farstad Group is exposed to market, commercial, operational, liquidity and financial risks that affect the assets, liabilities, available liquidity and future cash flows. Given the difficult market situation within the offshore industry the last years, the Company considers that these risks have increased compared to previous years. There is established a risk mitigation framework based on identifying, assessing and managing risks, and plans and procedures in order to handle these risks at the most appropriate level in the organization. The Board closely monitors the overall risk picture for the Company, both through management's daily work and reporting. The Company continuously works to improve its risk management framework.

Market and operational risks are changes in demand for and prices of services provided by the Company, and potential adverse effects of the provision of such services. Solstad

Farstad ASA continually evaluates measures to reduce risk exposure as mentioned above. Since 2014, following the significant drop in oil prices, market volatility has been high. This has resulted in increased uncertainty in the oil and gas sector, which also affects the Company's counterparties. Handling of such risks has become increasingly important. Furthermore, the increased uncertainty also affects the valuation of the Company's assets, and The Solstad Farstad Group is therefore exposed to increased risk in this respect.

The Solstad Farstad Group is exposed to interest rate and currency risk, primarily through long-term financing and long-term contracts. Interest rate risk is partially mitigated by hedging contracts, while currency risk is reduced by having debt in the same currency as the long-term charter agreements.

Since 2014, the start of the current downturn, the Company has experienced major changes. The past two years, the Company has been part of three extensive mergers, and the majority of the long-term mortgage debt and other long-term obligations have been refinanced. The circumstances have resulted in a complex and stringent financing regime in the interest of both financial creditors and shareholders. The level of complexity and the challenging market environment have increased the risk for a breach under the different agreements.

THE COMPANY AND ITS SHAREHOLDERS

As of today, Solstad Farstad ASA has 10,462 shareholders, and approximately 24% of the shares are owned by foreign shareholders.

The Company's market value is approximately MNOK 1,822.


Board of Directors in Solstad Farstad ASA
Skudeneshavn 09.05.2018


Terje Vareberg
Chairman

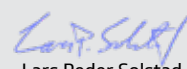

Ellen Solstad
Director


Toril Eidesvik
Director


Frank O. Reite
Director


Merete Haugli
Director


Harald Thorstein
Director


Lars Peder Solstad
CEO

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(NOK 1,000)

	Note	2018 01.01-31.03	2017 01.01-31.03	2017 01.01-31.12
Operating income	2,3	875.001	567.543	3.776.744
Vessel operating expenses		-812.443	-376.768	-2.617.116
Administrative expenses		-127.879	-62.657	-421.475
Operating lease vessels		-45.194	0	-84.513
Total operating expenses		-985.515	-439.425	-3.123.104
Operating result before depreciations	3	-110.514	128.118	653.640
Ordinary depreciation	4	-358.422	-162.146	-993.099
Impairment	4	0	0	-394.720
Net gain/ loss on sale of assets		0	195	-243
Operating result		-468.936	-33.833	-734.423
Result from Joint Ventures	5	-12.172	5.713	-111.222
Result from associated companies	5	14.666	5.637	30.866
Gain from business combinations		0	0	1.540.000
Total other items		2.494	11.351	1.459.644
Interest income		2.654	1.683	10.216
Realised currency gain/ -loss		-45.188	82	-42.108
Unrealised currency gain/ -loss		310.826	13.454	217.819
Interest charges		-321.334	-208.212	-1.129.583
Net financial charges / -income		-23.267	34.514	-111.830
Net financing		-76.310	-158.479	-1.055.486
Ordinary result before taxes		-542.751	-180.961	-330.265
Taxes ordinary result	7	-4.169	-1.697	-14.751
RESULT		-546.921	-182.659	-345.017
Other comprehensive income:				
Exchange differences on translating foreign operations		10.652	-62.661	-148.286
Available-for-sale financial assets		1.386	-800	1.500
Gain/- loss hedging instruments		0	0	0
Actuarial gain		0	0	-34.239
OTHER COMPREHENSIVE INCOME		-534.883	-246.120	-526.041
Result attributable to:				
Non-controlling interests		-3.518	-3.936	-31.242
Majority share		-543.402	-178.723	-313.243
Earnings per share		-1,88	-2,58	-1,18
Other comprehensive income attributable to:				
Non-controlling interests		-3.518	-3.936	-31.242
Majority share		-531.365	-242.184	-494.799
Other comprehensive income per share		-1,84	-3,48	-1,08
EBITDA adjusted for operating leases	2,3	-15.889	156.245	943.241
Number of shares (1,000)		291.407	70.787	291.407

CONDENSED STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

	Note	2018 31.03	2017 31.03	2017 31.12
ASSETS				
Fixed Assets:				
Intangible assets		392.985	41.154	412.570
Tangible fixed assets	4	30.351.920	18.132.201	31.218.772
Investment in associated companies and Joint Ventures	5	620.670	720.660	562.147
Financial fixed assets		142.675	94.507	101.925
Total fixed assets		31.508.251	18.988.522	32.295.414
Current Assets:				
Stocks		193.023	102.979	219.267
Accounts receivables		895.417	662.594	1.064.937
Other receivables		573.907	382.725	456.439
Market based shares		13.087	9.415	11.687
Deposits, cash, etc		1.469.054	1.402.898	1.875.482
Total current assets		3.144.489	2.560.611	3.627.811
Assets held for sale	4	306.841	215.953	187.554
TOTAL ASSETS		34.959.580	21.765.086	36.110.779
EQUITY AND LIABILITIES				
Equity:				
Paid-in equity		4.602.812	2.454.064	4.602.782
Other equity		-203.736	696.273	327.659
Non-controlling interests		28.444	59.269	31.963
Total equity		4.427.521	3.209.606	4.962.404
Liabilities:				
Long-term provisions		588.224	332.975	561.117
Other long-term debt	6	335.160	231.588	376.480
Debt to credit institutions	6	16.521.861	17.006.358	28.189.996
Total long-term debt		17.445.245	17.570.921	29.127.593
Current liabilities:				
Current portion of long-term debt	6	11.550.172	353.627	650.449
Other current liabilities		1.536.642	630.932	1.370.334
Total current liabilities		13.086.814	984.559	2.020.783
Total liabilities		30.532.059	18.555.480	31.148.375
TOTAL EQUITY AND LIABILITIES		34.959.580	21.765.086	36.110.779

STATEMENT OF CASH FLOW

(NOK 1,000)

CASH FLOW FROM OPERATIONS	2018 31.03	2017 31.03	2017 31.12
Result before tax	-542.751	-180,961	-330 265
Taxes payable	293	-5,512	-12 382
Ordinary depreciation and write downs	358.422	162,146	1 387 819
Gain (-)/ loss long-term assets	-7.093	-43,651	-1 341 361
Interest income	-2.654	-1,683	-11 861
Interest expense	321.334	208,212	1 105 344
Terminated borrowing costs	4.294	-	8 844
Effect of change in pension assets	13.500	-	-12 009
Change in value of financial instruments	-33.655	-13,810	-39 021
Unrealised currency gain/ -loss	-242.646	-8,494	-183 772
Change in short-term receivables and payables	211.105	-164,588	-41 254
Change in other accruals	54.583	102,910	210 947
Net cash flow from operations	134.731	54,568	741 029
CASH FLOW FROM INVESTMENTS			
Investment in tangible fixed assets	-14.817	-11,429	-71 247
Payment of periodic maintenance	-107.049	-23,714	-159 504
Consideration sale of fixed assets (vessels)	-	-	661 154
Payment of long-term receivables	-41.971	-7,222	-19 653
Addition of cash related to merger	-	-	935 315
Investments in other shares and holdings	-92.106	-	-69 535
Realization of shares and holdings	20.648	-	-
Net cash flow from investments	-235.295	-42,365	1 276 531
CASH FLOW FROM FINANCING			
Paid-in capital	-	-	200.000
Purchase / sale treasury shares	-	-	-
Drawdon and repayment (-) bank overdraft	-	-	-82.656
Received interests	2.420	525	12 569
Paid interests	-265.249	-198.031	-1 108 551
Drawdown long-term debt	193.889	41.834	588 972
Repayment of long-term debt	-217.332	-200.815	-1 575 566
Net cash flow from financing	-286.273	-356.487	-1 882 577
Effect of changes in foreign exchange rates	-19.592	-3.268	-9 951
Net change in cash	-386.836	-344.284	134 983
Cash at 01.01	1.875.482	1.750.450	1 750 450
Cash at balance sheet date	1.469.054	1.402.898	1 875 482

STATEMENT OF CHANGES IN EQUITY

(NOK 1,000)

	Paid-in capital	Treasury shares	Other paid-in capital	Earned equity	Translation adjustment	Total majority shares	Non-controlling interests	Total equity
Equity 01.01.2018	583.065	-281	4.019.999	81.752	245.907	4.930.441	31.963	4.962.404
Result	-	-	-	-543.402	-	-543.402	-3.518	-546.920
Translation adjustments	-	-	-	-	10.652	10.652	-	10.652
Value changes assets available for sale	-	-	-	-	1.386	1.386	-	1.386
Other comprehensive income	0	0	0	-543.402	12.038	-531.365	-3.518	-534.883
Equity 31.03.2018	583.065	-281	4.019.999	-461.651	257.945	4.399.076	28.444	4.427.521

	Paid-in capital	Treasury shares	Other paid-in capital	Earned equity	Translation adjustment	Total majority shares	Non-controlling interests	Total equity
Equity 01.01.2017	177.374	-251	2.276.941	545.766	392.693	3.392.522	63.205	3.455.727
Result	-	-	-	-178.723	-	-178.723	-3.936	-182.659
Translation adjustments	-	-	-	-	-62.661	-62.661	-	-62.661
Value changes assets available for sale	-	-	-	-800	-	-800	-	-800
Other comprehensive income	0	0	0	-179.523	-62.661	-242.184	-3.936	-246.120
Other adjustments	-	-	-	-1	-	-1	-	-1
Equity 31.03.2017	177.374	-251	2.276.941	364.242	332.031	3.150.337	59.269	3.209.606

	Paid-in capital	Treasury shares	Other paid-in capital	Earned equity	Translation adjustment	Total majority shares	Non-controlling interests	Total equity
Equity 01.01.2017	177.374	-251	2.276.941	545.766	392.693	3.392.522	63.205	3.455.727
Annual result	-	-	-	-313.774	-	-313.774	-31.242	-345.017
Actuarial gain (loss)	-	-	-	-34.239	-	-34.239	-	-34.239
Translation adjustments	-	-	-	-	-148.286	-148.286	-	-148.286
Value changes assets available for sale	-	-	-	-	1.500	1.500	-	1.500
Other comprehensive income	0	0	0	-348.013	-146.786	-494.799	-31.242	-526.041
Equity contribution	365.691	-	1.533.057	-	-	1.898.748	-	1.898.748
Conversion of convertible bond	40.000	-	210.000	-115.939	-	134.061	-	134.061
Other adjustments	-	-30	-	-62	-	-92	-	-92
Equity 31.12.2017	583.065	-281	4.019.999	81.752	245.907	4.930.441	31.963	4.962.404

NOTES TO CONDENSED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

NOTE 1 - GENERAL

Solstad Farstad ASA has its head office in Skudeneshavn, Norway. The main activities of the company are operation and ownership of offshore service and construction vessels. The Group is listed on Oslo Stock Exchange. The quarterly accounts are prepared using the same accounting principles as last year's accounts and in compliance with IAS 34 Interim Financial Reporting.

The Company has implemented IFRS 9 and IFRS 15 as of January 1, 2018. There are no material effects for the Q1 2018 interim accounts. Further reference is made to Note 1 to the 2017 Annual accounts.

NOTE 2 - EBITDA

	2018 01.01-31.03	2017 01.01 - 31.03	2017 01.01-31.12
Net freight income	875.001	567.543	3,784,154
Excess and less values freight contracts	55.749	8.767	146,864
Freight income from Joint Ventures	661	40.746	108,231
Total Freight income	931.411	617.055	4,039,248
Operating cost	985.515	439.230	3,130,264
Operating cost from Joint Ventures	6.979	21.580	50,257
Total operating cost	992.494	460.810	3,180,521
EBITDA	-61.083	156.245	858,727
Operating leases	45.194	0	84,513
EBITDA adjusted for operational leases	-15.889	156.245	943,241

In connection with the merger with Rem Offshore, Farstad Shipping and Deep Sea Supply, the purchase price allocation analysis identified several long-term freight contracts where the daily rates were higher or lower than the market rate at the time of acquisition. A part of the purchase price was thus allocated to these excess / less values and capitalized. In line with the fulfillment and revenue recognition of freight contracts, the capitalized excess / less value is derecognized. The adjustment has no cash effect, and thus comes as an addition to booked freight income when calculating EBITDA.

EBITDA is defined as "Operating result before depreciations adjusted for share of EBITDA from joint ventures (JV's) and excess/less values on freight contracts relating to business combinations".

NOTES TO CONDENSED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

NOTE 3 - REPORTING PER SEGMENT

	Q1 2018				Q1 2017			
	AHTS/PSV	AHTS/PSV	Subsea	Total	AHTS/PSV	AHTS/PSV	Subsea	Total
	Strategic	International	Construction		Strategic	International	Construction	
Total operating income	446.259	77.405	351.337	875.001	114.296	13.802	439.445	567.543
Crew expenses	300.957	69.426	177.959	548.343	75.139	14.282	163.917	253.338
Other expenses	208.732	63.049	128.628	400.410	40.201	8.246	124.161	172.608
Total operating expenses	509.689	132.476	306.588	948.753	115.339	22.529	288.078	425.946
Bunkers	18.842	9.517	8.404	36.762	3.264	1.045	9.170	13.479
Operating result before depreciations	-82.272	-64.587	36.346	-110.514	-4.307	-9.772	142.197	128.118
Excess and less values freight contracts	42.419	775	12.555	55.749	-	-	8.767	8.767
Operating leases	36.796	8.398		45.194	-	-	-	0
Net result from Joint Venture	-	-	-6.318	-6.318	-	-	19.166	19.166
Adjusted Operating result before depreciations	-3.057	-55.415	42.583	-15.889	-4.112	-9.772	170.129	156.245

Internally the Group reports and monitors it's operation in the following segments:

- Strategic markets (AHTS's and PSV's operating in Australia, Brazil and Norway)
- International markets (AHTS's and PSV's operating outside Australia, Brazil and Norway)
- Subsea (vessels operating subsea construction and renewable contracts world wide)
- Aqua Culture (not yet operative)

Figures are exclusive share result from Joint Ventures.

NOTES TO CONDENSED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

NOTE 4 - FIXED ASSETS

	Vessels	Periodic maintenance	New builds	Other	Total
Opening balance 01.01.2018	30.491.727	591.311		152.869	31.235.906
Additions	14.925	107.049	-	-109	121.865
Asset held for sale	-291.068	-15.773	-	-	-306.841
Disposals	-	-	-	-	0
Translation adjustment	-331.238	-8.987	-	-363	-340.589
Depreciation	-277.730	-75.089		-5.602	-358.422
Closing balance 31.03.2018	29.606.615	598.511		146.794	30.351.920

Vessels are depreciated over 20 years to a residual value equal to 50% of the original cost, adjusted for changes in the vessels' market / broker value, so the value of a 20 year old ship corresponds broker value. Other assets are depreciated at rates of 10-25%.

The Company has signed Memorandum of Agreements for the sale of the AHTS "Nor Chief" and AHTS "Sea Badger". Together with the previously reported sold, but not delivered, AHTS's "Sea Fox", "Sea Vixen" and "Sea Stroat" and the PSV "Far Supporter", the vessels, are classified as held-for-sale assets in Condensed Statement of Financial Position. Total book values is MNOK 307.

NOTES TO CONDENSED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

NOTE 5 - INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES

The Group had the following shares in joint ventures (JV) and associated companies (AC):

AC	JV
Solstad Offshore Crewing Services Philippines (25%)	Normand Installer SA (50%)
Maximus Limited (25%)	DESS Aquaculture Shipping AS (50%)
Deep Well AS (sold)	

	AC	JV	TOTAL
Opening balance	290.360	271.787	562.174
Share of result year to date	14.666	-12.172	2.494
Additions	-	104.858	104.858
Disposals	-20.648	-	-20.648
Other adjustments	-21.896	-6.286	-28.182
Closing balance	262.483	358.188	620.670

The Additions in 2018 relates to DESS Aquaculture Shipping AS.

In Q1 2018 the Company has entered into a sales agreement with Nord Well AS for its investment in the associated company Deep Well AS ("DW"). Book value of the shares is MNOK 20.6, while the Company's cost price is MNOK 32.4. The sales price corresponds to the maximum of the cost price of the investment. The proceeds from the sale will not be available until buyer exits from DW. Such exit is, amongst others, dissolution of DW, sale of the majority of DW's assets or sale of the shares in DW. As per March 31, 2018 the book value, MNOK 20.6, is reclassified from Investments in associated companies and JV's to Financial fixed assets. No effect is recognized in the Condensed Statement of Comprehensive Income.

NOTE 6 - INTEREST BEARING DEBT

	2018	2017	2017
	31.03	31.03	31.12
Long term debt	16.857.021	17.237.946	28,566,475
Current portion of long term debt	11.550.172	353.627	650,449
Interest bearing debt (*)	28.407.194	17.591.573	29,216,924
Total interest bearing debt	28.407.194	17.591.573	29,216,924
Bank deposits	1.469.054	1.402.898	1,875,482
Net interest bearing debt	26.938.139	16.188.675	27,341,442

Long-term debt is divided as follows: 46% NOK, 49% USD, 3% GBP and 2% AUD. At the end of the quarter, fixed interest agreement loans, in addition to hedging agreements with remain maturity of up to 3 years, were entered into for around 40% of the total long-term debt.

A long term debt of totally MNOK 10,937,300 is in accordance with IFRS classified as Current portion of long term debt as per March 31, 2018, due to a short term standstill of debt service with the banks for Solship Invest 3 AS and a non-fulfillment of a debt-service-cover-ratio under the loan agreement for Farstad Shipping AS.

* Inclusive recognized debt relating to financial lease MNOK 2,836.

NOTES TO CONDENSED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

NOTE 7 - TAX EXPENSE

The Group's operations are mainly subject to Norwegian tonnage tax. Estimated tax thus consists mainly of taxes on operations conducted abroad involving sedentary, local taxation. The tax is based on the best estimate.



Normand Pacific - ST 257 L CD

AHTS FLEET GALLERY AND EMPLOYMENT

(AT 09.05.18) For more information about each vessel visit: WWW.SOLSTADFARSTAD.COM/FLEET/AHTS-VESSELS/



BOS Topázio



BOS Turmalina



BOS Turquoise



Elang Laut 1



Far Sabre



Far Saracen



Far Sailor



Far Saltire



Far Santana



Far Sapphire



Far Sagaris



Far Scimitar



Far Scorpion



Far Scout



Far Senator



Far Senior



Far Sigma



Far Sirius



Far Sound



Far Sovereign



Far Statesman



Far Strait



Far Stream



Far Sword



Lady Astrid



Lady Caroline



Nor Captain



Nor Spring



Nor Tigerfish



Normand Atlantic



Normand Borg



Normand Drott



Normand Ferking



Normand Ivan



Normand Mariner



Normand Master



Normand Neptun



Normand Prosper



Normand Ranger



Normand Titan



Sea Cheetah



Sea Jackal



Sea Jaguar



Sea Leopard



Sea Ocelot



Sea Panther



Sea Tiger

Vessel name	Design	Year built	BHP	Employment *) at 09.05.18	2018	2019	2020	2021	2022
BOS Topázio	UT 728 L	2005	12 240	Feb. 19 + opt.					
BOS Turmalina	UT 722 L	2006	14 416	Sept. 20 + opt.					
BOS Turquesa	UT 722 L	2007	18 088	June 19					
Elang Laut 1	Khiam Chuan	2009	12 240	Spot					
Far Sabre	UT 712 L	2008	15 953	Dec. 18 + opt.					
Far Sagaris	UT 731 CD	2009	23 664	Feb. 19 + opt.					
Far Sailor	UT 722	1997	16 823	Lay-up					
Far Saltire	UT 728 L	2002	16 320	Lay-up					
Far Santana	UT 730	2000	19 203	April 19					
Far Sapphire	UT 732 CD	2007	27 472	Spot					
Far Saracen	UT 731 CD	2010	23 664	Aug. 18 + opt.					
Far Scimitar	UT 712 L	2008	15 950	Spot					
Far Scorpion	UT 731 CD	2009	24 143	Aug. 19 + opt.					
Far Scout	UT 722 L	2001	16 823	June 19 + opt.					
Far Senator	UT 731 CD	2013	24 371	Aug. 18 + opt.					
Far Senior	UT 722 L	1998	16 823	Lay-up					
Far Sigma	UT 731 CD	2014	24 371	Spot					
Far Sirius	UT 731 CD	2014	24 371	Spot					
Far Sound	UT 712 L	2007	16 157	Lay-up					
Far Sovereign	UT 741	1999	27 401	Lay-up					
Far Statesman	UT 731 CD	2013	24 371	May 18 + opt.					
Far Strait	UT 712 L	2006	16 157	Lay-up					
Far Stream	UT 722 L	2006	16 005	June 18 + opt.					
Far Sword	UT 712 L	2006	16 005	Aug. 19					
Lady Astrid	UT 722	2003	12 240	Lay-up					
Lady Caroline	UT 722	2003	12 240	Lay-up					
Nor Captain	Khiam Chuan	2007	10 880	July 18					
Nor Spring	Sasaship	2008	7 956	Dec. 18					
Nor Tigerfish	Khiam Chuan	2007	5 422	Lay-up					
Normand Atlantic	UT 740	1997	18 600	Lay-up					
Normand Borg	UT 722 L	2000	16 800	Lay-up					
Normand Drott	AH 12	2010	32 792	Spot					
Normand Ferking	VS 490	2007	20 700	Sept. 18 + opt.					
Normand Ivan	VS 480	2002	20 000	Lay-up					
Normand Mariner	A 101	2002	23 330	Lay-up					
Normand Master	A 101	2003	23 478	Spot/Lay-up					
Normand Neptun	UT 740	1996	18 600	Lay-up					
Normand Prosper	AH 12	2010	32 600	Spot					
Normand Ranger	VS 490	2010	28 000	Spot					
Normand Titan	UT 712 L	2007	16 320	Lay-up					
Sea Cheetah	Khiam Chuan	2007	15 000	Lay-up					
Sea Jackal	SeaTech P-729	2011	6 800	Lay-up					
Sea Jaguar	Khiam Chuan	2007	15 000	Lay-up					
Sea Leopard	KMAR 404	1998	15 000	Lay-up					
Sea Ocelot	Khiam Chuan	2007	10 880	Lay-up					
Sea Panther	KMAR 404	1998	15 000	Lay-up					
Sea Tiger	KMAR 404	1998	15 000	Spot					

Certain freight contracts contain clauses which give the charterer the right to cancel the contract.

Contract
 Charterer's option
 Spot
 Framework Agreement

PSV FLEET GALLERY AND EMPLOYMENT

(AT 09.05.18) For more information about each vessel visit: www.solstadfarstad.com/fleet/psv-vesseles/



Far Scotsman



Far Searcher



Far Seeker



Far Serenade



Far Server



Far Sitella



Far Skimmer



Far Solitaire



Far Spica



Far Spirit



Far Splendour



Far Star



Far Starling



Far Strider



Far Sun



Far Supplier



Far Supporter



Far Swan



Far Sygna



Far Symphony



Lady Melinda



Normand Arctic



Normand Aurora



Normand Corona



Normand Falnes



Normand Flipper



Normand Fortune



Normand Leader



Normand Naley



Normand Provider



Normand Server



Normand Sira



Normand Skipper



Normand Skude



Normand Supplier



Normand Supporter



Normand Trym



Normand Vibran



Sea Angler



Sea Bass



Sea Brasil



Sea Falcon



Sea Flyer



Sea Forth



Sea Frost



Sea Halibut



Sea Pike



Sea Pollock



Sea Spark



Sea Spear



Sea Spider



Sea Springer



Sea Supra



Sea Surfer



Sea Swan



Sea Swift



Sea Tantalus



Sea Titus



Sea Tortuga



Sea Triumph



Sea Trout



Sea Turbot



Sea Witch

Vessel name	Design	Year built	DWT	Employment *) at 09.05.18	2018	2019	2020	2021	2022
Far Scotsman	PSV 08 CD	2012	4 000	Aug. 18 + opt.					
Far Searcher	UT 751 E	2008	5 127	Aug. 22 + opt.					
Far Seeker	UT 751 E	2008	4 905	Jan. 19 + opt.					
Far Serenade	UT 751 CD	2009	5 944	Aug. 18 + opt.					
Far Server	HY 832 CD	2010	3 735	Spot					
Far Sitella	PSV 08 CD	2013	4 000	Jan. 20 + opt.					
Far Skimmer	PSV 08 CD	2012	4 000	Jan. 19 + opt.					
Far Solitaire	UT 754 WP	2012	6 336	June 18 + opt.					
Far Spica	PSV 08 CD	2013	4 000	Oct. 19 + opt.					
Far Spirit	VS 470 Mk II	2007	3 624	Lay-up					
Far Splendour	P 106	2003	3 503	Lay-up					
Far Star	UT 745	1999	4 403	March 19 + opt.					
Far Starling	PSV 08 CD	2013	4 000	Spot					
Far Strider	VS 483	1999	3 965	April 20 + opt.					
Far Sun	Vard 1 07	2014	5 635	July 20 + opt.					
Far Supplier	VS 483	1999	4 709	May 19					
Far Supporter	UT 750	1996	4 680	Sold					
Far Swan	VS 470 Mk II	2006	3 628	May 18 + opt.					
Far Sygna	Vard 1 07	2014	5 700	Sept. 20 + opt.					
Far Symphony	P 105	2003	4 929	Oct. 18 + opt.					
Lady Melinda	UT 755	2003	2 777	Lay-up					
Normand Arctic	PSV 12 LNG	2011	4 900	Lay-up					
Normand Aurora	P 105	2005	4 929	June 18 + opt.					
Normand Corona	MT 6000 MK II	2006	4 348	Lay-up					
Normand Falnes	VS 485	2011	5 492	Lay-up					
Normand Flipper	UT 745 E	2003	4 340	Spot					
Normand Fortune	VS 485	2013	5 275	April 22 + opt.					
Normand Leader	VS 499	2013	6 164	Sept. 18 + opt.					
Normand Naley	VS 485	2011	5 506	Nov. 18 + opt.					
Normand Provider	UT 755	2007	3 326	Lay-up					
Normand Server	PSV 06 CD	2011	5 300	Jan. 22 + opt.					
Normand Sira	MT 6009	2008	3 642	Lay-up					
Normand Skipper	VS 4420	2005	6 608	Aug. 18 + opt.					
Normand Skude	VS 485	2015	5 347	June 18 + opt.					
Normand Supplier	UT 755	2010	3 268	Lay-up					
Normand Supporter	PSV 06 CD	2012	5 300	Feb. 22 + opt.					
Normand Trym	UT 755 LN	2006	3 298	Lay-up					
Normand Vibran	UT 755 LN	2008	3 375	Lay-up					
Sea Angler	UT 755 L	2007	3 250	Lay-up					
Sea Bass	UT 755 L	2008	3 250	Lay-up					
Sea Brasil	PSV 09 CD	2012	4 700	Dec. 19 + opt.					
Sea Falcon	PX 105	2013	4 419	Oct. 18 + opt.					
Sea Flyer	PX 105	2013	4 419	Dec. 19 + opt.					
Sea Forth	PX 105	2013	4 419	Dec. 19 + opt.					
Sea Frost	PX 105	2013	4 419	July 19 + opt.					
Sea Halibut	UT 755 L	2007	3 250	Lay-up					
Sea Pike	UT 755 L	2007	3 250	Lay-up					
Sea Pollock	UT 755 L	2008	3 250	Lay-up					
Sea Spark	PX 105	2013	4 419	May 18					
Sea Spear	PX 105	2014	4 459	Oct. 18					
Sea Spider	PX 105	2014	4 459	Spot					
Sea Springer	PX 105	2014	4 459	Spot					
Sea Supra	PX 105	2014	4 459	Oct. 18					
Sea Surfer	PX 105	2014	4 459	May 18 + opt.					
Sea Swan	PX 105	2014	4 459	May 18 + opt.					
Sea Swift	PX 105	2014	4 459	July 18					
Sea Tantalus	PSV 05-L CD	2013	4 047	Lay-up					
Sea Titus	PSV 05-L CD	2014	4 047	April 19 + opt.					
Sea Tortuga	PSV 05-L CD	2014	4 047	Sept. 18 + opt.					
Sea Triumph	PSV 05-L CD	2014	4 047	May 18 + opt.					
Sea Trout	VS 470 MK II	2007	3 570	Lay-up					
Sea Turbot	UT 755 L	2008	3 250	Lay-up					
Sea Witch	UT 755 L	2008	3 520	Lay-up					

Certain freight contracts contain clauses which give the charterer the right to cancel the contract.

Contract Charterer's option Spot

CSV FLEET GALLERY AND EMPLOYMENT

(AT 09.05.18) For more information about each vessel visit: WWW.SOLSTADFARSTAD.COM/FLEET/OCVCSV-VESSELS/



Far Saga



Far Samson



Far Scotia



Far Sentinel



Far Sleipner



Far Superior



Far Swift



Nor Australis



Nor Valiant



Norce Endeavour



Normand Baltic



Normand Clipper



Normand Commander



Normand Cutter



Normand Flower



Normand Fortress



Normand Installer



Normand Jarl



Normand Jarstein



Normand Maximus



Normand Mermaid



Normand Ocean



Normand Pacific



Normand Pioneer



Normand Poseidon



Normand Progress



Normand Reach



Normand Seven



Normand Subsea



Normand Tonjer



Normand Vision



Normand Cutter - VS 4125

Vessel name	Design	Year built	BHP	Employment *) at 09.05.18	2018	2019	2020	2021	2022
Far Saga	UT 745 L	2001	10 812	May 20 + opt.					
Far Samson	UT 761 CD	2009	47 627	Sept. 18 + opt.					
Far Scotia	UT 755	2001	5 454	Lay-up					
Far Sentinel	Vard 3 07	2015	22 794	June 20 + opt.					
Far Sleipner	Vard 3 07	2015	22 549	July 18 + opt.					
Far Superior	Vard 3 17	2017	15 667	Nov. 21 + opt.					
Far Swift	UT 755 L	2003	5 454	Oct. 18					
Nor Australis	Conan Wu	2009	5 400	Spot					
Nor Valiant	Conan Wu	2008	5 470	May 18 + opt.					
Norce Endeavour	VS 1040	2011	N/A	July 18 + opt.					
Normand Baltic	STX 06 CD	2010	11 736	Jan. 19					
Normand Clipper	VS 4125	2001	22 195	Aug. 18 + opt.					
Normand Commander	MT 6016 MK II	2006	10 196	Feb. 23 + opt.					
Normand Cutter	VS 4125	2001	22 204	Aug. 18					
Normand Flower	UT 737	2002	14 000	Sept. 18 + opt.					
Normand Fortress	MT 6016 MK II	2006	10 759	Lay-up					
Normand Installer	VS 4204	2006	31 360	Spot					
Normand Jarl	MT 6022	2013	14 552	Jan 19 + opt.					
Normand Jarstein	MT 6022 L	2014	17 232	Nov. 18 + opt.					
Normand Maximus	Vard 3 19	2016	39 111	Oct. 24 + opt.					
Normand Mermaid	P 103	2002	14 400	Jun 18 + opt.					
Normand Ocean	MT 6022	2014	17 476	Oct. 21 + opt.					
Normand Pacific	ST 257 L CD	2010	22 073	Oct. 18 + opt.					
Normand Pioneer	UT 742	1999	27 920	Oct. 18					
Normand Poseidon	MT 6016	2009	10 196	Feb. 20 + opt.					
Normand Progress	UT 742	1999	27 920	Lay-up					
Normand Reach	Vard 3 03	2014	20 651	Sept. 18					
Normand Seven	VS 4220	2007	25 017	Lay-up					
Normand Subsea	VS 4710	2009	19 800	Dec. 19 + opt.					
Normand Tonjer	VS 495	2010	11 600	Lay-up					
Normand Vision	Vard 3 06	2014	27 850	June 22 + opt.					

Certain freight contracts contain clauses which give the charterer the right to cancel the contract.

■ Contract ■ Charterer's option ■ Spot
//// Framework Agreement //// Charterer's option



Sea Surfer - PX 105



Head Office

SOLSTAD FARSTAD ASA

Nesavegen 39
4280 SKUDENESHAVN

P.O.Box 13
4297 SKUDENESHAVN
NORWAY

Tel: +47 52 85 65 00 Fax: +47 52 85 65 01

E-mail: firmapost@solstadfarstad.com

solstadfarstad.com