ANNUAL REPORT 2017

OUR MISSION is to conduct integrated shipping operations with advanced vessels in the market segments we operate in:

- Oil and gas
- Renewable energy
- Aquaculture

CONTENT

FINANCIAL CALENDAR 2018

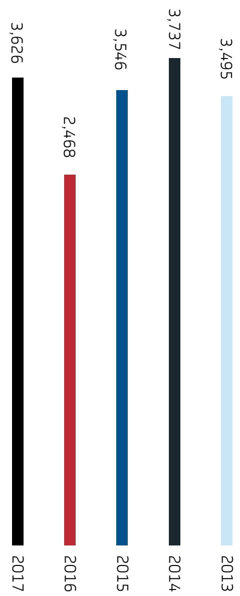
Preliminary dates for quarterly reports and ordinary General Meeting in SOFF are:

Annual Report 2017:	**April 16, 2018**
Result 1. quarter 2018 / Ordinary General Meeting:	**May 9, 2018**
Result 2. quarter 2018:	**August 22, 2018**
Result 3. quarter 2018:	**November 6, 2018**
Preliminary result 2018:	**February 20, 2019**

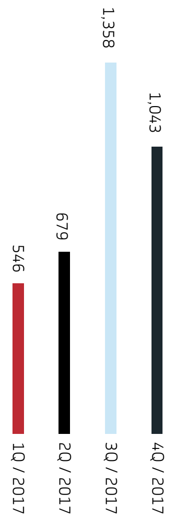
FINANCIAL HIGHLIGHTS

FREIGHT REVENUES LAST FIVE YEARS

(MNOK)



FREIGHT REVENUES 2017 QUARTERLY (MNOK)



	Reference	2017	2016	2015	2014	2013
PROFIT AND LOSS (NOK million)						
Freight revenues		3,626	2,468	3,546	3,737	3,495
Other income		151	114	110	143	51
Operating result before depr/write-downs		654	876	1,429	1,650	1,497
Operating result		694	-736	-335	1,252	1,123
Net finance		-1,024	-79	-1,244	-1,107	-582
Ordinary profit before tax		-330	-815	-1,579	145	541
Net profit for the year		-345	-827	-1,604	113	485
Hereof majority's share		-314	-866	-1,581	359	491
BALANCE SHEET						
Deferred tax asset		-	42	38	62	59
Long term assets		32,297	19,318	14,212	15,249	12,137
Current assets		3 628	2,774	2,000	2,497	2,285
Total assets		36,112	22,286	16,236	17,746	15,025
Equity		4,962	3,456	3,668	5,058	4,954
Deferred tax		-	-	-	-	-
Long-term liabilities		29,128	17,566	9,274	10,427	7,700
Current liabilities		2,021	1,006	3,141	2,088	2,264
Interest bearing liabilities		28,840	17,719	11,426	11,217	9,964
Bank overdraft		-	-	83	122	91
Free and restricted bank deposits		1,875	1,750	1,025	1,321	1,240
Net interest-bearing liabilities		26,965	15,968	10,483	10,018	8,815
PROFITABILITY						
Operating margin	1	17 %	34 %	39 %	43 %	42 %
Earning on equity	2,6	-8 %	-23 %	-36 %	3 %	11 %
Earning on capital employeed	3	-3 %	-4 %	-2 %	8 %	8 %
LIQUITDITY						
Liquid assets		1,875	1,750	1,025	1,321	1,240
Working capital		1,607	1,768	-1,140	409	2,285
EBITDA - adjusted	4	885	1,009	1,555	1,717	1,589
Current ratio	5	1.8	2.8	0.6	1.2	1.0
CAPITAL						
Total assets		36,112	22,286	16,236	17,746	15,025
Equity		4,962	3,456	3,668	5,058	4,954
Equity ratio	6	14 %	16 %	23 %	28 %	33 %

KEY FIGURES
PER SHARE

KEY FIGURES PER SHARE	Reference	2017	2016	2015	2014	2013
Result of the year	7	-1.08	-9.76	-41.39	9.37	12.77
EBITDA - adjusted	4	3.04	11.39	40.69	44.79	41.33
Booked equity	8	17.03	39.02	95.99	132.40	128.88
Price Class A-shares/Earnings (P/E)		-5.61	-0.61	-0.51	8.43	9.40
Price Class B-shares/Earnings (P/E)		-	-0.54	-	-	
Price Class A-shares/EBITDA		1.99	0.52	0.52	1.76	2.90
Price Class B-shares/EBITDA		-	0.46	-	-	-
Dividend		-	-	3.50	3.50	5.00
Share capital (NOK milllion)		583.06	177.37	77.37	77.37	77.37
Quoted Class A share price 31.12. (NOK)		6.04	11.50	21.00	79.00	120.00
Quoted Class B share price 31.12. (NOK)		-	10.20	-	-	-
Market capitalisation (NOK million)		1 761	996	812	3 056	4 642

Shares per 31.12 (excluding treasury shares)		291,391,777	70,562,402	38,206,866	38,197,727	38,440,155
Class B-shares per 31.12		-	17,999,444	-	-	-

References and definitions:
1. Operating result before depreciation in percentages of total operating income.
2. Result before tax, in percentage of average equity.
   including non-controlling interests
3. Operating result plus interest income and result from associated company divided by average book shareholders' equity and interest-bearing debt.
4. Operating result before depreciation adjusted operational leases and excess values charter parties from mergers.
5. Current assets divided by current liabilities
6. Booked equity including non-controlling interests in percentage of total assets.
7. Result of the year for the Group divided by number of shares at the end of the year, adjusted for treasury shares.
8. Shareholders' equity divided by outstanding number of shares per 31.12.

THE BOARD OF DIRECTORS

From the left: Harald Thorstein - Director, Merete Haugli - Director, Frank O. Reidte - Director Toril Eidesvik - Director, Terje Vareberg - Chairman and Ellen Solstad - Director

TERJE VAREBERG (b. 1948)

Terje Vareberg has an MBA from Norwegian School of Business Administration 1974. He has worked as Chief Executive Officer in Sparebank 1 SR-Bank and as Executive Vice President / Deputy CEO in Statoil. Terje Vareberg has national and international experience from various positions / directorships. Terje Vareberg was elected as board member in 2011, and chairman since 2014.

SHARES IN SOLSTAD FARSTAD ASA: 84.188

ELLEN SOLSTAD (b. 1974)

Ellen Solstad has previously been working in RG Hagland AS and Solstad Offshore UK Ltd. Since 2003 she has been in charge of the Solstad family office. Ellen Solstad holds a bachelor degree from BI Norwegian Business School and is board member in several companies, among others, Wilson ASA and Solvang ASA. Ellen Solstad was elected board member at the Company's extraordinary general meeting 13 July 2016

SHARES IN SOLSTAD FARSTAD ASA: 0

MERETE HAUGLI (b.1974)

Merete Haugli has been a board member since the company's extraordinary general meeting on March 3, 2017. She has experience as a board member of a number of companies, including Reach Subsea ASA, RS Platou ASA, Axactor AB and Norwegian Property ASA. Merete Haugli has her education from "Bankakademiet" and Norwegian School of Management (BI).

SHARES IN SOLSTAD FARSTAD ASA: 0

FRANK O. REITE (b. 1970)

Frank O. Reite first joined Aker in 1995, and became CFO in Aker ASA in August 2015. He came from the position of President & CEO of Akastor, and has previously held a variety of executive positions in the Aker group, including overseeing and developing Aker's investments in Converto Capital Fund AS, Havfisk, Norway Seafoods AS and Aker Yards ASA. Frank O. Reite has experience from banking and has served as Director in Paine & Partners. He is chairman of several companies within the Aker Group. Frank O. Reite holds a B.A. in business administration from Handelshøyskolen BI in Oslo. He was elected board member at the Company's extraordinary general meeting 13 July 2016.

SHARES IN SOLSTAD FARSTAD ASA: 0

TORIL EIDESVIK (b. 1968)

Toril Eidesvik is a trained solicitor from UiO (1993) and has worked as solicitor with Simonsen Musæus Advokatfirma (from 1994 – 1998) and Gjensidige NOR Sparebank (1998 – 2002). In the period from 2003 to 2008 she worked as solicitor in Caiano AS. From 2009 until 2012 she was Managing Director of Green Reefers ASA and from 2013 to 2014 she was CEO in the ship supply company EMS Seven Seas ASA. She has long experience as a board member, and today Eidesvik work as CEO in TTS Group ASA. Toril Eidesvik has been a board member since 2005.

SHARES IN SOLSTAD FARSTAD ASA: 3.488

HARALD THORSTEIN (b. 1974)

Harald Thorstein is currently employed by Frontline Corporate Services in London, a company indirectly controlled by trusts established by Mr John Fredriksen for the benefit of his immediate family, and thus affiliated with Hemen. Thorstein's experience includes corporate finance advisory services in DnB Markets, where he focused on the offshore and shipping sectors. Prior to that, Thorstein was partner in the strategic advisory firm Arkwright. Harald Thorstein has a Master of Science degree within Industrial Economics and Technology Management from the Norwegian University of Technology and Science. He was elected board member at the Company's extraordinary general meeting 25 April 2017.

SHARES IN SOLSTAD FARSTAD ASA: 0

THE BOARD'S ANNUAL REPORT

Solstad Farstad ASA ("The Company") is a world leading owner and operator of offshore service vessels (OSVs), offering maritime services to the petroleum and renewable energy industries. 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 from June 2017. As per end of March 2018 the consolidated group operates a fleet of 146 OSVs. In addition to the petroleum and renewable energy segments, the Company has established a joint venture with Marine Harvest ASA, specializing in ownership and operation of vessels for use in the aquaculture industry. The joint venture currently has 10 vessels under construction.

The continuous overcapacity of OSVs affected the owners' revenues negatively also in 2017. However, the increasing oil price seems to have halted further reduction in demand for services in the industry. 2017 was a year of restructuring within the industry, impacting both the market situation and the potential for the future in a positive manner.

In 2017, the Group achieved operating revenues of MNOK 3,777 compared to MNOK 2,580 in 2016. Result after tax was MNOK -345 compared to MNOK -827 in 2016. A gain resulting from business combinations was registered at a value of MNOK 1,540. Cash flow (EBITDA (1)) for the year was MNOK 885 compared to MNOK 1,009 in 2016. The profit share from Farstad Shipping ASA and Deep Sea Supply Plc, respectively, is included in the income statement with effect from 1st July 2017.

Solstad Farstad ASA is targeting annual synergies and cost savings of MNOK 700-800 compared to the 2016 cost level, whereof approximately MNOK 400 of annualized synergies and cost reductions were achieved by year end 2017. The major part of the remaining cost cuts is expected to materialize during first half of 2018, and the program is expected to have full effect from 4Q 2018 and onwards.

The implementation of a new global organization and integration of all employees into one common management system has, and is still given the highest attention. The integration process has not negatively affected the day to day operations, and the Health, Safety and Environmental (HSE) measures for 2017 are in line with 2016.

(1) Operating result before depreciation adjusted operational leases and excess values charter parties from mergers.

1. BUSINESS, OBJECTIVES AND STRATEGY

Solstad Farstad ASA's mission is to conduct integrated shipping operations with advanced vessels in its market segments, utilizing owned or chartered vessels. The operations are primarily the provision of maritime services to the oil and gas, renewable energy and aquaculture industries offshore.

The Company's strategy is to deliver customized solutions of high quality, and actively develop these in close cooperation with existing and new customers. Solstad Farstad ASA normally provides complete operations of the vessels including chartering, manning and technical management. The Company may also seek strategic cooperation with other companies where there is potential of more cost-effective operations and/or other synergies.

The objective is to be a leading shipping company within the range of services the Company provides. The Company's goal is to run quality assured, safe and economic sustainable activities, combining vessels and other equipment of high standard with maritime competence. Care of the environment has high priority.

2. THE COMPANY'S ACTIVITIES

Solstad Farstad ASA's activities are primarily directed towards the offshore market for petroleum industry and renewable energy. Following the implementation of the new organization, the commercial operations are divided into three segments: Subsea construction and renewable energy (world-wide), AHTS & PSV Strategic Regions (Australia, Brazil and Norway) and AHTS & PSV International (outside Australia, Brazil and Norway). The fleet includes vessels equipped to carry out surface and subsea work related to installation, inspection and maintenance of offshore installations, and vessels performing traditional supply and anchor handling services.

The fleet of OSVs currently consists of 144 wholly and partly owned vessels. Additionally, 2 vessels are operated on behalf of other owners. The fleet has the following composition: 33 Construction Service Vessels (CSVs), including one Derrick Lay Barge (DLB), 53 Anchor Handling Vessels (AHTS) and 63 Platform Supply Vessels (PSV).

In addition to the headquarter in Skudeneshavn, the operation is managed from other locations in Norway (Fosnavåg, Grimstad and Ålesund), Aberdeen, Rio de Janeiro, Perth, Singapore, Manila, Limassol and Odessa. The fleet operates mainly in the North Sea region, Brazil, Australia, South-East Asia, the Mediterranean and the Gulf of Mexico. At year end approximately 60 vessels were laid up due to the overcapacity in the industry.

The Company's operating income was in 2017 divided into 60% (77%) from CSVs, 22% (19%) from AHTS and 18 (4%) from PSVs. Furthermore, the regional split of the revenues was 39% (34%) from the North Sea, 18% (17%) from South America, 6% (7%) from West Africa, 4% (17%) from Central and North America, 10 % (1%) from the Mediterranean / Europe and 23% (24%) from Asia/Australia.

Via 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 2 of the wellboats are scheduled for delivery in 2018, whilst the remaining 7 newbuilds will be delivered in 2019 and 2020.

The Company has defined certain smaller and/or older PSVs and AHTS as non-core vessels. In 2017 9 non-core vessels were sold, whereof 4 were delivered after year-end.

For further details on the Company's fleet, it is referred to the Fleet Overview in the Annual Report.

3. THE MARKET

The oil price has increased during 2017 with Brent oil at USD 65 per barrel at year-end, and the yearly average price higher than in 2016. As a result of cost reductions and higher oil prices, the major oil companies have achieved positive cash-flow effects. In most parts of the world the steady decline in drilling and offshore activity came to a halt.

The oversupply of vessels continued to be an issue. However, the total number of OSVs of certain capacities mentioned below is nearly unchanged during the last 12 months. There is also uncertainty whether the vessels on order or under construction will ever be delivered from the yards. A significant portion of the vessels in layup has been idle for two years or more, and many are now out of class.

The world fleet of AHTS larger than 15,000 bhp was at year-end 232 vessels, whereof 48 (21%) in layup. There were 998 PSVs with a capacity of more than 3,000 dwt, whereof 217 (22%) in layup. In North West Europe there were 85 AHTS larger than 15,000 bhp, whereof 42 in layup, and 266 PSV over 3,000 dwt, whereof 76 in layup. In total there were 15 AHTS larger than 15,000 bhp under construction and 126 PSVs larger than 3,000 dwt under construction.

There are about 34 larger CSVs under construction at shipyards in Europe, USA, Asia and the Middle East. Total fleet of CSVs at the end of 2017 was 241 vessels, whereof 13 in layup (the vessel category includes both installation vessels and inspection, maintenance and repair (IMR) vessels).

4. CORPORATE PARTICULARS

In June 2017 the total number of issued shares in the Company increased by 202,845,478 to 291,532,299, each with a par value of NOK 2, -. The increase was a result of certain transactions in relation to the merger of Farstad Shipping ASA and Deep Sea Supply Plc into certain subsidiaries of Solstad Offshore ASA. About 136.2 million shares were issued to the owners of Farstad Shipping ASA, about 30.7 million shares were issued to the owners of Deep Sea Supply Plc, 16 million shares were issued to Hemen Holding Ltd in exchange for a cash contribution of MNOK 200 and finally 20 million shares were issued to Aker Capital AS in settlement for conversion rights under a convertible loan of MNOK 250. The issue price was NOK 12.50 per share. From 22 June 2017 all issued shares became one class and the merged listed company was renamed Solstad Farstad ASA (with ticker SOFF). On the merger date, the former Farstad Shipping ASA and Deep Sea Supply Plc shares were delisted from the Oslo Stock exchange

As of 31.12.2017, the number of shareholders was 10,593, whereof foreign shareholding was approximately 25%. Aker Capital AS and Hemen Holding Limited hold 20.1% and 17.0% respectively.

At the beginning of the year, the Company's share price was NOK 11.50, while at year end it was NOK 6.04, a decrease of 49%. This is primarily a result of the challenging times the industry experiences. The Company did not distribute dividends in 2017.

The Board considers that the Company will not be able to pay dividend for 2017 or for the coming years. Further, the financial agreements the Company has entered into with its lenders include certain restrictions related to payment of dividend.

At the Annual General Meeting (AGM) in May 2017 the Board was authorized to resolve to increase the share capital by up to MNOK 16. The authorization, which is valid until the next AGM, has not been exercised. Furthermore, the Board is until the AGM in May 2018 authorized to acquire a maximum of 200,000 treasury shares. As of 31.12.17, the Company holds 140,552 treasury shares compared to 125,506 in 2016.

The Board will propose that the AGM on 9th May 2018, authorize the Board to resolve to increase the share capital by up to MNOK 60 (about 10% of the share capital), and furthermore that the authorization is valid for one year.

Solstad Farstad ASA has been listed on the Oslo Stock Exchange since 1997 (as Solstad Offshore ASA until 22 June 2017). The listed company is a Holding Company, and its main activity is ownership of shares in subsidiaries and other strategic business investments. The major share holdings are in Solstad Rederi AS, Solship Invest 1 AS (former Rem Offshore ASA), Farstad Shipping AS (former Farstad Shipping ASA) and Solstad Invest 3 AS (former Deep Sea Supply Plc). All mentioned companies are owned subsidiaries.

5. CORPORATE GOVERNANCE AND MANAGEMENT

Solstad Farstad ASA's governance and management are based on the Company's vision and strategy. The Company is listed on the Oslo Stock Exchange and is subject to the Norwegian companies act, accounting act and stock exchange listing and securities trading legislation. Solstad Farstad ASA adheres to the Norwegian Code of Practice for Corporate Governance dated October 30, 2014. More information on corporate governance is given in the separate chapter regarding Corporate Governance in the annual report and on www.solstadfarstad.com.

6. FINANCIAL POSITION AND DEVELOPMENT – THE GROUP

The financial statements for 2017 are prepared in accordance with IFRS (International Financial Reporting Standards), as adopted by the EU, with comparative figures for 2016. The merger between Solstad Offshore ASA, Farstad Shipping ASA and Deep Sea Supply Plc was effective from 22 June 2017. The profit share from Farstad Shipping ASA and Deep Sea Supply Plc is included in the income statement from 1 July 2017. For the purpose of comparing the accounts from year to year the merger has a major influence on the figures.

Operating income in 2017 was MNOK 3,777 (MNOK 2,580). The increase compared to 2016 is mostly related to the merger.

Operating expenses amounted to MNOK 3,123 compared to MNOK 1,706 for 2016. The increase is related to the increased cost base due to the enlarged fleet from the merger. This increase is partly offset by the cost-cutting program mentioned above.

Adjusted EBITDA for the year was MNOK 885 (MNOK 1,009).

Operating result before financial items and tax was MNOK 694 (MNOK -736 in 2016) including impairments on fixed assets of MNOK 395 (MNOK 1,199 in 2016). Due to the weak and challenging market conditions combined with other indicators such as price/book below 1 and falling asset values, the Company has received independent valuations of vessels and other assets in accordance with IAS 36. Value-in-use calculations have been the basis for impairment testing for all vessels with book value exceeding 65% of the average market value set by three reputable, independent brokers. Further, operating result includes a gain from business combinations of MNOK 1,540. The combination of Solstad Offshore ASA, Farstad Shipping ASA and Deep Sea Supply Plc was in Q2 2017 accounted for in accordance with the acquisition method. The preliminary acquisition analysis identified factors that formed basis for a bargain purchase acquisition at favorable terms. The analysis has been updated by year end, and the recorded gain remains unchanged.

Group result after tax for 2017 was MNOK -345 (MNOK -827 in 2016). Net financial items for 2017 mainly consists of net interest expenses of MNOK 1,130 (MNOK 527 in 2016).

Net earnings per share were NOK -1.08 (NOK -9.76 in 2016).

Operating result (excluding capital gains) before depreciation and amortization amounted to 17% of revenues compared with 34% in 2016.

Booked equity per 31.12.17 was MNOK 4,962 (MNOK 3,456 in 2016) i.e. NOK 17 per share (NOK 39 per share in 2016).

Interest bearing debt at 31.12.17 was MNOK 29,217 (MNOK 17,819 in 2016), whereof MNOK 650 (MNOK 331 in 2016) is classified as current liabilities. The mortgage debt was divided with 45% NOK, 50% in USD, 3% in GBP and 2% in AUD. At the end of the year about 40% of the mortgage debt had fixed interest. The Group's long-term bank and bond debt and lease obligations were refinanced in 2016 and 2017. Overview and details of amounts, interest rates, maturity, main covenants etc are included in the account notes 5 and 6.

At year end, the Group held MNOK 1,875 in cash deposits (MNOK 1,750 in 2016). Net interest bearing debt was MNOK 27,342 (MNOK 16,069 in 2016).

Financially, the Company is organized as four separate entities, with no parent company guarantees issued by Solstad Farstad ASA on behalf of Solstad Invest 1 AS (former REM Offshore), Farstad Shipping AS (former Farstad Shipping ASA) or Solstad Invest 3 AS (former Deep Sea Supply Plc).

For Solstad Invest 3 AS and its subsidiaries the liquidity situation has become challenging and discussions with the major lenders have been initiated in order to establish a sustainable solution for this entity. On 27th March 2018, the major lenders of Solship Invest 3 AS agreed to postpone instalments and interest payments until 4th May 2018. This provides time to continue the negotiations with the financial creditors with the purpose of achieving a long-term solution for the capital structure of Solship Invest 3 AS and its subsidiaries (ref note 29).

As per March 31, 2018, it is likely that one of the subgroups under Solstad Farstad ASA, Farstad Shipping AS, is not able to fulfill a debt-service-cover-ratio covenant. This covenant is dependent on an EBITDA calculation, hence it can not be precisely measured until the subgroup's accounts for Q1 2018 have been finalized. However, current estimates indicate that a breach is present. A breach will result in a reclassification of the subgroup's non-current liabilities to current liabilities, until the subgroup is back in compliance with the financial covenant or until the covenant is unconditionally waived for a period of at least 12 months or amended in agreement with the financial creditors. This situation is also described in note 29 of the Annual Report.

Reference is made to "Financial Highlights" and "Key figures per share" for definitions of the different accounting principles used, along with an overview of key figures from the consolidated accounts.

7. HEALTH, THE ENVIRONMENT, SAFETY AND QUALITY ASSURANCE

The Company operates in accordance with international regulations / standards and is certified to: ISM, ISO 14001: 2015, ISO 9001: 2015, MLC (Maritime Labour Convention) and ISPS (International Ship and Port Facility Security) the codes requirements. The crews are trained according to the Company's procedures approved pursuant to the requirements of the STCW 10 (Seafarers Training, Certification and Watchkeeping Code). Internal audits are carried out on all ships and offices on an annual basis.

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

A vital part in order to understand and improve safety is to focus on preventative measures to avoid injuries and operational accidents or interruptions. In 2017, approximately 17,000 HSE reports were recorded and processed at different levels in the organisation. Conclusions from analysis are used as basis for further preventative measures to avoid future accidents.

Overall, the Company had two work-related lost-time injuries that provide an H-factor (number of injuries per 1 million hours worked) of 0.36 for 2017 (0.28 in 2016). The goal of no lost-time injuries is maintained for 2018 and the Company focuses on the evaluation, facilitation, planning and preventative work to avoid all kinds of personnel-related injuries and incidents with adverse effect on the environment. The fleet had 135 liters of emissions of various types of oil products at sea in 2017. The Company has a program for sorting and reporting of all waste, and the program covers both ship and shore organizations.

SGO (Solstad Green Operations) is the Company's environmental program that aims to save the environment from emissions primarily through reduced fuel consumption. About 11,000 Green Operations were performed in 2017, resulting in 19,6 tons of fuel saved.

The above HSE results exclude achievements from operation of the previous Farstad Shipping ASA and Deep Sea Supply Plc. These will be included in the statistics from 2018.

The Company's Corporate Social Responsibility report (CSR) is available on www.solstadfarstad.com.

The working environment, onshore as well as onboard the ships, is considered satisfactory. There is a continued focus on improvements in the working environment, including the avoidance of any form of discrimination related to age, gender, religion or the like. Sick leave amongst the offshore employees on Norwegian terms was 4.7% in 2017 (3.3%).

The Group administration consists of 59% men and 41% women. Out of a total of 3,111 marine crew, 136 were women at year end. Gender, nationality, disability, religion and the like shall not influence the Company's recruitment of employees.

The Company takes part in recruitment and training of cadets/trainees and participates in measures towards encouraging young people to involve in maritime education.

8. MARKET OUTLOOK

Guidance from the oil companies indicates increased E&P spending in core markets for 2018. After three years of cost cuts and reductions within the oil and gas sector, the emphasis is now on making key investment decisions in order to secure production levels in the future. This could translate into more offshore drilling and increased numbers of new production projects.

The appetite for risk is still very cautious, but as recovery gains momentum more bold decisions could be taken. For the OSV industry, this means mature basins such as the North Sea with existing infrastructure and stable investment conditions, are starting to benefit from the market upturn. In deepwater locations, relatively unchartered areas and those with limited infrastructure, it will still take some time before improvements materialize.

In the North Sea, the drilling activity is expected to increase during the summer season of 2018. This will probably have a positive effect on vessel demand and rate levels compared to the previous 2-3 years. However, the market is expected to slow down during the coming winter season. Signs of improvement are also seen in other important oil and gas regions, like Brazil and Australia, but it is not expected to materialize in terms of increased vessel demand until 2019 and onwards. Within the subsea-segment the main subsea contractors continue to build backlog, which is positive for vessel demand. That said, the large SURF projects awarded will mainly give offshore activity from 2019 and onwards, while within IMR and smaller projects we might see an activity increase from 2018.

Oil and gas is the most important market segment for Solstad Farstad ASA. Investments in renewable energy offshore are also increasing, and represent additional opportunities for the Company.

In 2018, Solstad Farstad ASA will take delivery of its first purpose-build vessel to serve the aquaculture market. Through its 50% owned subsidiary DESS Aquaculture Shipping AS, the Company aims to be one of the leading shipping company within this segment. 10 vessels are under construction, all towards long-term contracts with commencement directly upon delivery from yard.

The Solstad Farstad Group has a fleet of vessels capable of providing a broad range of services across the energy industry. The Company brings customers a legacy of high standard offshore operations from all over the globe and is positioned to be the premier OSV provider for existing and new clients.

9. RISK

The Solstad Farstad Group is exposed to market, commercial, operational 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 Group, 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, and the stringency limits the Company´s option to take capital-intensive risk eliminations.

10. FINANCE – PARENT COMPANY

The result for Solstad Farstad ASA in 2017 was MNOK -1,137 (MNOK -620 in 2016). Net financial result of MNOK -1,116 (MNOK -590 in 2016) is mainly due to impairment of shares in subsidiaries of MNOK 946 (MNOK 1,571 in 2016) and loss related to sale of shares of MNOK 174. Operating result was of MNOK -20 (MNOK -30 in 2016).

The Company's assets are mainly related to the value of shares in subsidiaries and associates, as well as loans to Group Companies. Booked equity at year end was MNOK 4.357 (MNOK 3,441 in 2016). The debt at the same date was MNOK 1,728 (MNOK 1,334 in 2016), of which MNOK 1,039 in bond loan.

11. GOING CONCERN

The annual accounts are prepared on the assumption of a going concern, in accordance with § 3-3 of the Accounting Act. Based on, among others, the liquidity budget for 2018 and its operational forecast, the Directors affirm that this assumption is correct. The Board is aware of the low equity and the challenging liquidity situation of the Company and its subsidiaries, and closely monitors the financial situation and deal with issues as they occur. Synergy effects and cost reduction measures implemented after the mergers are expected to give full effect during 2018. Furthermore, the Company's current contract backlog and signs of market improvements will have a positive effect on the Company's financial situation going forward.

The Board proposed that the following distribution is made:

Transfer from retained profits	NOK	1,136,557,033
Net applied/transferred	NOK	1,136,557,033

AFFIRMATION BY THE BOARD AND MANAGING DIRECTOR

We hereby affirm that, to the best of understanding, the Annual Accounts for the period 1st January to 31st December 2017 have been prepared in accordance with current accounting standards; and that the information in the accounts represents a true and fair view of the company's and the consolidated group's assets, liabilities, financial position and overall performance. We further affirm that the Annual Report provides a true and fair view of the development, earnings and standing of the company and the consolidated group; outlining the most important risk factors and uncertainties facing the group.

Board of Directors in Solstad Farstad ASA
Skudeneshavn 16.04.2018

Terje Vareberg
Chairman

Ellen Solstad Director	Toril Eidesvik Director	Frank O. Reite Director	Merete Haugli Director	Harald Thorstein Director	Lars Peder Solstad CEO

CORPORATE GOVERNANCE

Corporate governance in Solstad Farstad ASA is based on the Norwegian Code of Practice for Corporate Governance of 30th October 2014 (the Code). The Company is listed on the Oslo Stock Exchange (OSE) and is subject to Norwegian corporate, accounting, exchange listing and securities trading legislation.

Implementation and reporting

It is of importance to the Company to regulate the division or roles between Shareholders, the Board of Directors and the Executive Management. Hence, the Company has adhered to the principles of the Code.

Solstad Farstad ASA maintains its guidelines for ethical conduct and social responsibility aimed at securing values and corporate culture in the organization, in order to provide a basis for value creation, safe and green operations, workplace satisfaction, positive reputation and innovation.

Business

Solstad Farstad ASA´s objective is to conduct integrated shipping operations with advanced vessels in its market segments, utilizing owned or chartered vessels. The operations are primarily the provision of maritime services to the oil and gas, renewable energy and aquaculture industries. More details about the Company´s objective and strategy are set out in Section 1 of the Annual Report.

Equity and dividends

At year end 2017, the Company's equity amounted to MNOK 4,962, equivalent to 14 % of total assets (16% in 2016). In a longer perspective, the Company aims is to give the Shareholders an attractive return on invested capital, by increased share price and dividends.

Due to the current market situation and certain restrictions of the financial agreements with the Company´s lenders, it is not expected that the Company will pay dividends for 2017 or for the coming years.

The General Meeting, held on 10th May 2017 authorized the Board of Directors to:

- Resolve to increase the share capital of Solstad Farstad ASA by maximum NOK 16,000,000 by issuing of maximum 8,000,000 new shares, each of face value NOK 2,00. The authorization, which remains in force until the General Meeting in 2018, also covers a resolution to merge under the Public Companies Act, section 13-5.

- Resolve to acquire treasury shares at a total value of maximum NOK 400,000. The Directors are free to determine the means of acquisition and sale of treasury shares. The Company will pay a minimum NOK 1 and maximum NOK 250 per share acquired under this authorization. The authorization remains in force until the General Meeting in 2018.

- Resolve to acquire treasury shares at a total value of maximum NOK 400,000. The Directors are free to determine the means of acquisition and sale of treasury shares. The Company will pay a minimum NOK 1 and maximum NOK 250 per share acquired under this authorization. The authorization remains in force until the General Meeting in 2018.

Equal treatment of shareholders and transactions with close associates

Solstad Farstad ASA has one class of shares. All shares have equal rights.

The authorization of the Board of Directors to acquire treasury shares is contingent to take place at Oslo Stock Exchange.

During 2017 there were no transactions between the Company and its Shareholders, the Board of Directors or the Executive Management and their close associates, except as reported in relevant notes of the financial statements.

The Company maintains rules to ensure that the Board of Directors and Executive Management report to the Board in case of any direct or indirect material interest in any contract signed by the Company.

Freely negotiable shares

The shares in Solstad Farstad ASA are freely negotiable. The Articles of Association set no limitations on transactions

General meeting and nomination committee

The Annual General Meeting is held in the month of May. According to the Articles of Association, the notice and related documents are posted on the Company's website no later than three weeks in advance. The Company endeavours to ensure that the documents contain all necessary information to enable Shareholders to vote on all matters. The Chairman of the Board takes part in the General Meeting, as does the Company Auditor. The Board aims for as many Shareholders as possible to attend. Shareholders who cannot attend, may be represented by proxy and the procedures for voting by proxy are described in the notice. The proxy authorization form is designed to allow Shareholders to vote on individual items and individual candidates for election/re-election. The agenda is determined by the Board of Directors, according to the article 6 of the Articles of Association. The Chairman of the Board opens the General Meeting and a chairperson for the meeting is elected. The minutes of the General Meeting are published as a Stock Exchange notice, as well as on the Company's website.

Nomination committee

The Articles of Association states that the Company shall have a Nomination Committee of 2-3 members, the final number to be decided by the General Meeting. The Nomination Committee shall propose candidates to the Board of Directors and to the nomination committee, and also propose remuneration of the Board of Directors and members of the nomination committee. The General Meeting will elect the members of the nomination committee, including the chairperson, and set their remuneration. The guidelines for the nomination committee and their contact details are published on the Company website.

Board of Directors, composition and independence
The nomination committee's primary goal is to propose candidates who will ensure that the Company has a Board of Directors with the most relevant expertise, capacity and diversity. The Board should be composed of Directors to act independently of special interests, and the majority of the Directors should be independent of any major Shareholder. The composition should also reflect gender equality, with at least 40% of the Directors being female. Directors are elected for a two-year term of office. Employees are not represented in the Board of Directors.

Work of the Board of Directors
The Directors make an annual plan for the Board's work. Normally there will be six to eight scheduled Board Meetings, augmented by telephone conferences as needed. Instructions for the Board and Executive Management are in place. Procedures for internal control is exercised according to the adopted guidelines and reviewed with the auditor and Board on an annual basis. The Board receives a monthly financial report. The Board elects one of the directors to chair the meeting in the absence of the Chairman. An audit committee consists of two independent directors, elected by the Board of Directors. The Board conducts a self-assessment of its work and qualifications on an annual basis.

Risk management and internal control
The Board seeks through its work to ensure that the Company maintains good standards of internal control and appropriate systems of risk management, in light of the scope and nature of the Company's business, and the provisions that govern the business. The Company has established a system of operation and administration that relies on work procedures and job descriptions. The system also covers social responsibility and ethical guidelines. There is a commitment to quality assurance. The Board receives information about operational, administrative and financial developments in monthly reports. Each year the Board reviews corporate strategy and the business plan, including analysis of the Company's risk exposure. Exposure is monitored monthly through the reports from the Administration.

Remuneration of directors
The remuneration of the Board of Directors reflects the Board's responsibilities, expertise, time commitment and complexity of the business, and is not linked to performance. The amounts involved are reported in the financial statements. The Directors do not have share options. In cases where members of the Board should undertake significant additional work for the Company, all Directors are informed and the fees are approved by the Board. The fees are reported in the financial statements. All transactions between Directors or employees (or companies that they represent or are associated with) on the one hand, and the Company on the other, are implemented in accordance with the arm's length doctrine.

Apart from the details included in the notes regarding remuneration of the Directors (or companies that they represent or are associated with) the Company has no other obligations. Remuneration of the Directors is considered to reflect market conditions.

Remuneration to Executive Management
The remuneration of the Managing Director is determined by the Board. Other elements of the remuneration are reported in the notes to the financial statements. The guidelines for remuneration of the Executive Management are presented to the General Meeting for information purposes.

Apart from the details included in the notes regarding remuneration of the Executive Management (or companies that they represent or are associated with) the Company has no other obligations. Remuneration to the Managing Director is considered to reflect market conditions. There is no share option program for employees.

Information and communications
The Company has a policy of treating all its shareholders and other market participants equally, and communicates relevant information on significant developments of the Company´s business and standing in a timely manner.

Presentation of the financial reports is made according to the financial calendar posted on the Company website, and filed as a notice with the OSE. Furthermore, frequent briefings and discussions are held with analysts and investors. Information is disclosed through stock exchange notices, discussions with analysts, and general briefings for investors, as well as special briefings for stockbrokers and investors. The Company adheres to the recommendations of the OSE regarding Investor Relations reporting.

Take-overs
The shares in the Company are freely tradable, and the Articles of Association does not hold specific defence mechanisms against take-over situations. In a potential bid-situation, the Board will work to inform Shareholders and allow time to decide on the offer. Furthermore, the Board will issue a statement to the Shareholders with an assessment of the bid and a recommendation of whether to accept it or not.

Auditor
The Auditor of the Company is elected at the Annual General Meeting, which also approves its remuneration. Each year the Auditor sets out the highlights of the audit plan to the audit committee. The auditor also presents a report about his views and observations regarding the accounting principles, risk areas, internal control routines, and other aspects. Furthermore, the Auditor will each year deliver a written report to affirm his compliance with certain impartiality and objectivity standards. The Auditor attends Board Meetings to discuss the financial statements for the year, and the Annual General Meeting.

Important consultancy work performed by the Auditor requires prior approval by the Directors. The remuneration to the auditor is reported in the financial statements. Once a year, the Board of Directors meets with the Auditor for discussions without the Managing Director or other representatives from the administration present.

GROUP ACCOUNTS

FOR

SOLSTAD FARSTAD ASA

STATEMENT OF COMPREHENSIVE INCOME

1.1 - 31.12

GROUP (NOK 1,000)	NOTES	2017	2016
Freight income	3,28	3,626,078	2,467,574
Other operating income	3,8	150,666	112,566
Total operating income		**3,776,744**	**2,580,140**
Personnel costs	8,18	-1,561,730	-838,700
Administrative expenses		-421,475	-223,027
Operating lease vessels		-84,513	
Other operating expenses	8	-1,055,386	-643,842
Total operating costs		**-3,123,104**	**-1,705,569**
Operating result before depreciations		**653,640**	**874,571**
Ordinary depreciation	12	-776,485	-367,860
Depreciation capitalised periodic maintenance	12	-216,614	-108,787
Impairment fixed assets	12	-394,720	-1,199,371
Gain from business combinations	26	1,540,000	
Net gain/ loss on sale of assets		-243	1,202
Income from investment in joint ventures	11	-111,222	64,083
Operating result		**694,355**	**-736,163**
Income from investment in associated companies	11	30,866	-2,481
Interest income		10,216	7,400
Other financial income		273,879	1,353,186
Interest charges		-1,129,583	-526,627
Other finance costs		-209,998	-910,516
Net financial items	**7**	**-1,024,620**	**-79,037**
Ordinary result before taxes		**-330,265**	**-815,200**
Tax on ordinary result	17	-14,751	-11,309
Net result		**-345,017**	**-826,509**
Comprehensive income:			
Translation adjustments foreign currency		-148,286	-119,557
Net gain on available for sale financial assets		1,500	-729
Comprehensive income that may be reclassified in subsequent periods		**-146,786**	**-120,286**
Actuarial gain/ (loss)	18	-34,239	1,066
Comprehensive income that may not be reclassified in subsequent peiods		**-34,239**	**1,066**
Comprehensive income		**-526,041**	**-945,729**
Net result attributable to:			
Non-controlling interests		-31,242	39,044
Equity holders of the parent		-313,774	-865,554
Comprehensive income attributable to:			
Non-controlling interests		-31,242	39,044
Equity holders of the parent		-494,799	-984,773
Earnings per share (NOK)	15	-1.08	-9.76

STATEMENT OF FINANCIAL POSITION

GROUP (NOK 1,000)	NOTES	31.12.17	31.12.16
ASSETS:			
Long-term assets:			
Intangible fixed assets:			
Deferred tax asset	17	5,678	41,154
Contracts	28	406,892	0
Total intangible fixed assets		**412,570**	**41,154**
Long-term fixed assets:			
Vessels and new build contracts	2,12	30,491,727	18,046,030
Capitalized periodic maintenance	12	574,177	394,788
Other tangible fixed assets	12	152,869	34,921
Total long-term fixed assets		**31,218,772**	**18 475,738**
Financial assets:			
Investment in joint ventures	11	271,787	408,809
Loans to associated companies and joint ventures	16	7,399	
Investments in associated companies	11	290,360	301,889
Investments in shares	11	5,969	3,192
Other financial assets	4	32	1,871
Other long-term receivables	22	88,524	84,094
Total financial assets		**664,072**	**799,854**
Total long-term assets		**32,295,414**	**19,316,747**
Current assets:			
Inventory	24	219,267	73,120
Receivables:			
Account receivables	23	1,064,937	570,676
Other short-term receivables	23	453,826	370,031
Other current financial assets	4	2,613	
Total receivables		**1,521,375**	**940,707**
Investments:			
Market based shares	11	11,687	10,188
Bank deposits and cash equivalents	19	1,875,482	1,750,450
Total current assets		**3,627,811**	**2,774,464**
Asset held for sale	12	187,554	193,673
TOTAL ASSETS		**36,110,779**	**22,284,884**

STATEMENT OF FINANCIAL POSITION

GROUP (NOK 1,000)	NOTES	31.12.17	31.12.16
EQUITY AND LIABILITIES:			
Equity:			
Paid-in equity:			
Share capital (291,532,299 a 2,-)	14	583,065	177,374
Treasury shares	14	-281	-251
Other paid-in capital		321,648	111,648
Share premium		3,698,350	2 165,293
Total paid-in equity		**4,602,782**	**2 454,064**
Retained earnings:			
Other equity		327,659	938,458
Total retained equity		**327,659**	**938,458**
Non-controlling interests		31,963	63,205
Total equity		**4,962,404**	**3,455,727**
Liabilities:			
Long-term provisions:			
Deferred income	28	62,995	193,730
Pension obligations	18	120,842	63,490
Other financial liabilities	4	377,280	77,260
Total long-term provisions		**561,117**	**334,481**
Other long-term liabilities:			
Other long-term liabilities	4,5	376,480	226,991
Debt to credit institutions	4,5	25,159,919	14,020,292
Leasing obligations	4,5	3,030,077	3,241,204
Total long-term liabilities		**28,566,475**	**17,488,488**
Current liabilities:			
Accounts payable		432,089	244,643
Taxes payable	12	67,335	48,886
Other current financial liabilities	4	48,239	6,615
Other current liabilities	25	822,672	375,350
Current interest bearing liabilities	4,5	650,449	330,694
Total current liabilities		**2,020,783**	**1,006,188**
Total liabilities		**31,148,375**	**18,829,157**
TOTAL EQUITY AND LIABILITIES		**36,110,779**	**22,284,884**

Skudeneshavn, April 16, 2018

Terje Vareberg
Chairman

Ellen Solstad
Director

Toril Eidesvik
Director

Frank O. Reite
Director

Merete Haugli
Director

Harald Thorstein
Director

Lars Peder Solstad
CEO

STATEMENT OF CHANGES IN EQUITY

(NOK 1,000)	Notes	Share capital	Trea-sury shares	Share premium	Other paid-in capital	Other changes	Other equity	Total majority shares	Non-con-trolling interests	Total equity
Equity 01.01.2016		**77,375**	**-850**	**1,654,186**	**111,648**	**512,550**	**1,427,590**	**3,782,500**	**-114,924**	**3,667,575**
Annual result							-865,554	-865,554	39,044	-826 509
Actuarial gain/ loss (-)							1,066	1,066		1,066
Translation adjustments						-119,557		-119,557		-119,557
Value changes in assets available for sale	11					-729		-729		-729
Comprehensive income						**-120,286**	**-864,488**	**-984,773**	**39,044**	**-945,729**
Purchase/ sale treasury shares	14		600			429	3,472	4,501		4,501
Equity contribution	14	99,999		511,106				611,105		611,105
Equity share convertible loan							128,000	128,000		128,000
Paid dividend/ surplus									-9,725	-9,725
Non-controlling interest merger							-63,205	-63,205	63,205	
Change in non-control-ling interest purchase							-85,605	-85,605	85,605	
Other adjustments			-1				1			
Equity 31.12.2016		**177,374**	**-251**	**2,165,293**	**111,648**	**392,693**	**545,766**	**3,392,522**	**63,205**	**3,455,727**
Equity 01.01.2017		**177,374**	**-251**	**2,165,293**	**111,648**	**392,693**	**545,766**	**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 in assets available for sale	11					1,500		1,500		1,500
Comprehensive income						**-146,786**	**-348,013**	**-494,799**	**-31,242**	**-526,041**
Equity contribution	2,14	365,691		1,533,057				1,898,748		1,898,748
Convertion of convertible loan	2	40,000			210,000		-115,939	134,061		134,061
Other adjustments	14		-30				-62	-92		-92
Equity 31.12.2017		**583, 065**	**-281**	**3,698,350**	**321,648**	**245,907**	**81,752**	**4,930,441**	**31,963**	**4,962,404**

STATEMENT OF CASH FLOW

1.1 - 31.12

CASH FLOW FROM OPERATIONS (NOK 1,000)	Note	2017	2016
Result before tax		**-330,265**	**-815,200**
Taxes paid		-12,382	-23,569
Ordinary depreciation and write downs	12	1,387,819	1,676,019
Loss/ gain long-term assets		-1,341,361	-231,778
Interest income		-11,861	-7,399
Interest expense		1,105,344	542,149
Terminated borrowing costs		8,844	63,550
Effect of change in pension assets		-4,771	5,979
Change in value of financial instruments		-39,021	-43,962
Unrealised currency gain/loss		-183,772	-194,975
Change in short-term receivables/payables		-41,254	290,651
Change in other accruals		203,709	-52,298
Net cash flow from operations		**741,029**	**1,209,166**
CASH FLOW FROM INVESTMENTS:			
Investment in tangible fixed assets	12	-71,247	-2,868,142
Payment of periodic maintenance	12	-159,504	-154,156
Sale of fixed assets		661,154	3,164,487
Payment of long-term receivables		-19,653	-21,146
Addition of cash related to merger		935,315	773,011
Investments in other shares/ interests		-69 535	-262,690
Realized shares and interests			1,837
Net cash flow from investments		**1,276,531**	**633,202**
CASH FLOW FROM FINANCING:			
Paid-in capital		200,000	311,683
Payment to non-controlling interests			-9,725
Convertible loan			250,000
Bank overdraft			-82,656
Interests reveiced		12,569	7,399
Interests paid		-1,108,551	-569,484
Long-term debt		588,972	8,103,729
Repayment of long-term debt		-1,575,566	-9,107,717
Net cash flow from financing		**-1,882,577**	**-1,096,771**
Effect of changes in foreign exchange rates		-9,951	-20,213
Net change in cash and cash equivalents		134,983	745,597
Cash and cash equivalents at 01.01		1,750,450	1,025,066
Cash and cash equivalents at 31.12	**4**	**1,875,482**	**1,750,450**

NOTES

NOTE 1 - ACCOUNTING PRINCIPLES

The Group, Solstad Farstad ASA (SOFF), operates a shipping business from its head office in Skudeneshavn, Norway, and its main activities are the operation of offshore service and construction vessels. The Group is listed on Oslo Stock Exchange. Solstad Farstad ASA consists of the three former listed companies Deep Sea Supply, Farstad Shipping and Solstad Offshore ASA. The Group changed it's name from Solstad Offshore ASA to Solstad Farstad ASA after the merger of the three companies in 2017. The financial statements were approved by the Board of Directors on 16th of April 2018, and will be presented for approval in the Annual General Meeting.

Statement of Compliance and basis for preparation
The consolidated financial statements have been prepared in accordance with the Norwegian Accounting Act, International Financial Reporting Standards (IFRS) and interpretations by the International Accounting Standards Board (IASB) which is approved by the European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and listed shares that have been measured at fair value, on the going concern assumption, and are presented in Norwegian Kroner.

Changes in accounting principles
There are no new or amended IFRS and IFRIC interpretations adopted during the year.

Approved IFRS and IFRIC interpretations not yet implemented

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project has been transferred into IFRS 9.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 or later. Except for increased disclosure requirements, it is not expected that the changes will affect the financial statement significantly.

IFRS 15 Revenue from Contracts with Customers
The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15 Revenue from Contracts with Customers. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). The new standard is effective from January 1st, 2018.

The Group's revenues are mainly derived from time charter contracts. Time charter contracts normally consist of two parts; a capital element (the vessel), which is excluded from IFRS 15, and a service element (maritime crew, ROV services etc). Except for increased disclosure requirements, it is Management's view that implementation of IFRS 15 will not affect the financial statements significantly.

IFRS 16 Leases
IFRS 16 Lease replaces existing IFRS standard for leases, IAS 17 Leases. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties in a lease, i.e. the customer (lessee) and provider (lessor). The new standard requires that the lessee recognizes the assets and liabilities of most leases, which is a significant change from current policies. For the lessor IFRS 16 continues essentially all existing principles in IAS 17. In line with this, should a lessor continue to classify their leases as operating leases or finance leases, and accounting for these two types of leases differ. IFRS 16 is effective for financial years starting 1 January 2019 or later, but the EU has not yet approved.

In addition to increased disclosures, the balance sheet will be affected by the leases listed under Other leases in Note 6. Other than that, Management's view is that the implemantation of IFRS 16 will not have a material impact on the financial statements.

Approved IFRS and IFRIC interpretations implemented in 2017

IAS 12 Income taxes (amendment)
The amendments clarify how to account for deferred tax assets for unrealised losses on debt instruments measured at fair value, including that unrealised losses on debt instruments measured at fair value for IFRS purposes and at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The amendment is effective from January 1st, 2017.

IAS 7 Statement of cash flows (amendment)
The amendments introduces requirements for an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective from January 1st, 2017.

NOTES

Consolidation
The consolidated financial statements comprise of the financial statements of Solstad Farstad ASA and its subsidiaries as at 31st December each year. Any deviating accounting principles are adjusted for in this consolidation.

The Group accounts state the total profit & loss and financial position of Solstad Farstad ASA and its controlling interests as a whole. The consolidated accounts include companies in which Solstad Farstad ASA has direct or indirect ownership of more than 50% of the voting shares, or otherwise has direct control, according to IFRS 10. Share options, convertibles and other equity instruments are evaluated when assessing whether control exists.

Subsidiaries are consolidated 100% line by line in the group accounts. A subsidiary is an entity where the Group has controlling interest, direct or indirect, of more than 50% of the voting shares.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The purchase price is allocated to identifiable assets and liabilities from the subsidiary, and is recognized at fair value in the consolidated accounts at the acqusition date. Any excess cost of acquisition over the fair value of the net identifiable assets of the subsidiary or joint venture acquired calculated at the date of handover, will be recognized as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary or joint venture acquired calculated at the date of handover, a day-one-gain will be recognized as income.

All inter-company transactions, receivables, liabilities and unrealized profits, as well as intra-group profit distributions, are eliminated. In the consolidation, the profit and loss accounts of foreign subsidiaries, not using NOK as functional currency, are translated using the exchange rate on the day of transaction. The balance sheet is translated using the balance sheet date exchange rate. Translation adjustments between local currency and functional currency are classified as financial items, while adjustments arising from translation from functional to presentation currency are booked in equity.

The non-controlling interest in equity as well as net income is reported separately in the consolidated financial statements.

Investment in associates and joint ventures
The Group's investment in its associates and joint ventures are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence but which is not a subsidiary. A joint venture is an entity in which the Group has significant influence, but where agreement of joint control is entered, requiring strategic decisions to be unanimous.

The reporting dates of the associates, joint venture and the Group are the same and the same accounting principles are applied.

Investments in an associate and joint ventures are recorded in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any impairment in value. The profit and loss for the Group reflects the associates' or joint ventures' share of profits under operating costs. Changes recorded directly in the associates' or joint ventures' comprehensive income or equity, are recognized pro-rata in the Group accounts, and are, where applicable, disclosed in other income and in the statement of changes in equity. Profit and loss on transactions in the associated company or joint venture are eliminated in the Group accounts in the Group's equity.

Other investments
Other investments, such as shares, loans, receivables and others are classified under one of the following categories according to IAS 39:

- **Financial assets at fair value through profit and loss**

o This category consists of financial assets, including derivatives, available for sale (trading) which normally are realized within 12 months after the balance sheet date. Such assets are initially booked at fair value on the balance sheet. Changes in fair value are booked through profit and loss.

- **Available for sale assets**

o The category includes non-derivative financial assets which not fit into any of the other categories. If management's intention is to realize the investment within 12 months of the balance sheet date, they are classified as current assets. The investments are initially valuated at fair value. Impairment is booked through profit and loss. All changes in fair value, including reversal of previously booked impairment, are booked to equity through Other comprehensive income.

- **Held to maturity investments**

o Non-derivative financial assets with a fixed maturity date and which it is the management's intention to retain until maturity are included in this category. Such investments are initially valued at amortized cost. Any reduction in value is booked through profit and loss as impairment.

- **Loans and receivables**

o Loans and receivables are non-derivative financial assets with fixed payments not quoted in an active market. These financial assets are initially valuated at amortizsed cost. Any reduction in value is booked through profit and loss as impairment.

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Financial investments
All investments, except for Financial assets at fair value, are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Transaction costs for Financial assets at fair value are accounted for through profit and loss. Transaction costs related to the change in value for Available for sale investments are recognized in Comprehensive income in the next reporting period.

Other long-term investments that are intended to be held to maturity, such as bonds, are subsequently measured at the amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the acquisition over the year to maturity. For investments booked at amortized cost, gains and losses are recorded to income when the investments are devalued or depreciated as well as through the amortization process.

For investments that are actively traded in organized financial markets, the fair value is determined by reference to the stock exchange market value at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Financial investments are devalued if the right to receive cash flow from the investment no longer exists, or if the Group has undertaken an obligation to redeem the asset to a third party, without delay, on a pass-through-agreement. Furthermore, when financial investments are devalued, the right to receive cash flows from the investment is transferred together with almost all of the risk or profit from the asset, or if almost all of the risk and reward is retained, but control of the investment is transferred.

Financial liabilities are devalued when the obligation is fulfilled, cancelled or matured in accordance with the contract.

Classification of items in the balance sheet
Current assets and short term debt are items which mature within one year of the balance sheet date as well as any items relating to inventory turnover if this occurs later. The short-term portion of the long-term debt is classified as current liability. Investments in shares hold for trading, not considered as strategic, or are expected to be sold are classified as current assets. Cash and cash equivalents are classified as current assets, unless restricted from being used during the following 12 months. All other assets are classified as long-term assets.

Foreign currency translation
The functional and reporting currency of Solstad Farstad ASA is Norwegian Kroner (NOK). Transactions in foreign currencies are recorded at the currency rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date. Non-monetary items such as vessels that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items in companies where the functional currency deviates from the reporting currency are measured at the exchange rate at the date of the balance sheet. Any translation adjustments are included in comprehensive income.

The Group's most used currencies had the following exchange rates at the balance sheet date:

	GBP	USD	EUR	BRL	AUD
Per 31.12.16	10.613	8.620	9.0863	2.6487	6.2252
Per 31.12.17	11.091	8.205	9.8403	2.2469	6.4123

Segment information
The Group's reporting formats are business segments and geographical segments. The Group's three main business activities are Anchor-Handling Vessels (AHTS), Supply Vessels (PSV) and Construction Service Vessels (CSV). Any other activities, including vessels under construction, are included in a separate segment. Overhead costs are apportioned between these segments in the same way as any other operating expenses. All accounting policies applied in the segment reporting are the same as used in the Group reporting.

The Group's geographical segments are determined by the location of the Group's vessels and operations throughout the year.

Starting from 2018 the internal reporting segments will change from the classic vessel types to 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)
- Aquaculture (vessels serving the fish farming industry, and will be operative from 2018)

Property, plant and equipment – impairment charges and depreciation
Property, plant and equipment acquired by Group companies are stated at historical cost, except the assets of acquired subsidiaries that are stated at the fair value at the date of acquisition. Depreciation is calculated on a straight-line basis and adjusted for residual value and impairment, if any. Residual value is the current estimated amount that would be obtained from disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition anticipated at the end of its useful lifespan. The book value of the property, plant and equipment on the balance

sheet represents the cost less accumulated depreciation and any impairment.

Each part of a fixed asset that is significant to the total cost of the item are separately identified and depreciated over that component's useful lifetime. The ships are divided into the following components: hull, anchor handling, loading and unloading equipment, thrusters, DP and lifting equipment and other equipment. Based on the Group's periodic maintenance program and running replacement the vessels vital parts, the expected lifetime of the assets is set to 30 years for all of the components, except for planned periodic maintenance.

The residual value and expected useful lifetime assumptions of long-lived assets are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciation charges are amended accordingly.

Ordinary repairs and maintenance costs are charged to the income statement in the period in which they are incurred. The cost of major conversions and periodic maintenance of vessels is capitalised and depreciated over the useful lifespan of the parts replaced. The useful lifespan of periodic maintenance will normally be the period until the next interim- or main classification of the vessel, which usually is 5 years.

The book values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the booked value may not be recoverable. If any such indications exist and where the book value exceeds the estimated recoverable amount, the asset or cash-generating units are depreciated to their recoverable amount. The recoverable amount of plant and equipment is the greater of the net selling price and their recoverable value. When assessing recoverable value, estimated future cash flows are discounted to their current value using a pre-tax discount rate that reflects current market assessments of the monetary value and the specific risk to the asset. For an asset that does not generate cash inflow, a recoverable amount is calculated for the cash-generating unit to which the asset belongs. Any previously calculated depreciation is reversed if there are any amendments to the estimates used to calculate the recoverable amount. Reversal of previously calculated depreciation is limited to the book value of the asset if its value had not been impaired.

The business segments are the Group's strategic units of control. However, while calculating the recoverable amount, each vessel is treated as one cash-generating unit.

Gains and losses on disposal are determined by comparing the disposal proceeds with the book value and any profit or loss is included in operating profit.

New build contracts

Installments on new build contracts are recorded in the balance sheet as fixed assets. Costs related to the on-site supervision and other pre-delivery construction costs including construction loan interest are capitalized per vessel. The depreciation starts from when a new build is delivered from the yard.

Leases

Lease of property, plant and equipment where the Group has all the risks and rewards of ownership, are classified as financial leases. Financial leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term interest-bearing liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful lifetime of the asset or the lease term.

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.

Trade and other receivables

Trade receivables are booked at their anticipated realizable value, which is the original invoice amount less an estimated amount for depreciation of these receivables. Assessment of provision for bad debts is calculated when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms and conditions.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, short-term deposits and other short-term highly liquid investments with maturity dates of less than three months. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Restricted bank deposits are funds on separate bank accounts for tax deductions.

Treasury shares

The nominal value of treasury shares held is deducted from registered share capital. Any differences between the nominal value and the acquisition price of treasury shares, together with any gains or losses on transactions therein, are recorded directly to reserves.

Interest-bearing loan and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial registration, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are devalued or depreciated.

Provisions
Provisions are made in the financial statements if the Group considers it likely, based on the legal provisions or business liabilities of past events, that an outflow of resources will be required to cover its liabilities and if the amount can be accurately estimated. All provisions are reviewed at balance sheet date and adjusted, if necessary, to reflect best estimate. In instances where the timeframe may be of significance, a provision is made for the current value of future payments to cover liabilities.

Excess values contracts
Identified excess values in charter contracts acquired through business combinatios are classified as intangble fixed assets, and are amortised over the remaining duration of each charter contract.

Tax
The tax expense in the Financial Statement consists of payable tax and changes in deferred tax.

Companies taxed under The Norwegian Tonnage Tax Regime will not be taxed on its net operating profit. Taxation under the shipping tax regime requires compliance to stringent requirements, and voluntary or compulsory exit from the regime will result in taxation of net profits based on ordinary taxation. Net taxable financial income is taxed according to the shipping tax regime (24%).

Operations on foreign continental shelves are, in a number of cases, taxable to the state of operation. In such cases the tax is computed according to the tax legislation of the current state, combined with any double taxation avoidance agreement between the state where the ship owner is registered and the state where the operation is performed. Income tax based on a net result is classified as income tax. Other taxes are classified as contract related expenses.

Deferred tax is calculated using the liability method at 23% of all temporary differences between the taxable value of assets and liabilities and their booked amounts at the end of the accounting year. Any temporary differences that may increase or decrease tax are offset and recorded as a net figure.

Deferred tax is calculated for assets and liabilities for which future realization will lead to tax payable.

The recognized amount of deferred tax assets is reviewed at each balance sheet date. If it is no longer likely that adequate taxable profit will be generated, then the deferred tax asset will be reduced. Anticipated utilization of tax losses are not discounted when calculating the deferred tax asset.

Tonnage tax paid under the tonnage tax regime is classified as operational expenses.

Pension obligations
The Group has a defined benefit plan for seafarers and administrative personnel, and a contribution plan for administrative personnel hired after 1.1.2007, which is recognized in profit and loss when incurred. The liability of the defined benefit pension plan is the present value of the defined benefit liability at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains and losses and administration costs. The defined benefit liability is calculated by independent actuaries using the projected unit credit method and is measured as the present value of the estimated future cash outflows using interest rates of government securities that have terms maturing at the same time as the liability.

The cost of providing pensions is charged to profit and loss to spread the regular cost over the working lives of the employees. Actuarial gains and losses are recognised in comprehensive income in the period they occur.

Charter income
Revenue and expenses relating to charter contracts are apportioned according to the number of days for each contract occurring before and after the end of the accounting period. The contract begins when the vessel is "delivered" to the charterer, and ends when the vessel is "redelivered". Freight revenue is recorded net after deduction for direct, contract-related freight costs. Any loss on contracts is accrued when a loss is probable.

Rental income
Revenue classified as rental income is recognized in the period the service is performed, and is accrued at the end of the accounting period.

Dividends
Dividends are calculated when the shareholder's right to receive the payment is established (by resolution at the general meeting).

Other income
Other income, such as commissions, provisions, management fees, are recognized in the period in which they are performed.

Government grants
Grants related to the net tax agreement and crew subsidiaries are recorded as a reduction in cost.

NOTES

Insurance claims
For damage and averages on the Group's vessels and equipment, resulting in payments from insurance companies, compensation is presented net with the corresponding expense. Reimbursable and expenses are recognized and classified in accordance with the type of cost, while compensation is presented separately as a reduction in costs.

Financial derivatives
The Group uses financial derivatives such as foreign currency contracts and interest rate swaps to reduce the risk associated with interest rates and foreign currency fluctuations. Such financial derivatives are stated at fair value. Gains and losses on derivatives are booked directly to profit and loss.

Related party transactions
All transactions and agreements with related parties are on an "arm's length" basis in the same way as transactions with third parties.

Stock
Stock consists mainly of bunkers onboard the vessels. Stock is valued at the lower of cost price and fair value. First-in-first-out method is used.

Earnings per share
The calculation of basic earnings per share is based on the majority's share of the result using number of shares outstanding at the end of the year after deduction of the average number of treasury shares held over the period.

Cash Flow
The Group applies the indirect method. Investment in shares and other liquid assets with maturity over three months are not included under cash equivalents.

Use of estimates and key measuring items
The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Accounting estimates are employed in the financial statements to determine reported amounts. Useful lifespan and residual value of vessels, depreciation of planned maintenance, depreciations and impairment, pensions, contingent liabilities and taxes are items where the use of estimates may have significant impact on reported amounts.

Useful lives of vessels affect the ordinary depreciation. Useful life of the vessel's different components is based on the condition and experience of wear and tear of each group of components. The main change is an assumption to operate the vessels for 20 years instead of the full physical lifetime.

Residual value of vessels will affect ordinary depreciation. The vessels market values are used as basis for the residual value. Market values, less any sales related expenses, are multiplied with a percentage dependent on the age of the vessel. The factor is 50% for a newbuild, increasing to 100% for a 20 year old vessel.

Depreciation of planned maintenance is affected by the estimated interval between each dry docking. This interval is determined based on experience for the Groups' fleet combined with official requirement for classification of the vessels.

Pension is an estimate impacted by several assumptions. The discounted rate and expected regulation of salary has a significantly high impact. The regulation of salaries is based on experience and anticipation related to subsequent salary regulation in the business. The discounted rate is based on the Norwegian Covered Bonds Market interest rate.

Provision for contingent liabilities and taxes is based on collating information on a case by case basis. The probability of a contingent liability occurring which would affect the provision is evaluated. The discounting rate used for liabilities is based on a risk-free interest rate, adjusted to the maturity date.

Impairment testing is based on numerous estimates. Main elements are future revenues (rates), expected prolonging of existing contracts, level of running costs, expected return on equity, general marked prospects and useful life of fixed assets. Relating to financial assets, measurements are based on observable marked prices, public accounting information and general and specific marked prospects relevant to the certain financial asset.

Allocation of excess value relating to any business combinations is, amongst other, based on expected cash flows and results from the certain items of the acquired assets. Refer to note 26.

Although these estimates are based on Management's best knowledge at the time of submitting the accounts, actual figures may differ from the estimates.

NOTES

NOTE 2 - MAJOR TRANSACTIONS/EVENTS

Major transactions/ events in 2017:
Announcement of the merger of Solstad Offshore ASA, Farstad Shipping ASA and Deep Sea Supply Ltd into the new Solstad Farstad ASA was released in February 2017. The Companies' General Meetings approved the merger plans in April 2017, while completion of the formal part of the merger took place in June 2017. Control over these two entities was transferred to the Group on June 22, 2017. For additional information, refer to Note 26.

The Group sold AHTS Normand Vester and PSV Normand Carrier in the second quarter. Both vessels were defined outside the Group's core vessels.

The 50% owned joint venture, Dess Aquaculture Shipping AS, contracted two new well boats in the third quarter, to be used in the Group's new segment, Aqua Culture. Following the completion of the two contracts, the Joint Venture has 4 well boats and 1 harvest vessel under construction.

During the third quarter the CSV Rem Etive and AHTS Far Shogun were delivered to new owners. Rem Etive was sold under a call-option to the Charterer, and was presented as held-for-sale already at December 31, 2016. Far Shogun was agreed sold before the merger was completed as a part of the refinancing of Farstad Shipping ASA.

The AHTS's Nor Star, Sea Fox, Sea Vixen and Sea Stoat were sold during the third quarter, with delivery in the fourth quarter of 2017 for Nor Star and first half year of 2018 for the three latter. All vessels were defined outside the Groups's core vessels.

Renegotiated agreements for five of the Group's vessels that were hired on long-term financial leases were concluded in the third quarter. A consequence of the renegotiated leases was that four lease agreements no longer qualified as financial leases under IFRS. Assets and liabilities of MNOK 400 were thus derecognized from the balance sheet.

In the fourth quarter, the Group entered into an agreement with Subsea 7 on the sale of Solstad Farstad's share in the jointly controlled company Normand Oceanic AS. The company owned the construction service vessel "Normand Oceanic". As a result of the agreement, the shares in the jointly controlled company was written down by MNOK 147 to reflect the sales consideration.

The PSV Far Service was sold and delivered to new owners in the fourth quarter. The Group also sold the AHTS Far Grip and PSV Far Supporter during the fourth quarter. The first was delivered to new owner in 2017, while the latter was handed over in 2018. The vessels were defined outside the Groups's core vessels.

Major transactions/ events in 2016:
In the first quarter the anchorhandling vessels Normand Skarven and Normand Drott were sold and delivered to new owners.

The Group reported in the second quarter an extensive plan for restructuring of long-term debt, and that Aker Capital AS entered as an owner. The plan included new equity of MNOK 325, convertible loan MNOK 250 and reduced debt installements of MNOK 2,600 over the next three years.

The Group acquired the non-controlling interests in the companies Trym Titan AS and Solstad Cable UK Ltd in the second quarter. The companies owns and operates, respectively, two construction service vessels (CSV). The acqusition cost was 300,000 shares in Solstad Offshore ASA. Included in the transaction, the Group took over a loan issued by the non-controlling shareholder in Trym Titan AS. The receivable was acquired at a discount, and resulted in a financial gain of NOK 171.3 million.

In the third quarter the Group entered an agreement for a merger for Rem Offshore ASA with a subsidiary of Solstad Offshore ASA, with compensation in the form of shares in the latter.
The plan for refinancing presented in the second quarter was approved and implemented in the third quarter. A total of MNOK 535 was received through capital contribution and convertible loan.

In the fourth quarter the Group took delivery of the new build Normand Maximus (CSV). The vessel is financed through a sale-lease-back structure in which the registered owner is an associate with 25% participation from Solstad and 75% of AGC Maritime Yield Fund. The transaction is accounted for and presented as a financial lease, where the vessel, with associated debt, is included in the consolidated balance sheet. Cost price for the vessel was about MUSD 380.

The merger with Rem Offshore ASA was completed in the fourth quarter. It lead to an increase of the Group's fleet from 44 to 61 vessels. Further, it resulted in an increase for equity of MNOK 300. In addition, there was repair issue of MNOK 40 against shareholders of Solstad Offshore ASA.

NOTES

NOTE 3 - REPORTING BY SEGMENTS AND GEOGRAPHICAL MARKETS

The Group's main activity is to offer ships and maritime personnel in all geographical regions. The business is divided into three segments based on the different types of vessels: Anchor-Handling Vessels (AHTS) delivering services related to rig moves and anchoring of rigs and other devices at sea, Platform Supply Vessels (PSV) delivering services relating to transportation of material to offshore installations and Construction Service Vessels (CSV) delivering services relating to development of both sub sea and floating installations.

Results from Joint Ventures and associated companies are allocated to the segments based on number of ships per segment while the allocation of investments is based on book value of each ship in its current segment.

	AHTS		PSV	
Revenues	**2017**	**2016**	**2017**	**2016**
Freight income	792,421	470,446	657,487	87,285
Other operating income	34,545	20,488	28,663	4,024
Total operating income	**826,966**	**490,934**	**686,150**	**91,309**
Results				
Operating result	-435,327	-557,972	-449,056	-220,548
Result from JV and associated companies	-	-	-	-
Operating result - adjusted (1)	**-435,327**	**-557,972**	**-449,056**	**-220,548**
Assets and liabilities				
Fixed assets	8,066 664	3,206,901	8,310,033	2,451,444
Total assets	**8 066 664**	**3,206,901**	**8,310,033**	**2,451,444**
Segment liabilities	6,993,690	3,042,063	8,718,862	2,595,049
Total liabilities	**6,993,690**	**3,042,063**	**8,718,652**	**2,595,049**
Other segment information				
Investment in tangible fixed assets	5,137,112	434,385	6,022,269	1,502,938
Payment of periodic maintenance	153,307	62,794	157,923	33,075
Translation adjustment	-32,425	-12,866	-16,804	-6,696
Depreciations and write-downs (2)	398,232	626,982	304,799	186,883

	CSV		Other	
Revenues	**2017**	**2016**	**2017**	**2016**
Freight income	2,176,169	1,909,844	-	-
Other operating income	87,459	88,054	-	-
Total operating income	**2,263,628**	**1,997,897**	**-**	**-**
Results				
Operating result	150,211	-22,201	-	-726
Result from JV and associated companies	-69,584	64,083	-10,773	-2,481
Operating result - adjusted (1)	**80,627**	**41,882**	**-10,773**	**-3,207**
Assets and liabilities				
Fixed assets	14,875,698	12,976,146	153,931	34,921
Investments in JV and associated companies	418,968	677,460	143,179	33,238
Total assets	**15,294,667**	**13,653,606**	**297,110**	**68,159**
Segment liabilities	12,111,620	10,669,193	-	-
Total liabilities	12,111,620	10,669,193	-	-
Other segment information				
Investment in tangible fixed assets	2,727,495	4,336,104	143,841	6,278
Payment of periodic maintenance	89,417	141,712	-	-
Translation adjustment	-255,789	74,497	-1,612	-128
Depreciations and write-downs (2)	661,570	855,089	23,218	7,066

NOTES

Revenues	Total 2017	2016
Freight income	3,626,078	2,467,574
Other operating income	150,666	112,566
Total operating income	**3 776,744**	**2,580,140**
Results		
Operating result	-734,423	-800,246
Result from JV and associated companies	-80,356	61,602
Operating result - adjusted (1)	**-814,779**	**-738,644**
Assets and liabilities		
Fixed assets	31,406,326	18,669,411
Investments in associated companies	562,147	710,698
Unallocated assets	4,142,306	2,904,775
Total assets	**36,110,779**	**22,284,884**
Segment liabilities	27,824,172	16,306,305
Unallocated liabilities	3,324,204	1,285,886
Total liabilities	**31,148,375**	**17,592,191**
Other segment information		
Net investment in tangible fixed assets	14,030,716	6,279,705
Net addition of periodic maintenance	400 648	237,581
Translation adjustment	-306,629	54,807
Depreciations and write-downs (2)	1,387,819	1,676,019

(1) The segment result (Operating result - adjusted) correspond to Operating result, presented in the Statement of Comprehensive Income, adjusted for Income from investment in associated companies and Gain from business combinations.

(2) Depreciation includes both ordinary depreciation and depreciation of periodic maintenance. For allocation of revenues and cost on different segments see note 1.

The Group's vessels operate in several geographical areas during a year. Allocation between the different areas is based on freight income.

Freigth income is allocated to the following areas:		2017		2016
North Sea	39 %	1,407,771	34 %	827,556
North- and Central America	4 %	132,968	17 %	419,589
Mediterranean/remaining part of Europe	10 %	349,482	1 %	26,078
West Africa	6 %	226,832	7 %	180,423
South America	18 %	660,372	17 %	425,068
Asia and Australia	23 %	848,653	24 %	588,859
Total	**100 %**	**3,626,078**	**100 %**	**2,467,574**

The Group's vessels may operate in more than one geographic region during the year. Therefore assets cannot be allocated per segment in accordance with IFRS 8.

Starting from 2018 the internal reporting segments will change from the classic vessel types to the following segments:

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

In the table below, revenues, operating expenses and net results are shown based on the new segment reporting.

NOTES

2017	AHTS/PSV Strategic	AHTS/PSV International	Subsea Construction	Total
Total operating income	**1,217,221**	**294,395**	**2,265,127**	**3,776,744**
Crew expenses	786,628	173,502	769,969	1,730,100
Other expenses	528,432	153,697	639,869	1,321,998
Total operating costs	**1,315,060**	**331,962**	**1,409,838**	**3,052,097**
Bunkers	6,412	19,914	44,681	71,007
Operating result before depreciation	**-104,251**	**-52,718**	**810,608**	**653,640**

2016	AHTS/PSV Strategic	AHTS/PSV International	Subsea Construction	Total
Total operating income	**555,835**	**26,407**	**1,997,897**	**2,580,140**
Crew expenses	271,755	62,587	658,593	992,935
Other expenses	145,489	34,016	479,768	659,351
Total operating costs	**417,244**	**96,603**	**1,138,361**	**1,652,286**
Bunkers	22,242	3,222	27,819	53,283
Operating result before depreciation	**116,349**	**-73,418**	**831,717**	**874,571**

NOTE 4 - FINANCIAL MARKET RISK, FINANCIAL INSTRUMENTS

GENERAL:
The Group is exposed to several types of financial risks through its operations. Financial market risks, such as currency rates, interest rates and freight rates, influence the value of the Group's financial assets, liabilities and future cash flows.

Management continuously monitors the financial market risks. When a risk factor is identified, action is taken to reduce this risk. The main strategy to reduce financial market risk is the use of financial derivatives, both for the specific exposure and for the net exposure of the Group. Where financial derivatives are appropriate, only conventional derivatives are used. The Group only uses recognized financial institutions.

Derivatives are only used to manage the risk to fluctuations in interest and currency rates. The Group does not use financial derivatives to achieve financial income if no underlying exposure exists.

Management performs a continuous evaluation of the effect of financial instruments on the accounts with a view to hedge accounting. Based on this evaluation, hedge accounting is not used.

The use of financial instruments is not significant when compared to the Group's level of activity, revenues and equity.

CREDIT RISK:
Due to the downturn in the business the Group's exposure to losses on trade accounts receivables is significantly higher compared to resent years. The counter party exposure is deemed to be higher. However, no material losses have been recognized the last two years. Status for accounts receivables is shown in the table below. The Group is also exposed to losses if a counter party in a financial derivative contract fails to fulfill their payment obligations on the settlement date. Non-fulfillment of such contracts is not anticipated as the Group only uses well known conventional derivatives with recognized financial institutions.

The Group is also exposed through guarantees issued on behalf of subsidiaries, joint ventures and associated companies. As the value of the assets placed as security for the guaranteed mortgages exceeds the loans, the credit risk related to the guarantees is considered to be acceptable. However, a potential forced sale situation will have an impact on the value of the mortgaged vessels. For further details refer to note 5.

NOTES

The following table shows the ageing trade accounts receivables:

per 31.12.2017	Not yet due	0 - 1 month over due	1- 3 months over due	Older than 3 months	Total
Trade accounts receivable	**507,294**	**167,349**	**118,017**	**272,276**	**1,064,937**

The top 10 customers amount to 46% of total trade accounts receivable. The Group has no customers with more than 10% of total revenue in 2017.

per 31.12.2016	Not yet due	0 - 1 month over due	1- 3 months over due	Older than 3 months	Total
Trade accounts receivable	**162,026**	**69,362**	**64,486**	**274,802**	**570,676**

The top 10 customers amount to 70% of total trade accounts receivable.
An accrual of MNOK 69 is booked relating to bad debt at 31.12.2017. As per 31.12.2016 the accrual was MNOK 42.

INTEREST RISK:
The Group's exposure to changes in interest rates relates primarily to the Group's long-term loans and leasing obligations with floating interest rates. To mitigate exposure to interest rate fluctuations fixed interest rate contracts are entered into for parts of the long-term liabilities.

As of 31.12.2017, the Group has entered into twelve fixed rate contracts with maturities up to 3.5 years for some 10% of the debt. In addition, several of the Group's loan agreements have with fixed interest rates through CIRR financing, representing 30% of the debt with maturities up to some 10 years. The remaining 60% of the debt has floating interest rates. Per 31.12.2017 interest swaps have an overall negative value of about MNOK 23 (negative MNOK 2.5 in 2016). As of 31.12.2017, the Group has entered into two interest rate and currency swaps with a remaining maturity of 1,5 years. These have a negative value of about MNOK 123 (negative MNOK 51 in 2016) and comprises less than 1% of the debt.

The following table shows the sensitivity of the Group's result before taxes at a reasonable change in the interest rate, while all other variables are unchanged:

Increase/ decrease in basis points		Effect on result before tax
+ / - 100	2017	+ / - 256,682
+ / - 100	2016	+ / - 118,781

FOREIGN CURRENCY RISK:
The Group's reporting currency is NOK. Revenues are earned in NOK, USD, BRL, AUD, GBP and EUR. The Group's future freight revenues are partly hedged using foreign currency loans. Furthermore, parts of the revenues are exchanged though forward contracts. This hedging reduces the effect of fluctuation in currency rates on the profit and loss account.

The following table shows the sensitivity of the Group's profit and loss before tax due to changes in USD, GBP and EUR versus NOK. All other variables remain unchanged. These variations are mainly due to changes in the Group's freight income.

Change in all currencies		Effect
+ / - 10%	2017	+ / - 402,698
+ / - 10%	2016	+ / - 212,849

Change in USD		Effect
+ / - 10%	2017	+ / - 260,612
+ / - 10%	2016	+ / - 149,027

Change in GBP		Effect
+ / - 10%	2017	+ / - 44,250
+ / - 10%	2016	+ / - 50,943

Change in AUD		Effect
+ / - 10%	2017	+ / - 38,375

Change in EUR		Effect
+ / - 10%	2017	+ / - 30,638

Change in BRL		Effect
+ / - 10%	2017	+ / - 28,823

Except for translation adjustments relating to foreign entities in foreign currency, further effect on equity is considered immaterial.

NOTES

LIQUIDITY RISK:
Liquidity risk is the risk that the Group will be unable to fulfill its operational- and financial obligations as they fall due. Liquidity risk has become the most significant risk, both for the Group and the business in general. The offshore shipping business has been through a severe downturn, which has had a major impact on cash reserves. Previous strategies with goals for unrestricted funds exceeding current portion of long-term debt have been replaced by a reality where minumum cash covenants in the loan agreements being the measuring point. The Group monitors the risk of lack of available capital through continues evaluation of its liquidity position combined with a rolling cash flow forecast of its operational activities.

All of the Group's mortgage debt has been refinanced during the last two years. Current installments are reduced to 10-25% of its original levels. The period with reduced installments ends in 2021. The following table shows the maturity of the Group's financial obligations based on contractual, undiscounted cash flows:

per 31.12.2017	Less than 3 months	3 to 12 months	2 to 3 years	4 to 5 years	over 5 years	Total
Interest bearing loans	79,807	364,644	1,437,935	15,743,712	8,184,269	25,810,368
Lease obligations	41,179	129,402	363,422	409,677	2,086,397	3,030,077
Other debt			42,728	333,752		376,480
Trade accounts payable	432,089					432,089
Interest payments	279,929	960,927	2,423,325	1,603,904	856,928	6,125,014
	833,004	**1,454,973**	**4,267,410**	**18,091,044**	**11,127,595**	**35,774,027**

per 31.12.2016	Less than 3 months	3 to 12 months	2 to 3 years	4 to 5 years	over 5 years	Total
Interest bearing loans	83,045	247,649	870,070	10,538,218	2,612,004	14,350,986
Other debt				226,991		226,991
Trade accounts payable	244,643					244,643
Interest payments	125,300	428,832	1,060,419	938,744	572,232	3,125,527
	452,987	**676,481**	**1,930,489**	**11,703,954**	**3,184,236**	**17,948,147**

CAPITAL STRUCTURE AND EQUITY:
The governing principle for the Group is that the company at all times should have a solid balance sheet and liquidity reserves sufficient to support its business, future liabilities and maximize shareholder value. The past 2-3 years these principles have been very difficult to fulfill. A declining equity ratio is a consquence of lower operating margins and vessel impairments due to declining vessel valuations. Current equity ratio is also lower than desired.

	31.12.2017	31.12.2016
Total equity	4,962,935	3,455,727
Total assets	36,113,273	22,284,884
Equity ratio	14 %	16 %

FAIR VALUE:
Estimated market values of the Group's futures and option contracts denominated in currencies other than NOK are determined using the exchange rate on the accounting date. The fair value of the Group's interest- and interest / currency hedges are set at the market value at the balance sheet date based on exchange rates and interest on accounting date. Nominal value of cash and loan obligations are a reasonable estimate of the items' market. The estimated fair value of the Group's long-term debt obligations based on the interest on the balance sheet date. The fair value of shares in unlisted companies is estimated on the basis of the entity's latest financial report, focusing on the Group's share of equity, and therefore evaluation is required as a basis for estimating market values.

NOTES

INTEREST RATE RISK:
The following table shows the book value and maturity of the Group's financial instruments exposed to changes in interest rates.

Fixed rate contracts	Nominal value	Yearly regulation	Currency	Interest rate	Maturity	Value at 31.12.2017	Value at 31.12.2016
Contract 1	14,754	7,377	USD	1.98 %	02.07.2019	-140	-1,210
Contract 2	55,000	10,000	USD	0.93 %	09.04.2018	284	1,871
Contract 3	11,000	1,000	GBP	1.40 %	28.06.2018	-504	-1,795
Contract 4	41,624	5,705	USD	1.35 %	28.10.2020	32	-1,793
Contract 5	100,000	543	NOK	1.55 %	04.12.2019	-955	
Contract 6	250,000	2,187	NOK	1.88 %	04.12.2019	-4,041	
Contract 7	180,000	11,581	NOK	2.78 %	27.07.2020	-9	
Contract 8	200,000		NOK	2.31 %	29.05.2018	-1,241	
Contract 9	500,000		NOK	1.07 %	29.05.2018	-525	
						-7,099	**-2,928**

Interest- and currency swap contracts	Nominal value	Yearly regulation	Currency	Maturity	Value at 31.12.2017	Value at 31.12.2016
NOK/USD	90,000	45,000	NOK	02.07.2019	-29,110	-51,444
NOK/USD	340,425	40,050	NOK	11.02.2019	-94,233	
					-123,344	**-51,444**

FINANCING RISK:
The following table shows the total mortgage loan based on existing financing and their maturity dates as per 31.12.2017:

Loan	Drawn	Maturity interval		Interest interval		Average interest
Loan, fixed interest	8,746,991	18.06.18	10.04.31	2.81%	7.02%	4.70%
Loan, floating interest	16,176,102	28.12.18	07.03.29	1.28%	12.05%	4.20%
Bond loans	1,239,687	25.06.21	09.12.24	5.00%	5.01%	5.00%

FOREIGN CURRENCY RISK:
The following table shows the booked value of forward contracts. All active forward contracts are:

Purchase / sale currency	Value based on forward contract	Value as at 31.12.17	Value based on forward contract	Value as at 31.12.16
Currency contract NOK/USD (current)	11,785	1,897	66,251	-6,615
Currency contract NOK/USD (current)	8,243	-10,816		
Currency contract NOK/EUR (current)	4,500	432		
Total currency contracts	**24,528**	**-8,487**	**66,251**	**-6,615**

FAIR VALUE:
The following table shows the booked and fair value of financial assets and obligations.
For items that are not included in the table below fair value is considered equal to the carrying value.

Financial assets		2017		2016	
	Note	Booked value	Fair value	Booked value	Fair value
Cash at bank	5,19	1,875,482	1,875,482	1,750,450	1,750,450
Investments in shares (long-term)	11	296,329	296,329	305,080	305,080
Other current financial investments		2,613	2,613		
Other long-term financial investments		88,556	88,556	85,965	85,965
Total financial assets		**2,262,980**	**2,262,980**	**2,141,495**	**2,141,495**

Financial liabilities		2017		2016	
	Note	Booked value	Fair value	Booked value	Fair value
Short-term part of long-term debt	5	650,449	650,449	330,694	330,694
Mortgage loan with floating interest	5	16,412,928	16,289,585	11,514,882	11,463,438
Mortgage loan with fixed interest	5	8,746,991	8,724,175	2,505,410	2,502,482
Leasing obligation with floating interest	5	3,030,077	3,030,077	3,241,204	3,241,204
Total financial liabilities		**28,840,444**	**28,694,285**	**17,592,191**	**17,537,819**

NOTES

FAIR VALUE HIERARCHY:
The Group use the following hierarchy for valuation and presentation of financial instruments:

Level 1: quoted prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data

The Group's level 1 includes shares in listed companies, refer to note 11 for further details.
Level 2 includes fixed interest contracts, interest and currency swap contracts, currency contracts and mortgage debt, refer above for further details.
Level 3 includes non-registered shares, refer to note 11 for further details.

The following table show book value of financial instruments according to the hierarchy above:

		2017			2016	
Current financial assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Shares	11.687			10.188		
Total per level	**11.687**			**10.188**		
Total all levels	**11.687**			**10.188**		
Fixed interest contracts		284				
Currency swap contracts		2.329				
Total per level		**2.613**				
Total all levels	**2.613**					

		2017			2016	
Non current financial assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Shares			5.969			3.192
Total per level			**5.969**			**3.192**
Total all levels	**5.969**			**3.192**		
Fixed interest contracts		32			1.871	
Total per level		**32**			**1.871**	
Total all levels	**32**			**1.871**		

		2017			2016	
Current financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Fixed interest contracts		2,269				
Onerous contracts			35,153			
Debt to credit institutions		650,449			330,694	
Currency swap contracts		10,816			6 615	
Total per level		**663,534**	**35,153**		**337,310**	
Total all levels	**41,769**			**337,310**		

		2017			2016	
Non current financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Fixed interest contracts		5,144			4,798	
Interest- and currency swaps		123,344			51,444	
Guarantees			21,018			21,018
Onerous contracts			227,775			
Debt to credit institutions		25,159,919			14,020,292	
Leasing liability		3,030,077			3,241,204	
Total per level		**28,318,484**	**248,792**		**17,317,739**	**21,018**
Total all levels	**28,567,276**			**17,338,757**		

NOTES

ONEROUS CONTRACTS:

The Group has 6 vessels hired in on long term leases classified as operational leases. All 6 leasing agreements were originally classified as financial leases under IFRS. Due to changes in terms as a result of re-negotiations, the leases were reclassified to operational leases. Two of the reclassifications was done in the former Farstad Group prior to the merger, while the remaining four was reclassified after the merger.

Value-in-use calculations based on the terms under the amended agreements, concludes that all 6 lease agreements are onerous contracts.

Further, the Group has a long-term leasing agreement of offices in Ålesund, Norway. Due to relocation of management there is a significant excess of office space in the leased premisis. As per the end of 2017 an onerous contracts accrual of NOK 27 million is recognized for this contract.

In accordance with IAS 37 onerous contracts accruals totalling NOK 263 million, wherof NOK 35 million is classified as current liability, are included in the financial statement. NOK 84 million of the accrual relates to the pre-merger agreements.

NOTES

NOTE 5 - MORTGAGE DEBT AND OTHER LONG-TERM LIABILITIES

	2017	2016
Mortgages	25,159,919	14,020,292
Other long-term liabilities	376,480	226,991
Leasing obligations	3,030,077	3,241,204
Total long-term debt	**28,566,477**	**17,488,490**

Short-term portion of long-term debt (1st year instalment)	650,449	330,694

For maturity profile, please refer to Note 4.

Book value of pledged assets:	**2017**	**2016**
Account receivables	1,064,937	570,676
Vessels	28,025,783	14,800,819
Total booked value	**29,090,719**	**15,371,495**

The majority of the vessels are placed as security for the mortgages.

The Group's long-term debt has the following allocation as at December 31, 2017; NOK 45%, USD 50%, GBP 3% and AUD 2%. The corresponding allocation for 2016 was 45% USD, 50% NOK and 5% GBP.

The loan agreements contain covenants on Solstad Farstad ASA as borrower and guarantor.

As borrower Solstad Farstad ASA has to maintain minimum liquidity of NOK 400 million, working capital of minimum NOK 100 million and book equity of NOK 1,500 million. When calculating working capital, next 12 months installments (including baloon payments) on long term debt, to be excluded when calculating current debt.

As guarantor under former Solstad Offshore loan agreements (under Normand Maximus lease obligations) Solstad Farstad ASA to maintain minimum liquidity NOK 400 million, working capital of NOK 100 million and booked equity NOK 1,500 million.
When calculting minimum liquidity and working capital, Solship Invest 1 AS, Farstad Shipping AS and Solship Invest 3 AS to be excluded in the calculation.

Further there are free minimum liquidity covenants towards Solstad Rederi Group (NOK 200 million) and Solstad Offshore Asia Pacific (USD 9.5 million).

The market value of the vessels shall be at least 100 % of the outstanding debt.

The current Solstad Farstad Group was established through various mergers. The Group used its following subsidiaries in the mergers; Solship Invest 1 AS (Rem Offshore ASA), Farstad Shipping AS (Farstad Shipping ASA) and Solship Invest 3 AS (Deep Sea Supply Plc). On the acqusition date each of the companies had its own financing. These financing arrangements were carried forward into the new Group. The Group's funding is structured on the basis of “non-recourse” towards Solstad Farstad ASA (for the merged companies) combined with isolated cross-default provisions within each merged entity. Hence, a breach of a debt obligation within a subsidiary group may only trigger breach of debt obligations in other companies within the same group.

Each of four sub-groups have separate financial covenants related to minimum liquidity levels, minimum working capital requirements, marked value clauses towards the financed fleet and debt service cover ratio (solely for the Farstad Shipping group). In addition to the financial covenants, all loan agreements include assignment provisions related to insurance, long term charter parties as well as accounts receivables. Further, shares including in the ship owning companies, are pledged.

The Farstad Shipping AS subgroup has, as stated above a debt-service-cover-ratio covenant. This covenant shall be measured as "12 months EBITDA + Unrestricted Cash above then MNOK 200 minimum liquidity / Interests + Guarantee commission + Installments for the same 12 month period". The covenant measure shall be at least 1:1. When calculating the "12 months EBITDA" any and all "non-cash items" relating to the restructuring agreement, as it was set out in the previous Farstad Shipping ASA Group, is adjusted for. As a result of the restructuring, the refinancing and the following merger, the 2017 subgroup Farstad Shipping AS consolidated accounts are significantly charged with non-cash items and non-recurring items. These items have been adjusted for when calculating the "12 months EBITDA". Subsequent to this adjustment the subgroups debt-service-cover-ratio exceeds the 1:1 minimum level.

The company satisfies all conditions of the loan agreements at 31.12.17.

NOTES

In addition to the financial covenants the loan agreements include assignment provisions related to insurance, long term charter parties and accounts receivables. Further, shares in ship owning companies are pledged. The company satisfies all conditions of the loan agreements at 31.12.17.

Borrowing cost and interest relief:	2017	2016
Capitalized borrowing cost	143,072	87,211
Capitalized interest relief	206,486	

Borrowing cost and interest relief are presented net with the loans and is amortizised until maturity of the loan.

Other long-term liabilities:
Other long-term loans of NOK 376 million (NOK 227 million in 2016) are mainly convertible loan, sellers credit vessel, accrued bare-boat cost and prepaid TC-hire.

Solstad Farstad ASA has guaranteed for the following (NOK mill):

Normand Installer SA	177	- for financial lease of vessels
Solstad Rederi AS	7,614	- for financing of vessels
Solstad Offshore Asia Pacific Ltd	1,369	- for bare-boat rental and purchase of vessels
Normand Maximus	2,947	- for bare-boat rental

Changes in liabilities from financing activities

	1 January 2017	**Cash flows**	**Business combinations**	**Derecognition financial lease**	**Other**	**31 December 2017**
Current interest bearing liabilities	330.694	-926.959	617.025		629.689	650.449
Non-current interest bearing liabilities	17.261.497	-184.677	12.814.231	-505.009	-1.196.046	28.189.996
Total liabilities from financing activities	**17.592.191**	**-1.111.636**	**13.431.256**	**-505.009**	**-566.357**	**28.840.444**

	1 January 2016	**Cash flows**	**Business combinations**	**Refinancing**	**Other**	**31 December 2016**
Current interest bearing liabilities	2.520.002	-1.691.791	49.263	-877.473	330.694	330.694
Non-current interest bearing liabilities	8.905.838	3.849.904	3.991.843	877.473	-363.560	17.261.497
Total liabilities from financing activities	**11.425.839**	**2.158.113**	**4.041.105**		**-32.866**	**17.592.191**

The category other includes transfer from non-current liabilities to current portion and currency effects.

NOTES

NOTE 6 - LEASES

Operational lease:
Some of the Group's vessels are rented out on long-term charter parties. Revenue from these vessels is recognized as operational leases.

	31.12.2017		31.12.2016	
	Minimum payment	Present value minimum payment	Minimum payment	Present value minimum payment
Next year	3,155,873	3,078,901	1,958,400	1,910,634
Next 2-5 years	4,540,119	4,219,584	3,996,200	3,683,054
Over 5 years	768,617	655,404	1,357,200	1,146,835
Finance cost	-	510,721	-	571,277
Total minimum lease payment	**8,464,609**	**8,464,609**	**7,311,800**	**7,311,800**

Financial lease:
The Group has two vessels, one AHTS and one CSV, long term leasing agreements recognized as financial leasing agreements under IFRS.

	31.12.2017		31.12.2016	
	Minimum payment	Present value minimum payment	Minimum payment	Present value minimum payment
Next year	352,743	343,838	356,318	347,628
Next 2-5 years	1,399,541	1,276,740	1,426,250	1,308,651
Over 5 years	701,197	554,166	1,010,383	851,384
Finance cost	-	278 738	-	285,288
Total minimum lease payment	**2,453,481**	**2,453,481**	**2,792,951**	**2,792,951**

Operating lease:
The Group has 6 vessels, 2 PSV's and 4 AHTS's, on long-term leasing agreements recognized as operational leasing agreements under IFRS. All 6 vessels were originally accounted for as financial lease agreements, but due to renegotiated term derecognized as such, and recognized as operating leases. Onerous contracts are identified for the 6 vessels. For further details refer to note 4.

	31.12.2017		31.12.2016	
	Minimum payment	Present value minimum payment	Minimum payment	Present value minimum payment
Next year	124,888	121,842	-	-
Next 2-5 years	687,391	627,068	-	-
Over 5 years	727,640	611,445	-	-
Finance cost	-	179,564	-	-
Total minimum lease payment	**1,539,920**	**1,539,920**	-	-

Other lease agreements:
The Group has entered the following lease agreements:

	Yearly payment	Maturity	Extension	Adjustment of rent
Offices Skudeneshavn	6,466	2026	4 times 5 years	Consumer price and 5 years swap-rate
Offices Fosnavåg	1,612	2019		Consumer price
Offices Ålesund	14,583	2030		Consumer price
Offices Grimstad	523	2020	3 years	Consumer price
Offices Limassol	531	2019	3 years	5% from 2019
Offices Aberdeen	555	2018		Fixed for the next 2 years
Offices Singapore	2,486	2022	5 years	Fixed for the next 2 years
Offices Perth	1,072	2017		Consumer price
Offices Ukraine	142	2019	Annually	Annually
Offices Rio de Janeiro and Macae	1,204	2020		Consumer price
Workshop Husøy, Karmøy	2,835	2018		Consumer price

Future minimum payments of lease agreements:	
During the next year	31,228
In next 2-5 years	95,737
Beyond 5 years	114,842
Total minimum lease payments	**241,808**

NOTES

NOTE 7 – FINANCIAL ITEMS

Financial items	2017	2016
Interest expense	-1,129,583	-526,627
Interest income	10,216	7,400
Currency loss	-1,112,441	-837,014
Currency gain	1,288,152	1,127,616
Income from investment in associated companies	30,866	-2,481
Loss sale shares in Joint Ventures	-148,653	-
Gain financial derivatives	64,487	54,240
Loss financial derivatives	-23,863	-33,756
Gain purchase of receivables	-	171,330
Other financial income/ -expense (-)	-36,101	-39,746
Net financial items	**-1,024,620**	**-79,037**

Currency gain and -loss is mainly relating unrealized currency gain and -loss on assets and liabilities in foreign currency, change in currency rates in the period from posting of invoices and actual timing of payments and realised currency gain and -loss related to refinancing og loan.

NOTE 8 - OTHER INCOME, OTHER EXPENSES, WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

Other operating income:	2017	2016
Management fees	10,968	8,004
Victualling	69,449	48,702
Rental of personnel and equipment	70,249	57,063
Total other operating income	**150,666**	**113,768**

Other operating expenses:	2017	2016
Technical cost	394,427	196,797
Bunkers and lube oil	90,106	65,448
Insurance	82,450	53,605
IT, communications and other costs	488,404	344,209
Total other operating expense	**1,055,386**	**660,060**

Wages and personnel costs:	2017	2016
Employees, vessels	1,561,730	838,700
Employees, administration	258,776	154,272
Total employee cost	**1,820,506**	**992,972**

Wages and employee cost:	2017	2016
Wages	1,371,773	779,545
Social security	163,725	80,801
Pension costs	35,479	27,592
Other benefits	87,483	24,994
Travelling costs, courses and other personnel costs	162,045	80,040
Total employee cost	**1 820,506**	**992,972**

Average number of employees	**2,022**	**1,048**

NOTES

REMUNERATION TO DIRECTORS, MANAGING DIRECTOR AND AUDITORS

Charged cost during the year 2017	Director's fee	Wages	Other benefits	Pension cost
Lars Peder Solstad (CEO)		2,480	153	78
Sven Stakkestad (Deputy CEO)		1,796	100	170
Anders Hall Jomaas (CFO) *		658	4	25
Hans Knut Skår (EVP Subsea Construction)		1,428	83	78
Kenneth Lande (EVP AHTS & PSV Strategic regions)		1,460	11	86
Jon Are Gummedal (EVP AHTS & PSV International) *		993	4	26
Tor Inge Dale (COO)		1,510	11	80
		10,325	**365**	**543**
2016				
Lars Peder Solstad (CEO)	6	2,087	153	73
Sven Stakkestad (Deputy CEO)	6	2,407	120	169
Eivind Kvilhaug (CFO)		1,888	11	75
Hans Knut Skår (Chartering Director)		1,576	118	73
Tor Inge Dale (COO)		1,443	11	75
	12	**9,400**	**414**	**465**

* hired during 2017

There are no distinctive agreements regarding remuneration for the Chairman of the Board and neither are there any distinctive bonus or option programmes for any Board Member or Group Management. No loans have been given to the company management. The Chief Executive Officer has an agreement securing 12 months salary.

Board of Directors:	Directors fee
Terje Vareberg	341
Toril Eidesvik	210
Frank O. Reite	131
Ellen Solstad	131
Anders Onarheim	158
Anette Solstad	26
Ketil Lenning	26

Auditors EY	2017	2016
Audit - statutory accounts	5,113	2,981
Other attestation services	687	19
Tax related services	6,335	3,937
Other services	782	852
Total	**12,916**	**7,789**

Audit fees relates to statutory audit of accounts. Fee for tax advice is mainly assistance related to tax reporting to authorities in other countries. For 2017 and 2016 these services are mainly realted to crew, and hence, they are viewed as compliance services.Auditor-related services include consultancy, reports and assistance on accounting matters.

NOTE 9 - GOVERNMENT GRANTS

Government grants	2017	2016
Net pay scheme at NOR-vessels	144,384	67,906
Governments grants to reduction of payroll expenses	**144,384**	**67,906**

NOTES

NOTE 10 - SHARES IN SUBSIDARIES

The Group accounts consists of the financial statements of Solstad Farstad ASA and the following subsidiaries.

Name of Entity:	Country of incorporation:	Ownership held by the Group 2017	2016
Ownership through direct interest:			
Solstad Management AS	Norway	100 %	100 %
Solstad Shipping AS	Norway	100 %	100 %
Solstad Rederi AS	Norway	100 %	100 %
Normand Drift AS	Norway	100 %	100 %
Solstad Operations AS	Norway	100 %	100 %
Trym Titan AS	Norway	100 %	100 %
Normand Skarven AS	Norway	100 %	100 %
Solstad Brasil AS	Norway	100 %	100 %
Normand Vision AS *	Norway	0 %	100 %
Normand Vision Chartering AS	Norway	100 %	100 %
Solstad Mexico AS	Mexico	100 %	100 %
Solstad Offshore (UK) LTD	UK	100 %	100 %
Normand Maximus Limited	UK	100 %	100 %
Solstad Offshore Asia Pacific Pte Ltd	Singapore	100 %	100 %
Solstad Offshore Asia Pacific Labuan Ltd	Labuan	100 %	100 %
Solship AS	Norway	100 %	100 %
Solship Invest 1 AS	Norway	100 %	100 %
Farstad Shipping AS	Norway	100 %	
Solship Invest 3 AS	Norway	100 %	
Ownership through Solstad Rederi AS:			
Normand Flower AS	Norway	100 %	100 %
Ownership through Solstad Offshore (UK) LTD:			
Solstad Cable (UK) LTD	UK	100 %	100 %
Solstad Offshore Service Vessel (UK) LTD	UK	100 %	100 %
PIOPRO (UK) Ltd	UK	100 %	100 %
Ownership through Solstad Offshore Service Vessel (UK) LTD and PIOPRO (UK) Ltd:			
Pioneer Offshore LP	UK	100 %	100 %
Progress Offshore LP	UK	100 %	100 %
Pioneer Offshore Ltd	UK	100 %	100 %
Progress Offshore Ltd	UK	100 %	100 %
Ownership through Normand Maximus Limited:			
Normand Maximus Operations Limited	UK	100 %	100 %
Ownership through Solstad Offshore Asia Pacific Pte Ltd:			
Solstad Offshore Pty Ltd	Australia	100 %	100 %
Solstad Offshore Singapore Pte Ltd	Singapore	100 %	100 %
Solstad Offshore Crewing Services Pte	Singapore	100 %	100 %
Nor Offshore Labuan Pte Ltd	Labuan	100 %	100 %
Norce Offshore Pte Ltd	Singapore	100 %	100 %
Ownership through Norce Offshore Pte Ltd:			
Norce Offshore Pty Ltd	Australia	100 %	100 %
Norce Offshore Thailand Ltd	Thailand	49.5 %	49.5 %
Ownership through Solstad Brasil AS:			
Solstad Offshore Ltda	Brazil	100 %	100 %
Ownership through Solstad Offshore Ltda:			
Solstad Servicos Maritimos Ltda	Brazil	100 %	100 %
Ownership through Solship Invest 1 AS:			
Solstad Maritime AS	Norway	100 %	100 %
SOFO Tonjer AS	Norway	100 %	100 %
SOFO Falnes AS	Norway	100 %	96 %
SOFO Skude AS	Norway	100 %	93.5 %
Rem Ship AS	Norway	100 %	100 %
Rem Supply AS	Norway	73.34 %	73.34 %
Rem Crewing AS	Norway	100 %	100 %
Rem Star AS	Norway	100 %	100 %
Rem Norway AS	Norway	100 %	100 %

NOTES

Name of Entity:	Country of incorporation:	Ownership held by the Group 2017	2016
Ownership through Rem Ship AS and Solship Invest 1 AS:			
SOFO Tonjer IS	Norway	56 %	56 %
Ownership through Farstad Shipping AS:			
Farstad Offshore AS	Norway	100 %	
Farstad Supply AS	Norway	100 %	
Farstad Marine AS	Norway	100 %	
Farstad Construction AS	Norway	100 %	
Farstad Shipping Pte Ltd	Singapore	100 %	
Farstad Subsea AS	Norway	100 %	
Farstad Shipping Aalesund AS	Norway	100 %	
Farstad Shipping Ltd	UK (Scotland)	100 %	
Farstad Brasil AS	Norway	100 %	
Farstad Australia AS	Norway	100 %	
Ownership through Farstad Supply AS:			
Farstad International AS	**Norway**	**100 %**	
Ownership through Farstad Supply AS (50 %) and Farstad International AS (50 %):			
Partrederiet International Offshore Services ANS Norway	**100 %**		
Ownership through Farstad Shipping Pte Ltd:			
Farstad Shipping Crewing Services Pte Ltd	Singapore	100 %	
Ownership through Farstad Subsea AS:			
Far Superior AS	Norway	100 %	
Farstad Africa AS	Norway	100 %	
Ownership through Farstad Brasil AS:			
Farstad Shipping Ltda	Brasil	100 %	
Ownership through Farstad Shipping AS (10 %) and Farstad Brasil AS (90 %):			
Farstad do Brasil Navegação Ltda	**Brasil**	**100 %**	
Ownership through Farstad Australia AS:			
Farstad Shipping Pty Ltd	Australia	100 %	
Ownership through Farstad Shipping Pty Ltd:			
Farstad Shipping Offshore Simulator Center Pty Ltd	Australia	100 %	
Ownership through Solship Invest 3 AS:			
Deep Sea Supply Management AS	Norway	100 %	
Deep Sea Supply Management (Cyprus) Ltd	Cyprus	100 %	
Deep Sea Supply Management (Singapore) PTE Ltd	Singapore	100 %	
DESS Invest Ltd	Cyprus	100 %	
DESS Cyprus Ltd	Cyprus	100 %	
DESS PSV Ltd	Cyprus	100 %	
DESS Finance Ltd	Cyprus	100 %	
DESS PSV II Ltd	Cyprus	100 %	
DESS PSV III Ltd	Cyprus	100 %	
DESS PSV IV Ltd	Cyprus	100 %	
Deep Sea Supply Serviços Marítimos Ltda	Brazil	100 %	
Deep Sea Supply Shipowning AS	Norway	100 %	
Deep Sea Supply AS	Norway	100 %	
DESS Aquaculture Shipping AS	Norway	50 %	
Ownership through Deep Sea Supply Management AS:			
Deep Sea Supply Navegação Marítima Ltda.	Brazil	100 %	
Ownership through DESS Invest Ltd:			
DESS Labuan Ltd	Malaysia	100 %	
DESS Labuan II Ltd	Malaysia	100 %	
DESS Sea Supply Management (Malaysia) SDN. BHD.	Malaysia	100 %	
Deep Sea Supply Crew (Ukraine) Ltd	Ukraine	100 %	
Ownership through Deep Sea Supply AS:			
Deep Sea Supply Shipowning I AS	Norway	100 %	
Deep Sea Supply Shipowning II AS	Norway	100 %	
Deep Sea Supply Shipowning III AS	Norway	100 %	
Ownership through DESS Aquaculture Shipping AS:			
DESS Aqua I AS	Norway	50 %	
DESS Aqua II AS	Norway	50 %	
DESS Aqua III AS	Norway	50 %	
DESS Aqua Crew AS	Norway	50 %	

*Normand Vision AS was merged with Solstad Rederi AS, 1st January 2017.
Solstad Offshore ASA has ultimate control of all the listed companies.

NOTES

NOTE 11 - SHARES IN JOINT VENTURES, ASSOCIATED COMPANIES AND OTHER INVESTMENTS

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

		Place of Business	Owner-ship	Date of Financial statement
Deep Well AS (DWAS)	AC	Karmøy	22%*	31.12.2017
Solstad Offshore Crewing Services Philippines (SOCS)	AC	Manilla, Philippines	25%	31.12.2017
Maximus Limited (MAXL)	AC	George Town, Cayman Islands	25%	31.12.2017
Normand Installer SA (NISA)	JV	Marly, Sveits	50%	31.12.2017
DESS Aquaculture Shipping AS (AQUA)	JV	Grimstad	50%	31.12.2017
PT Meratus Solstad Offshore (PTSO)	JV	Jakarta, Indonesia	0%**	31.12.2016
Normand Oceanic AS (NOCE)	JV	Karmøy	0%***	31.12.2016
Normand Oceanic Chartering AS (NOCH)	JV	Karmøy	0%***	31.12.2016

* sold i 2018
** sold in 2016
*** sold in 2017

Normand Installer SA owns one contruction service vessel hired on time charter to a company associated with the other part of the joint venture.
DESS Aquaculture Shipping AS is engaged to build, own and operate aquaculture vessels.
Solstad Offshore Crewing Services Philippines deliver crewing services to the Group.
Maximus Limited is the legal owner of the vessel Normand Maximus which the Group has on financial lease.

All the above investments are strategic for the Group.

Deep Well AS performs well intervention services.

Joint ventures			**2017**		
	NISA	NOCE	NOCH	AQUA	Sum
Cost price 01.01.	1,631	173,808	23	-	175,463
Acc result and adjustments	**145,227**	**84,188**	**3,931**	**-**	**233,347**
Book value 01.01.	146,859	257,996	3,954	-	408,809
Share of result	3,961	-113,206	-92	-1,886	-111,222
Other adjustments	-22	-144,790	-3,863	122,875	-25,800
Book value 31.12.	**150,798**	**-**	**-**	**120,989**	**271,787**
Balance sheet:					
Bank deposits and cash equivalents	40,222			97 193	137,415
Current assets	21,626			5 362	26,988
Long-term assets	423,953			140 346	565,299
Financial liabilities	-65,640				-65,640
Short-term liablilities	-87,090			-922	-88,012
Long-term financial liabilities	-287,175				-287,175
Other long-term liabilities					
Net assets	**45,895**			**241 978**	**287,874**
Share of balance sheet:	**22,948**			**120 989**	**143,937**
Revenues and profit:					
Revenues	121,382	83,430	16,545	-	221,358
Operating expense	-73,721	-10,071	-16,546	- 3,863	-104,201
Depreciations	- 24,647	-270,056	-	-	-294,704
Interest income	-	5	7	-	12
Financial income	-	-	-	93	93
Interest expense	-15,092	-27,207	-	-	-42,298
Financial expense	-	- 2,513	-229	-	-2,742
Result before tax	**7,923**	**- 226,412**	**-223**	**-3,771**	**-222,483**
Taxes	**-**	**-**	**39**	**-**	**39**
Result	**7 923**	**-226,412**	**-184**	**-3,771**	**-222,444**
Share of revenues and profit:	**3,961**	**-113,206**	**-92**	**-**	**-111,222**

NOTES

Joint ventures:			2016		
	NISA	NOCE	NOCH	PTSO	Sum
Cost price 01.01.	1,631	173,808	23	1,364	176,826
Acc result and adjustments	118,047	48,187	2,336	-1,364	167,206
Book value 01.01.	119,678	221,995	2,359	-	344,032
Share of result	26,544	36,004	1 592	-57	64,083
Other adjustments	636	-2	3	57	694
Book value 31.12.	**146,859**	**257,996**	**3,954**		**408,809**
Balance sheet:					
Bank deposits and cash equivalents	10,950	76,043	11,848		98,841
Current assets	21,874	15,822	16,574		54,270
Long-term assets	471,215	1,247,412	-		1,718,627
Financial liabilities	-430,061	-	-		-430,061
Short-term liablilities	-15,772	-1,097,550	-18,502		-1,131,824
Long-term financial liabilities					
Other long-term liabilities					
Net assets	**58,206**	**241,726**	**9,920**		**309,852**
Share of balance sheet:	**29,103**	**120,863**	**4,960**		**154,926**
Revenues and profit:					
Revenues	154,624	181,751	70,937	1	407,313
Operating expense	-71,500	-329	-66,658	25	-138,462
Depreciations	-9,050	-62,701			-71,752
Interest income			9		9
Financial income					
Interest expense	-17,725	-42,330	-5		-60,059
Financial expense	-3,255	-4,384	-21	-142	-7,802
Result before tax	**53,093**	**72,007**	**4,263**	**-116**	**129,247**
Taxes	**-5**		**-1,078**		**-1,083**
Result	**53,089**	**72,007**	**3,185**	**-116**	**128,164**
Share of revenues and profit:	**26,544**	**36,004**	**1,592**	**-57**	**64,083**

Associated companies:			2017	
	DWAS	SOCS	MAXL	Sum
Cost price 01.01.	19,367	385	250,853	270,605
Acc result and adjustments	**12,374**	**1,112**	**17,797**	**31,283**
Book value 01.01.	31,741	1,497	268,650	301,889
Investment				
Share of result	-11,093	576	41,842	31,325
Other adjustments		-72	-42,322	-42,395
Book value 31.12.	**20,648**	**2,001**	**268,170**	**290 819**
Share of balance sheet:				
Current assets	27,195	4,984	42,518	74,697
Long-term assets	64,387	359	747,009	811,755
Short-term liablilities	-18,662	-4,306	-11,809	-34,777
Long-term liabilities	-32,397	-3	-509,793	-542,193
Net assets	**40,523**	**1,034**	**267,924**	**309,482**
Share of revenues and profit:				
Revenues	48,003	2,672	90,769	141,444
Operating expense	-58,326	-1,873	-28,945	-89,144
Financial expense	-770	-5	-24,536	-25,311
Adjustment equity share method				
Result before tax	**-11,093**	**794**	**37,288**	**26,989**
Taxes		**-218**		**-218**
Result	**-11,093**	**576**	**37,288**	**26,771**

NOTES

Associated companies:	DWAS	SOCS	2016 MAXL	Sum
Cost price 01.01.	19,367	385		19,752
Acc result and adjustments	**21,806**	**744**		**22,551**
Book value 01.01.	41,173	1,130		42,302
Investment			250,853	250,853
Share of result	-24,623	576	6,392	-17,655
Other adjustments	15,191	-208	11,405	26,388
Book value 31.12.	**31,741**	**1,497**	**268,650**	**301,889**
Share of balance sheet:				
Current assets	14,241	4,984	39,783	59,008
Long-term assets	69,945	359	813,789	884,093
Short-term liablilities	-8,549	-4,306	-4,499	-17,353
Long-term liabilities	-24,911	-3	-580,423	-605,336
Net assets	**50,727**	**1,034**	**268,650**	**320,412**
Share of revenues and profit:				
Revenues	44,812	2,672	26,594	74,078
Operating expense	-68,178	-1,873	-7,245	-77,296
Financial expense	-1,257	-5	-12,958	-14,219
Adjustment equity share method				
Result before tax	**-24,623**	**794**	**6,392**	**-17,437**
Taxes		**-218**		**-218**
Result	**-24,623**	**576**	**6,392**	**-17,655**

Investments available for sale - long term	2017		2016	
Unlisted shares	**Share**	**Book value**	**Share**	**Book value**
Solnør Gaard Golfbane AS	6.43 %	1,665	-	-
Offshore Simulator Center	25.00 %	910	-	-
Sunnmøre Golf AS	0.94 %	203	-	-
Hafast AS	2.64 %	200	2.64 %	200
Bleivik SIM Holding AS	29.54 %	2,991	29.54 %	2,991
		5,970		**3,192**

Based on, amongst others, no board representation, the Group does not have significant influence on the above mentioned companies.

Investments available for sale - current	2017			2016		
Listed shares	Cost price	Share	Book value	Cost price	Share	Book value
Reach Subsea ASA	10,000	5.48 %	11,000	10,000	5.48 %	9,500
Team Tankers International Ltd.	5,000	0.03 %	687	5,000	0.03 %	687
			11,687			**10,187**

Investments available for sale are shares which have no fixed maturity or return.

Shares in listed companies are valued at fair value at year end. Fair value of shares in unlisted companies is based on the companies' latest financial report.

Net change in value on available for sale financial assets booked to equity through Other comprehensive income:

	2017	**2016**
Opening balance	-500	-200
Rem Offshore shares	-	200
Reach Subsea shares	1,500	-500
Ending balance	**1,000**	**-500**

Subsidiaries with significant non-controlling interests
The Group have four subsidiaries with significant non-controlling interests (NCI) as of 31th Desember 2017. Information regarding these is as follows (NOK 1,000):

Name	Country	NCI	Result allocated to NCI	Accumulated NCI	Paid dividend
2017					
SOFO Falnes AS	Norway	4 %	-1,391	-134	0
SOFO Skude AS	Norway	7 %	-1,533	-1,551	0
Rem Supply AS	Norway	27 %	-21,430	6,225	0
SOFO Tonjer IS	Norway	44 %	-6,888	27,422	0

The Group had two subsidiaries with significant non-controlling interests (NCI) as of 31th Desember 2015, which was acquired 100% as of 31th Desember 2016.

Name	Country	NCI	Result allocated to NCI	Accumulated NCI	Paid dividend
2016					
Solstad Cable UK Ltd	Scotland	0 %	5,569	0	0
Trym Titan AS	Norway	0 %	-35,236	0	0
Non-controlling interest merger:					
SOFO Falnes AS	Norway	4 %	0	-160	0
SOFO Skude AS	Norway	7 %	0	1,399	0
Rem Supply AS	Norway	27 %	0	27,655	0
SOFO Tonjer IS	Norway	44 %	0	34,310	0

Condensed financial statement	SOFO Falnes AS 2017	SOFO Skude AS 2017	Rem Supply AS 2017	SOFO Tonjer IS 2017
Non-current assets	167,735	214,382	333,327	196,166
Current assets	37,991	32,361	38,801	38,256
Total assets	**205,726**	**246,743**	**372,128**	**234,422**
Long term liabilities	245,374	241,500	339,063	171,604
Short term debt	322	7,956	9,736	495
Total liabilities	**245,696**	**249 456**	**348,799**	**172,099**
Revenue	**0**	**24,613**	**32,222**	**0**
Result after tax	**-35,871**	**-23,850**	**-80,384**	**-15,654**

Condensed financial statement	SOFO Falnes AS 2016	SOFO Skude AS 2016	Rem Supply AS 2016	SOFO Tonjer IS 2016
Non-current assets	190,681	220,947	430,917	200,710
Current assets	51,495	49,673	65,992	54,794
Total assets	**242,176**	**270,620**	**496,909**	**255,504**
Long term liabilities	173,542	241,500	339,063	171,531
Short term debt	72,733	8,252	3,131	5,944
Total liabilities	**246,275**	**249,752**	**342,194**	**177,475**
Revenue	**2,267**	**33 857**	**58,158**	**0**
Result after tax	**-131,426**	**-108,998**	**-526,351**	**-210,891**

NOTE 12 - TANGIBLE FIXED ASSETS

	Vessel	Vessel under construction	Fixtures	Total
Cost price 01.01.2017	25,528,576		123,736	25,652,312
Acc. depreciation/ write down 01.01.2017	-7,482,546		-88,815	-7,571,362
Book value 01.01.2017	18,046,030		34,921	18,080,950
Additions	38,991		32,256	71,247
Transferred	12,400		-12,400	-
Addition due to merger	15,086,794		127,489	15,214,284
Disposals	-1,533,943		-4,303	-1,538,246
Transfer to asset helt for sale	-170,419		-170,419	-
Disposal of acc. depreciations/ write downs	464,613		464,613	-

Translation adjustment	**-305,017**		**-1,612**	**-306 629**
Cost price 31.12.2017	38,657,382		265,166	38,922,548
Acc. depreciations/ write downs 31.12.2017	**-8,165,655**		**-112,298**	**-8,277,953**
Book value 31.12.2017	**30,491,727**		**152,869**	**30,644,595**
Depreciation/ write down current period	**-1,147,722**		**-23,483**	**-1,171,205**

	Vessel	Vessel under construction	Fixtures	Total
Cost price 01.01.2016	19,234,959	277,225	111,009	19,623,194
Acc. depreciation/ write down 01.01.2016	**-6,046,592**	**-**	**-81,750**	**-6,128,341**
Book value 01.01.2016	13,188,368	277,225	29,259	13,494,853
Additions	3,143,713	2,863,584	-674	6,006,624
Addition due to merger	3,400,386	-	13,505	3,413,891
Disposals	-124,211	-3,140,810	-	-3,265,021
Transfer to asset helt for sale	-181,183	-	-	-181,183
Disposal of acc. depreciations/ write downs	124,211	-	-	124,211
Translation adjustment	**54,912**	**-**	**-104**	**54,807**
Cost price 31.12.2016	25,528,576	-	123,736	25,652,312
Acc. depreciations/ write downs 31.12.2016	**-7,482,546**	**-**	**-88,815**	**-7,571,362**
Book value 31.12.2016	**18,046,030**	**-**	**34,921**	**18,080,950**
Depreciation/ write down current period	**-1,560,166**	**-**	**-7,066**	**-1,567,232**

Capitalized periodic maintenance	2017	2016
Capitalized periodic maintenance at 01.01	394,788	270,661
Additions this year	159,504	171,396
Addition due to merger	268,307	75,798
Disposal this year	-14,350	
Transfer to asset held for sale	-17,134	-12,490
Depreciation of planned periodic maintenance this year	-216,614	-108,787
Translation adjustment	-324	-1,790
Capitalized periodic maintenance at 31.12	574,177	394,788

The vessels are divided into the following main components; hull, anchor-handling-, loading- and unloading equipment, main- auxiliary engine, thruster, DP and cranes and other equipment. Assumed physical lifetime for all categories are 30 years, while estimated useful life is 20 years.

Estimation of residual value are based on marked values/ brokers values in the beginning of the year. The brokers values, sales related expenses deducted, are multiplied with a factor dependent on the vessels age. The factor is 50% for a new built, increasing to 100% for a 20 year old vessel.

Periodic maintenance is depreciated over the period until the next planned interim- and main docking takes place, respectively. The normal interval is 5 years for both interims- and main docking.

The depreciation rate for other equipment is 15-25%.

Vessels with a book value of MNOK 28,026 (MNOK 15,374 in 2016) are mortgaged for the Group's loans, see note 5.

There is no capitalized interest in 2017 (NOK 8,1 million in 2016). The applied interest rate was 3.97% in 2016.

IMPAIRMENT VALUATION OF FIXED ASSETS

Once a quarter the Group evaluate any issues that might indicate impairment of fixed assets. Throughout 2017 the Group's share value has been lower than the book value of equity. Broker valuations of the offshore fleet have also in 2017 shown a downward curve during the year. In addition the market for offshore vessels have been weak. Due to the market situation the Group has laid-up several vessels during the year. All the above are indicators for impairment.

NOTES

Impairment testing (value in use calculation) was performed in the second and fourth quarter. For all vessels where book value exceeds 65% of broker value, where broker value is set as an average of 3 acknowledged, independent brokers, value in use calculations has been prepared to evaluate the value of the asset. Each vessel is considered a separate cash generating unit. The value in use calculations are, amongst others, based on the Groups approved budgets for 2018 and forecasts for the following periods. The current market, and few sales of vessels on normal market terms, makes valuation of vessels uncertain.

The main assumptions used in the computations are charter rates, utilization, escalation of expenses, operational area, interest rate, weighted average cost of capital (WACC) and the market as general.

DISCOUNTING RATE
The discounting rate is based on a WACC for the Group. The cost of equity is derived from the 10-year interest rate for state bonds (risk-free interest rate), the Groups own market risk premium and an unlevered beta. The debt element of the discounting rate is based on the risk-free interest rate, plus the Group's average margin for secured debt, as well as a premium equivalent to the difference between risk-free interest rate and the bank's lending rates. The discounting rate is 8.36%, which is an increase from 8% in 2016.

REVENUE ASSUMPTIONS
For vessels having firm contracts, revenue is based on the current contracts. For vessels without firm contracts, and for vessels where the firm contract expires during the period, revenue is based on historical data. Both the vessels own history and average rates for comparable vessel for the last 7-10 years have been used. For the first period day rates for the PSV- and AHTS segment are set down to operational cost. From 2020 to 2023 it is assumed a gradual increase of revenue to a level which correspond to the average rates for the past 7-10 years. It is expected that the markets are normalized within 2023.

INFLATION
Escalation of revenue is expected to be marginal for the first coming years. Hence, it is used a low (<1%) or no inflation of revenue in the calculations for the first 2-3 years. Operating cost is adjusted for inflation by 2%. Inflation of revenue correspond to cost from 2021.

RESIDUAL VALUES
Estimated residual values used in the value in use calculations are set using the same principle as for the ordinally depreciations. Initially the value is set to 50% of cost price, expected cost of sale deducted, and adjusted according to changes in broker valuations. The assumption is that the broker values decline by 2,5% per year, until the vessel is 20 years old. It is assumed that the vessels are sold after 20 years in operation.

IMPAIRMENT TESTING
Based on the impairment test in the fourth quarter 20 vessels were written down by MNOK 388. Other fixed assets were written down by MNOK 6. Total impairment of the Group's fixed assets in 2017 was MNOK 395. The impairment was divided on segments as follows (remaining recoverable amount in parentheses): PSV MNOK 115 (MNOK 8,310), AHTS MNOK 139 (MNOK 8,067) and CSV MNOK 134 (MNOK 14,876).

SENSITIVITY CALCULATIONS
The sensitivity of the value in use calculations for the vessels with write-downs are analyzed by altering the key assumptions; discounting rate, cost escalation, utilization and day rates. An increase of discounting rate by 1% point and 2% points would have resulted in an additional impairment of MNOK 200 and MNOK 480, respectively. A reduction in dayrates or utilization bringing the revenue down by 3-6%, will increase the write-down by MNOK 240-480. With an inflation of cost of 5% points higher, the write-down would increase by approximately MNOK 220.

ASSET HELD FOR SALE
Agreements are entered into for sale of PSV "Far Supporter" and the AHTS's "Sea Fox", "Sea Vixen" and "Sea Stoat", with delivery in the first half of 2018. Net book value, MNOK 188, is presented as Asset held for sale in the Balance Sheet.

NOTES

NOTE 13 - INSURANCE SETTLEMENTS

In cases of damages to vessels and equipment, the Group pays for the repairs in advance. After payment of insurance excesses the Group has received the following compensation from its insurance companies:

	2017	2016
Received compensation	35,212	16,217

Advance payments are included in Other operating expenses.

During the last two years the Group has recognized Loss of Hire-revenues of MNOK 61 and MNOK 13 respectively.

NOTE 14 - SHARE CAPITAL, SHAREHOLDERS AND TREASURY SHARES

	A-shares	**B-shares**	**Share capital**	**Treasury shares**
31.12.2016	70,687,377	17,999,444	177,374	-251
Capital contributions	202,845,478	-	405,691	-
Transfer of B-shares	17,999,444	-17,999,444	-	-
Other adjustments (*)	-	-	-	-30
31.12.2017	**291,532,299**	**0**	**583,065**	**-281**
31.12.2015	38,687,377	-	77,375	-850
Capital contributions	32,000,000	17,999,444	99,999	-
Other adjustments (**)	-	-	-	-1
Sale treasury shares (300,000)	-	-	-	600
31.12.2016	**70,687,377**	**17,999,444**	**177,374**	**-251**

At 31.12.16, the Company's share capital represents 70,687,377 A-shares at NOK 2 and 17,999,444 B-shares at NOK 2.

In relation to the merger in 2017 all the B-shares is transfered to ordinary shares with equal rights. At 31.12.17, the Company's share capital represents 291,532,299 shares at NOK 2. The number of shareholders at 31.12.17 was 10,593. The Board have the power of attorney to implement a capital appreciation of up to 140,000 shares at NOK 2 for employees of the Group.

Furthermore, the Board has power of attorney to increase the share capital by MNOK 16 by issuing 8 million shares.

The Board also have the power of attorney to acquire treasury shares limited to NOK 400.000. This power of attorney is retained until the next General Meeting.

As at 31.12.2017 the Group had 140,522 treasury shares with cost price of MNOK 9,6.
As at 31.12.2016 the Group had 125,506 treasury shares with cost price of MNOK 9,6.

(*) A company within the Farstad sub-group owned shares in Solstad Offshore ASA prior to the merger.
(**) A subsidiary owned shares in Rem Offshore ASA. In connection with the merger with Rem Offshore ASA, the subsidiary received shares in Solstad Offshore ASA (treasury shares) as consideration.

NOTE 15 - EARNINGS PER SHARE

Earnings per share are calculated by dividing the Group result by the number of shares at the end of the year, adjusted for treasury shares. In 2016 the Group had a MNOK 250 loan that could be converted to 20 million share, which gave the possibility of dilution. In 2017 there are no such instruments.

	2017	**2016**
Majority result from net profit for the year	**-313,774**	**-865,554**
Number of shares at 31.12.	291,672,821	88,812,327
Treasury shares	140,522	125,506
Average number of shares to calculate earnings per share	291,532,299	88,686,821
Earnings per share (NOK)	**-1.08**	**-9.76**

NOTES

NOTE 16 - TRANSACTIONS WITH RELATED PARTIES

In addition to general management services, the Group has the following transactions with related parties:

	Income		Expenses		Receivables		Payables	
Associated company	2017	2016	2017	2016	2017	2016	2017	2016
Deep Well AS					13,542			
Maximus Limited		3,138,452						
Joint venture companies								
Normand Installer SA					7,399	4,666	8,820	
Normand Oceanic AS		3,728				4,154		
Other related parties								
Owner of offices			9,252	9,033				
Owner of workshop				24				
Ocean Yield			36,634				887,926	
Ship Finance International			34,069				651,993	

The Group's affiliation with associated parties:
Deep Well AS is an associated company in which the Group has a 22% share. Receivable is a subordinated loan.

Maximus Limited is a company in which the Group has a 25% share. The transaction is related to sale of Normand Maximus.

Normand Installer SA is a joint venture company in which the Group has a 50% share. Receivable relates to a shareholders loan. Normand Oceanic AS was a joint venture company in which the Group had a 50% share. Revenue and recievables relates to guarantee commission.

The Group rents offices and a warehouse at market price from a company controlled 100% by a related party.

The Group has two vessel on financial lease from Ocean Yield (company controlled by one of the larger shareholders).
The Group leases five vessels (four operating leases and one financial lease) from Ship Finance International (company controlled by one of the larger shareholders).
Together with Marine Harvest ASA (company controlled by one of the larger shareholders) the Group has a joint venture, DESS Aquaculture Shipping AS.

The Group also uses a workshop, controlled 100% by a related party, for repairs and conversions of the vessels.

Associated parties are considered to be Board Members (including associated companies) and the company management. There are no management agreements with associated parties outside the Group that charge management fees.

Transactions with related parties are completed at normal market prices. Interest is not calculated on outstanding balances at year end that are normal accounts receivable or accounts payable. Current assets are included in the ordinary evaluation of bad debt.

NOTE 17 - TAXES

	2017	2016
Taxes payable	12,420	12,061
Under/over accrual of tax payable	3,969	7,483
Change in deferred taxes	-1,638	-8,234
Tax on ordinary result	**14,751**	**11,309**
Apportionment of tax on ordinary result:		
Norwegian tax - ordinary	2,004	-5,499
Foreign	12,747	16,808
Total tax	**14,751**	**11,309**

NOTES

	2017	2016
Outside Shipping Tax Regime:		
Temporary differences:		
Shares/ownership (current assets)	-111,678	-108,444
Over funding of pension	-133,591	-53,845
Deferred income	-31,980	-58,388
Fixed assets/ provisions	-1,096,770	-77,245
Unrecovered loss carried forward	-2,199,270	-247,172
Total temporary differences	**-3,573,290**	**-545,094**
Tax effect of temporary differences:		
Shares/ownership (current assets)	-25,686	-26,026
Pension over funding	-30,726	-12,923
Deferred income	-7,355	-14,013
Fixed assets/provisions	-252,257	-18,539
Unrecovered loss carried forward	-505,832	-59,321
Deferred tax asset not recognised	816,179	89,668
Net deferred tax/ deferred tax asset (-)	**-5 678**	**-41,154**
Changes in deferred tax in the balance sheet:		
Opening balance deferred tax	-41,154	-37,987
Booked to profit and loss	-1,638	-3,555
Business combinations	37,117	51
Charged to equity (change pension)	-	337
Translation adjustment	-	-
End balance deferred tax/ deferred tax asset (-)	**-5,678**	**-41,154**
Payable tax in the balance sheet consist of:		
Tonnage tax	207	179
Other payable corporation tax	67,127	48,708
Total payable tax in the balance sheet	**67,335**	**48,886**

Tonnage tax is classified as operational expense.

Analysis of effective tax rate:		
23% of pre-tax result (24% in 2016)	-79,264	-203,800
Effect of deferred tax asset not recognised	726,510	89,668
Differential in tax rates foreign entities	1,554	2,207
Permanent differences/ Shipping Tax Regime	-634,049	123,234
Estimated tax	**14 751**	**11,309**

Deferred tax asset is based on a tax rate of 23% (24% in 2016).

The Group's tonnage taxed companies has no firm plans to exit the new tonnage tax regime.

Deferred tax on deviating values in associated companies with foreign partnerships has been included in the Group accounts. Further, deferred tax is calculated on scenarios where a future realization will lead to a tax liability.

Deferred tax assets from losses carried forward are recognized under the assumption that companies under the ordinary tax regime will have taxable income in the future. This taxable income is related to ordinary income, gain from sale of fixed assets and taxable financial income.

The Group has an international business. The taxable treatment of transactions, operations and structures in foreign countries may be challenged by local tax authorities, and may result in future tax obligations. Contingent liabilities are recognized in the accounts if they are more likely than not to occur. At the end of the year there are no issues that may lead to taxes in foreign countries for which no specific provision has been booked.

The accounts reflect the Groups best estimate for contingent liabilities at the end of the year.

NOTES

NOTE 18 - PENSION

The Group has defined benefit pension plans for seafaring personnel in Norway and United Kingdom, and for some of the administrative personnel. The pension plans are insurance based. As at December 31, 2017, there are 1,215 actives and 323 pensioners that are members of the pension plans.

The Group has a contribution plan for the majority of administrative staff. At December 31, 2017 the plan had 79 members.

The following assumptions are used:	**UK 2017**	**2017**	**2016**
Discounted interest	2.40 %	2.30 %	2.60 %
Expected return		2.30 %	2.60 %
Regulation of salaries	4.10 %	2.50 %	2.50 %
Regulation of base amount		2.25 %	2.25 %
Regulation of pension	3.50 %	2.25 %	2.25 %

Changes in pension obligation:	**2017**	**2016**
Estimated liability at beginning of the year	303,943	253,370
Interest expense	10,306	6,666
Annual pension earnings	27,168	19,643
Curtailment / settlement	-	-1,546
Payroll tax of employer contribution, assets	-3,520	-1,825
Benefits paid	-13,153	-11,803
Actuarial (gain)/ loss on the obligation	16,360	-10,388
Addition due to merger	320,649	49,826
Estimated liability at year end	**661,754**	**303,943**

Changes in plan assets:	**2017**	**2016**
Opening value of plan assets	240,452	202,698
Expected return	11,609	5,130
Curtailment / settlement	-	-1,117
Payroll tax of employer contribution, assets	-2,954	-1,825
Contributions by employer	34,631	14,771
Benefits paid	-19,453	-11,803
Actuarial gain/ (loss)	-10,847	-8,985
Addition due to merger	287,474	41,583
Estimated plan assets at year end	**540,912**	**240,452**

Expected contribution by employer in 2018 is NOK 38,4 million.

Net plan assets/liabilities:	**2017**	**2016**
Pension liabilities	661,754	303,943
Plan assets	540,912	240,452
Net plan assets/ (liabilities) incl sosial security	**-120,842**	**-63,490**
Social security	-14,530	-7,846

Pension cost:	**2017**	**2016**
Present value of pension obligation	21,641	16,852
Interest expense on obligation	10,306	6,666
Expected return on plan assets	-11,609	-5,130
Administration expense	668	324
Changes in assumptions charged	-	-436
Social security	2,978	2 473
Pension cost	**23,984**	**20,750**
Payments on contribution plan	14,473	9,316
Total pension cost	**38,457**	**30,065**
Actual return on plan assets	762	-3,855

Actuarial gain and loss (-)	2017	2016
Total actuarial gain/ loss	-27,207	1,403
Actuarial gain/ loss opening balance merger	-	-8,242
Tax effect	-1,211	337
Actuarial gain/ loss booked in Other comprehensive income	**-34,239**	**1,066**

Percentage composition of pension funds:	UK 2017	2017	2016
Equities	12.0 %	10.9 %	6.7 %
Alternative investments		0.0 %	0.0 %
Bonds	94.0 %	13.2 %	12.2 %
Money market *	-7.0 %	14.0 %	23.6 %
Hold to maturity bonds		27.2 %	31.7 %
Loans and receivables		23.3 %	18.1 %
Real estate	1.0 %	10.0 %	7.4 %
Other		1.4 %	0.3 %

* Negative because of a large amount under sale and repurchase contracts
Pension liability for 2016 and 2017 is based on table K2013 for Norway and S2IA for UK.

Individual pension agreements
From the merger with Farstad the Group has an individual pension obligation for four former employees and one former Chairman of the Board. A total liability of NOK 13.9 million is included in the net liability above.

Plan assets are invested in a wide portfolio by an external insurance company. The insurance company is responsible for total administration of the pension plan.

For both years the "Norwegian Covered Bonds Market"-interest rate is used as basis for determination of the discounting rate.

NOTE 19 - BANK DEPOSITS

The Group's restricted deposits for employee tax withheld is NOK 35 million (NOK 18 million).
In addition a total of NOK 100 million (zero) of deposits are pledged as per December 31, 2017.

The group has two Commercial Interest Reference Rate (CIRR) loans from the Norwegian Export Credit Agency.
The maturity of the loans is in 2020, and the cash proceeds from the loans are deposited in a fixed deposit account with a Norwegian bank earning a higher interest rate than the interest payable under loans. The agreed period of the deposits is identical with the one of the loans. The loans and the interest thereof are repaid from the deposit accounts and the difference has been recognised as deferred gain and is amortised over the period of the life of the deposit. Both the loan and the deposit is denominated in NOK.

The balance of the CIRR loan and CIRR deposit as at December 31, 2017 is NOK 81.5 million.

NOTE 20 - ENVIRONMENTAL CONDITIONS

All of the company's vessels comply with current environmental requirements. In 2017, none of the company's vessels had conditions imposed on them for upgrading or improving technical equipment or any other measures necessary tosatisfy current environmental standards.

The company's HSE and ISPS system complies with international regulations (IMO's International Safety Management Code).
All vessels and our administration hold ISM certification from Det Norske Veritas or relevant Flag State. The company's Quality Assurance system is certified in accordance to NS-EN ISO 9001:2000.

NOTES

NOTE 21 - PAID OUT AND PROPOSED DIVIDEND

Approved and paid out during the year:	2017	2016	2015
Ordinary dividend	-	-	135 406

Proposed dividend at general meeting:	2017	2016	2015
Ordinary dividend	-	-	-
Per share (NOK)	0.00	0.00	0.00

NOTE 22 - OTHER LONG-TERM ASSETS

	2017	2016
Sellers credit	20,457	21,492
Loan to associated companies	13,542	-
Loan to other companies	1,320	1,574
Other receivables	53,205	61,028
Total other long-term assets	**88,524**	**84,094**

The loans are secured convertible loans.
Interest rate for other companies during 2017 has been 2.2%.

NOTE 23 - ACCOUNTS RECEIVABLE AND OTHER SHORT-TERM RECEIVABLES

	2017	2016
Accounts receivable	993,492	562,015
Receivable from associated and joint venture companies	71,445	8,661
Total accounts receivable	**1,064,937**	**570,676**
Prepaid expenses	12,120	10,137
VAT raceivable	3,741	8,386
Other short-term receivables	434,628	347,066
Receivable from associated and joint venture companies	4,090	4,539
Total short-term receivables	**454,580**	**370,031**

Other short-term receivables are mainly refundable insurance claims, accrued revenue and prepaid docking expenses.

NOTE 24 - STOCK

Stock consists of provisions, bunkers and lube oil on the Group's vessels:

	2017	2016
Bunkers	166,860	51,170
Lube oil	21,860	17,348
Provisions	5,299	4,602
Other	25,248	-
Total stock	**219,267**	**73,120**

NOTE 25 - OTHER CURRENT LIABILITIES

	2017	2016
Accrued salary and VAT payable	227,864	104,112
Other current liabilities	498,569	271,238
Total short-term liabilities	**726,434**	**375,350**

Other current liabilities consist mainly of accrued interests and provision for planned periodic maintenance at year end.

NOTES

NOTE 26 - BUSINESS COMBINATIONS

On 22 June 2017 (acquisition date) the Group acquired control of assets equivalent to 100% of Farstad Shipping ASA and Deep Sea Supply Plc through mergers with Solship Invest 2 AS and Solship Invest 3 AS, respectively. Offshore shipping was the core business for both aquired companies. The mergers were a part of the consolidation in the offshore shipping industry. As a result of the down-turn in the oil and gas sector, the business is affected by overcapacity of vessels, lower revenues and high debt.

"The acqusition method" is used for the purchase. The profit share for the period 22 to 30 June 2017 is considered to be immaterial to the consolidated result for Solstad Farstad ASA, and is thus not included.

A gain on business combinations of MNOK 1,540 has been recognized due to conclusion of a purchase on favourable terms. Assets and liabilities recognized in the acquired companies were reviewed and valued in the process of allocating the purchase price. Valuation of the vessels was the single most significant part of this allocation. For calculation of fair value of the vessels, cash flow calculations, combined with experience from the business, and historic knowledge and expectaions for the future, formed the basis. The major factor for concluding on a purchase on favourable terms is that companies being in a distressed financial position.

The acquired companies contributed revenues of MNOK 1,400 and result before taxes of MNOK -815.
If the acqusition had taken place at the beginning of the year, the ordinary result before taxes for 2017 would have been MNOK 471 higher and net freight revenues MNOK 1,328 higher. Result before taxes includes a MNOK 1,740 gain relating to convertion of debt to equity in Farstad Shipping ASA.

Fair value of identifiable assets and liabilities at the date of acquisition was (in NOK 1,000):

	Fair value	Book value
Vessels	15,497,175	16,942,683
Intangible fixed assets	492,782	0
Other fixed assets	121,932	121,932
Current assets	811,925	811,925
Cash	935,225	935,225
Current liabilities	-1,457,818	-1,432,636
Non-current debt and liabilities	-13,142,713	-13,142,713
Net assets	**3,258,508**	**4,236,416**
Day-one-gain from business combination	1,540,000	
Net acquisition cost	**1,718,508**	

Total acquisition cost of NOK 1,718 million was settled by issue of consideration shares in Solstad Farstad ASA.

On 9 December 2016 (acqusition date) the Group acquired control of assets equivalent to 100% of Rem Offshore ASA, through a merger between Solship Invest 1 AS and Rem Offshore ASA. The purchase method is used for the acquisition. The profit share for the period 9 to 31 December 2016 is considered to be immaterial to the consolidated result for Solstad Farstad ASA, and is thus not included. Total transaction cost related to the business combination was MNOK 18.

If the acquisition had taken place at the beginning of the year, the ordinary result before taxes for 2016 would have been MNOK 147 lower and net freight revenues MNOK 759 higher.

Fair value of identifiable assets and liabilities at the date of acquisition was:

	Fair value	Book value
Vessels	3,476,154	3,535,000
Other fixed assets	74,708	13,705
Current assets	167,852	167,852
Cash	773,011	773,011
Current liabilities	181,806	181,806
Non-current debt and liabilities	4,010,497	4,010,497
Net assets	**299,423**	**297,265**
Net acquisition cost	**299,423**	

The excess value of MNOK 2 is allocated to a long-term contract for one of the acquired vessels, and is included in Other fixed assets. Total acquisition cost of MNOK 299 was settled by issue of consideration shares (Class A shares and Class B shares) in Solstad Offshore ASA.

NOTES

NOTE 27 - CONTINGENT LIABILITIES, ASSETS AND PROVISIONS

Claims in Brazil
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, Deep Sea Supply Navegacão Ltda and Solstad Offshore 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. Fines have been cancelled and reduced with approximately MNOK 80. Part of the accruals have been reversed in 4. quarter 2017 with MNOK 19.8 against vessels operating cost and MNOK 0.3 against administration cost. No further accruals were made for new cases during 2017. The potential claims in all cases can be approximately MNOK 350.

Based on an individual assessment of each case the Group accrue for potential claims the provision is MNOK 26.8. Legal fees are expensed as incurred.

NOTES

NOTE 28 - DEFERRED INCOME AND EXCESS VALUES CONTRACTS

Deferred income
Deferred income of MNOK 63 (MNOK 194 in 2016) consists mainly of advance invoiced freight revenue for 2 (5 in 2016) of the Group's vessels.

One of the group's long-term TC contracts were renegotiated in 2016. It was agreed reduced day rates in exchange for payment of bank guarantees. The cash payment is recognized lineary over the remaining part of the contract. At the end of the year, the remaining deferred income, included in the above amount, was MNOK 32 (MNOK 53 in 2016).

Excess values contracts
As a part of the purchase price allocation from the mergers of Rem Offshore, Farstad Shipping and Deep Sea Supply, long-term charter contracts with excess values, contracted versus current market day rates, were identified.
The excess values are classified as intangble fixed assets, and are amortised over the remaining duration of each charter contract.

Total value allocated as excess value	553,786
Amortised in 2017	-146,894
Book value as per 31.12.2017	**406,892**

The amortization is recognized as a reduction to Freight Income. At the end of 2017 the future amotization schedule is:

	2018	**2019**	**2020**	**2021**
	117,157	116,409	115,713	57,613

NOTE 29 - SUBSEQUENT EVENTS

After the end of 2017 the Group has entered into a sales agreement with Nord Well AS for it's investement in the associated company Deep Well AS (ref also note 11). Book value of the shares is MNOK 20.6. while the Group's cost price is MNOK 32.4. The sales price corresponds maximum to the cost price of the investment. The proceeds from the sale will not be available until an Exit for the Company occurs. An Exit is amongst others, dissolution of the Company, sale of the majority of the Company's assets or sale of the shares in the Company.

As per March 31, 2018 one of the subgroups under Solstad Farstad ASA, Solship Invest 3 AS, has agreed a standstill with the banks to avoid a breach of the minimum cash requirement under the loan covenants. As the standstill agreement is for a period less than 12 months, the non-current liabilities will be reclassified and recognized as non-current liabilities at March 31, 2018.

Had the above stated situation been present at December 31, 2017, the effect on the Statement of Financial position would have been:

	Reported	Adjusted
Non-current debt to credit institutions	25,159,919	20,668,892
Current interest bearing liabilities	650,449	5,141,476

In a bond holder meeting for the bond loan SOFF 04 held on March 27, 2018, it was decided to change the Cross default clause of the bond loan to clarify that the cross default provision in the bond loan only applies to the other debts of the issuer itself (Solstad Farstad ASA) and to other companies within the Group which the issuer has guaranteed from time to time.

NOTES

As per March 31, 2018 it is likely that one of the subgroups under Solstad Farstad ASA, Farstad Shipping AS, is not able to fulfill a debt-service-cover-ratio covenant (refer to note 5 for further details). This covenant is dependent on an EBITDA calculation, hence it can not be precisely measured until the subgroup's accounts for Q1 2018 have been finalized. However, current estimates indicate that a breach is present. A breach may result in a reclassification of the subgroup's non-current liabilities to current liabilities, until the subgroup is back in compliance with the financial covenant or until the covenant is unconditionally waived for a period of at least 12 months or amendend in agreement with the Financial Creditors.

Had the above stated situation been present at December 31, 2017, the effect on the Statement of Financial position would have been:

	Reported	Adjusted
Non-current debt to credit institutions	25,159,919	17,883,248
Current interest bearing liabilities	650,449	8,124,120

In April 2018 the Group has, through its 50% owned company DESS Aquaculture Shipping AS, entered into agreements to build additional two wellsboats and three service vessels to be used in the Aqua Culture segment. The vessels have been granted 7 years and 10 years charter contracts, respectively.

In April 2018 the Group sold the AHTS Sea Badger built in 2011. Furthermore, the three AHTS vessels Sea Fox, Sea Vixen and Sea Stoat (held for sale at December 31, 2017) were delivered to the new owner. The sales will have a limited effect on the consolidated accounts in Q2 2018.

CORPORATE ACCOUNTS

FOR

SOLSTAD FARSTAD ASA (PARENT COMPANY)

PROFIT AND LOSS ACCOUNT

1.1 - 31.12

PARENT COMPANY (NOK 1,000)	NOTE	2017	2016
Other operating income		2,064	2,289
Total operating income		**2,064**	**2,289**
Personnel costs	4	-7,183	-7,453
Other operating expenses	4	-14,980	-25,177
Total operating costs		**-22,163**	**-32,630**
Operating loss		**-20,099**	**-30,341**
Interest income from companies in the Group		21,314	33,499
Other interest income		969	696
Other financial income	5	51,619	1,119,801
Interest costs from companies in the Group		-2,355	-1,120
Other interest charges		-67,423	-67,520
Other financial charges	5	-1,119,889	-1,675,032
Net financial items		**-1,115,764**	**-589,675**
Ordinary result before taxes		**-1,135,863**	**-620,017**
Tax on ordinary result	10	-694	-
Net result for the year		**-1,136,557**	**-620,017**
Transfers and disposable income			
Transfer from other equity	11	-1 136 557	-620 017
Total transfers and disposable income		-1 136 557	-620 017

BALANCE SHEET

PARENT COMPANY (NOK 1,000)	NOTE	31.12.2017	31.12.2016
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax asset	10	-	694
Financial fixed assets			
Investments in subsidiaries	6	5,146,725	3,675,674
Loan to companies in the Group	9	645,790	289,963
Investment in jointly-owned companies	7	25,038	198,870
Loan to jointly-owned companies	7	7,399	-
Investment in associated companies	7	32,418	32,418
Other long-term receivables	8	13,542	-
Total financial fixed assets		**5,870,911**	**4,196,925**
Total fixed assets		**5,870,911**	**4,197,618**
Current assets			
Receivables			
Other short-term receivables	9	16,284	60,723
Bank deposits and cash equivalents		197,845	516,403
Total current assets		**214,130**	**577,125**
TOTAL ASSETS		**6,085,041**	**4,774,744**

BALANCE SHEET

PARENT COMPANY (NOK 1 000)	NOTE	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (291 532 299 at 2,-)		583,065	177,374
Treasury shares		-250	-251
Share premium		1,497,184	112,367
Other paid-in capital		1,000,755	622,755
Total restricted equity	**11**	**3,080,754**	**912,244**
Earned equity			
Other equity	11	1,276,186	2,528,683
Total earned equity		**1,276,186**	**2,528,683**
Total equity	**11,12**	**4,356,940**	**3,440,927**
Liabilities			
Provisions			
Other provisions	16	21,018	21,018
Other long-term liabilities			
Debt Group companies	9	63,928	60,624
Bond Loan	17	1,039,421	1,006,410
Other long term liabilities	17	104,519	234,381
Total long-term liabilities		**1,207,868**	**1,301,415**
Current liabilities			
Accounts payable	9	18,554	5,731
Group contribution	9	478,569	3,000
Other current liabilities		2,092	2,653
Total current liabilities		**499,215**	**11,384**
Total liabilities		**1,728,101**	**1,333,816**
TOTAL EQUITY AND LIABILITIES		**6,085,041**	**4,774,744**

Skudeneshavn 16. April 2018

Terje Vareberg
Chairman

Ellen Solstad
Director

Toril Eidesvik
Director

Frank O. Reite
Director

Merete Haugli
Director

Harald Thorstein
Director

Lars Peder Solstad
CEO

STATEMENT OF CASH FLOW

1.1 - 31.12

CASH FLOW FROM OPERATIONS (NOK 1 000)		2017	2016
Profit/loss before taxes		**-1,135,863**	**-620,017**
Write-down of financial assets		1,119,708	1,571,250
Unrealised currency gain/loss		16,811	-107,776
Change in short-term receivables/payables		12,822	3,275
Change in other accruals		40,878	-4,739
Net cash flow from operations	**(A)**	**54,356**	**841,994**
CASH FLOW FROM INVESTMENTS			
Investments in shares		-219,850	-942,968
Payment of long-term receivables		-388,391	656,889
Disposal of shares			25,000
Net cash flow from investments	**(B)**	**-608,241**	**-261,079**
CASH FLOW FROM FINANCING			
Emisjoner		200,000	311,683
Payment of dividends		-	-
Purchase and sale of treasury shares		-	4,501
Bank overdraft		-	-75,552
New/ repayment of (-) long-term debt		35,327	-395,368
Net cash flow from financing	**(C)**	**235,327**	**-154,737**
Net change in cash and cash equivalents	**(A+B+C)**	**-318,557**	**426,178**
Cash and cash equivalents at 01.01		516,403	90,225
Cash and cash equivalents at 31.12	**(Note 15)**	**197,845**	**516,403**

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

General
The annual accounts have been prepared in accordance with the Accounting Act and best practice accounting principles in Norway. The most important accounting principles are described below.

Use of estimates
In the preparation of the accounts, estimates and assumptions are used which affect the accounts. Actual figures may differ slightly from the estimates.

Foreign currency
Monetary items in foreign currency are converted at the exchange rate at the balance sheet date.
The following exchange rates have been used in the accounts:

	GBP	USD	Euro
Per 31.12.16	10.613	8.6200	9.0863
Per 31.12.17	11.091	8.2050	9.8403

Cost of borrowing
The cost of borrowing is capitalized at the time of borrowing and the cost is charged over the maturity period of the loan.

Evaluation and presentation of current assets
Stocks are valued as the lowest of either the acquisition or the estimated sales value. Receivables are ecorded at face value with deduction for anticipated loss.

Financial fixed assets
Long-term investment in shares and other investments are valued at the lowest of either the acquisition cost or the estimated sales value if the reduction in the sales value is not considered temporary.

Taxes / Deferred tax
Deferred tax/ deferred tax assets are calculated, using the liability method, at 24% based on temporary differences between the accounting and tax-related values existing at the end of the financial year and any tax deficits are carried forward.
Temporary tax increases and decreases are recorded in the balance sheet as net figures.

Classification of items in the accounts
Assets determined for long-term ownership or use and receivables which are due more than one year after the expiry of the financial year are recorded as fixed assets. Any remaining assets are classified as current assets.

Liability which is due more than one year after the expiry of the financial year is recorded as long-term debt.

Contingencies
Contingent losses that are probable and quantifiable are recorded to the accounts, whilst contingent gain/income is not.

Shares and holdings in other companies
Short-term investments related to shares are not treated as a trading portfolio and are valued at the lowest of cost price and market value.

Shares in subsidiaries, associated companies and jointly-owned companies
Shares in subsidiaries, associated and jointly-owned companies are recorded in the parent company accounts at cost and written down to the extent that there is a significant deficit value which is not considered temporary.

Treasury shares
Treasury shares are recorded as a nominal value under the item “share capital”. The difference between nominal and acquisition cost is entered as “other equity”.

Cash flow
The Group applies the indirect method. Investment in shares and other liquid assets with maturity over three months are not included under cash equivalents.

NOTES

NOTE 2 - MAJOR TRANSACTIONS/EVENTS

Announcement of the merger of Solstad Offshore ASA, Farstad Shipping ASA and Deep Sea Supply Ltd into the new Solstad Farstad ASA was released in February 2017. The Companies' General Meetings approved the merger plans in April 2017, while completion of the formal part of the merger took place in June 2017.

In the fourth quarter, the Company entered into an agreement with Subsea 7 on the sale of Solstad Farstad's share in the jointly controlled company Normand Oceanic AS. The company owned the construction service vessel "Normand Oceanic". As a result of the agreement, the shares in the jointly controlled company was written down by MNOK 174 to reflect the sales consideration.

NOTE 3 - FINANCIAL RISK

The company is exposed to various financial risks in its activities. Financial risk is the risk incurred from any changes in currency and interest rates together with counter parties ability to pay, and which impacts the value of the company's assets, liabilities and future cash flows.

NOTE 4 - OTHER EXPENSES, WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

	2017	2016
Wages	5,433	5,568
Employer's National Insurance	800	884
Pension costs	543	242
Other benefits	-368	213
Travelling costs, courses and other personnel costs	776	547
Total employee costs	**7,183**	**7,454**
Average number of employees	2	2

NOTES

NOTE 4 - OTHER EXPENSES, WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS (CONT'D)

REMUNERATION TO DIRECTORS. MANAGING DIRECTOR AND AUDITORS

Remuneration to Directors:	Wages	Other benefits	Pension cost
2017			
Lars Peder Solstad (CEO)	2,480	153	78
Sven Stakkestad (Deputy CEO)	1,796	100	170
2016			
Lars Peder Solstad (CEO)	2,087	153	73
Sven Stakkestad (Deputy CEO)	2,407	120	169

Board of Directors	Director's fee
Terje Varberg	341
Toril Eidesvik	210
Frank O. Reite	131
Ellen Solstad	131
Anders Onarheim	158
Anette Solstad	26
Ketil Lenning	26

In 2017, NOK 831,198 is charged as auditors fees and NOK 1,147,572 relating to other non-audit related services. Both amounts are exclusive VAT. There are no distinctive agreements regarding remuneration for the Chairman of the Board and nor are there any distinctive bonus or or option programmes for any Board Member or Group Management. No loans have been given to key employees. The Managing Director has an agreement that secures 12 months salary.

The employees are included in the Group's standard pension plan. Pension fund liability is recorded in Solstad Management AS.

NOTES

NOTE 5 - FINANCIAL ITEMS

Other financial income, totalling MNOK 52 includes dividends from subsidiaries MNOK 19, received group contribution MNOK 16 and currency gain MNOK 17.

Comparative figures for 2016 of MNOK 1,120 includes guarantee commission of MNOK 30, dividends from subsidiaries of MNOK 1,090.

Other financial costs of MNOK 1,120 consist of write-down of shares in subsidiary MNOK 946, loss sale shares in Joint Venture MNOK 174.

Comparative figures for 2016 of MNOK 1,675 consist of write-down of shares in subsidiary MNOK 1,571, currency loss MNOK 102 and loss from subsidiaries.

NOTE 6 - SHARES IN SUBSIDIARIES

31.12.2017	Place of business	Owner-/ voting share	Number of shares	Nominal value	Share capital	Cost price/ book value
Solstad Shipping AS	Skudeneshavn	100 %	10,000	1,000	10,000	33,001
Solstad Mexico AS	Skudeneshavn	100 %	100	USD 200	USD 20	169
Solstad Rederi AS	Skudeneshavn	100 %	71,500	100	7,150	1,342,999
Solstad Operations AS	Skudeneshavn	100 %	30,000	1	30	10,030
Normand Drift AS	Skudeneshavn	100 %	150	1,000	150	150
Solship AS	Skudeneshavn	100 %	30,000	1	30	30
Solship Invest 1 AS	Skudeneshavn	100 %	30,000	1	30	232,644
Normand Maximus Ltd	Aberdeen	100 %	33,269,308	1	GBP 33,269	335,833
Solstad Offshore UK Ltd	Aberdeen	100 %	11,000,100	1	GBP 11,000	145,284
Solstad Management AS	Skudeneshavn	100 %	2,000	1,000	2,000	11,000
Normand Skarven AS	Skudeneshavn	100 %	1	950,000	950	1,250
Trym Titan AS	Skudeneshavn	100 %	625	100	100	
Solstad Brasil AS	Skudeneshavn	100 %	480	1,000	480	31,000
Solship Invest 3 AS	Skudeneshavn	100 %	30,000	1	30,000	198,916
Farstad Shipping AS	Skudeneshavn	100 %	30,000	1	30,000	1,416,251
Normand Vision Chartering AS	Skudeneshavn	100 %	5,000	6	30	3,299
Solstad Offshore Asia Pacific Ltd	Singapore	100 %	20,000,000,000	(*)	USD 175,877	1,384,870
Total						**5,146,725**

(*) Singapore shares does not have nominal value.

The shares in subsidiaries Solstad Rederi AS, Solstad Offshore Asia Pacific Ltd, Solship AS, Solship Invest 3 AS and Trym Titan AS are written down by MNOK 946 in 2017.

Book values is written down to the company's share of book value of equity, adjusted for eccess values and any currency effects.

NOTES

NOTE 6 - SHARES IN SUBSIDIARIES (CONT'D)

31.12.2016	Place of business	Owner-/ voting share	Number of shares	Nominal value	Share capital	Cost price/ book value
Solstad Shipping AS	Skudeneshavn	100 %	10,000	1,000	10,000	33,001
Solstad Mexico AS	Skudeneshavn	100 %	100	USD 200	USD 20	169
Solstad Rederi AS	Skudeneshavn	100 %	71,500	100	7,150	1,173,391
Solstad Operations AS	Skudeneshavn	100 %	30,000	1	30	10,030
Normand Drift AS	Skudeneshavn	100 %	150	1,000	150	150
Solship AS	Skudeneshavn	100 %	30,000	1	30	30
Solship Invest 1 AS	Skudeneshavn	100 %	30,000	1	30	299,453
Normand Maximus Ltd	Aberdeen	100 %	33,269,308	1	GBP 33,269	335,833
Solstad Offshore UK Ltd	Aberdeen	100 %	11,000,100	1	GBP 11,000	145,284
Solstad Management AS	Skudeneshavn	100 %	2,000	1,000	2,000	11,000
Normand Skarven AS	Skudeneshavn	100 %	1	950,000	950	1,250
Trym Titan AS	Skudeneshavn	63 %	625	100	100	
Solstad Brasil AS	Skudeneshavn	100 %	480	1,000	480	31,000
Normand Skarven KS	Skudeneshavn	69 %	0	0		
Normand Vision AS	Skudeneshavn	100 %	2,496,031	0	140	234,608
Normand Vision Chartering AS	Skudeneshavn	100 %	5,000	6	30	3,299
Solstad Offshore Asia Pacific Ltd	Singapore	100 %	20,000,000,000	(*)	USD 175,877	1,397,178
Total						**3,675,674**

(*) Singapore shares does not have nominal value.

NOTE 7 - SHARES IN JOINTLY OWNED AND ASSOCIATED COMPANIES

Shares in jointly owned and associated companies

	Place of business	Owner-/ voting share	Number of shares	Cost price	Equity 31.12.17 (100%)	Result 2017 (100%)
NISA Inc. (JV)	Marly (Sveits)	50 %	501	25,038	45,895	-8,785
Normand Oceanic AS (JV)	Skudeneshavn					
Normand Oceanic Chartering AS (JV)	Skudeneshavn					
Total				**25,038**	**45,895**	**-8,785**
Deep Well (AC)	Haugesund	22%	80,153	32,418	182,654	-59,168

The shares in Normand Oceanic AS and Normand Oceanic Chartering AS was sold to the Joint Venture partner.
The shares in Deep Well are sold in 2018.

NOTES

NOTE 8 - OTHER LONG TERM ASSETS

Other long term assets include:

	31.12.2017	31.12.2016	Interest
Convertible loan Deep Well	13,542		
Shareholders loan NISA SA	7,399		6 mths LIBOR + 1.5%

NOTE 9 - INTER COMPANY GROUP

Solstad Offshore ASA had the following receivables/debt from companies in the Group:

	31.12.17	31.12.16	Interest
Solship AS	14,130	13,430	6mths NIBOR + 2.75%
Solstad Rederi AS	329,301	-	6mths NIBOR + 4.75%
Trym Titan AS	302,358	276,533	6mths LIBOR + 2.5%
Inter company loans	**645,790**	**289,963**	
Solstad Shipping AS	15,933	48,,904	
Solstad Rederi AS	33	-	
Solstad Offshore Asia Pacific Ltd	-	11,818	
Other current assets	**15,966**	**60,723**	
Normand Drift AS	62,953	60,624	6mths NIBOR + 2.75%
Solstad Offshore Asia Pacific Ltd	974	-	
Inter company loans	**63,928**	**60,624**	
Solstad Shipping AS	6,179	-	
Solstad Rederi AS	-	1,099	
Solstad Management AS	12,375	4,632	
Trade account payable	**18,554**	**5,731**	
Trym Titan AS	464,369	-	
Solship AS	14,200	-	
Normand Vision Chartering AS	-	3,000	
Group contribution	**478,569**	**3,000**	

Group receivables, due more than one year after expiry of the financial year, are around MNOK 645.

NOTES

NOTE 10 - TAX

	2017	2016
Taxable income		
Result before tax	-1,135,863	-620,017
Permanent differences	1,119,708	1,557,429
Share of result in limited partnerships	-	1,308
Dividend received- (participation exemption method)	-18,706	-1,090,044
Used of loss carry forward	34,861	151,325
Taxable income	**0**	**0**
Change in deferred taxes	694	0
Tax on ordinary result	**694**	**0**
Shares/ownership (current assets)	0	0
Provisions	-21,018	-21,018
Long term receivables	-2,000	-2,000
Unrecovered loss carried forward	-256,729	-221,868
Total temporary differences	**-279,746**	**-244,886**
Calculated deferred tax asset	67,139	58,773
Unrecognized part of deferred tax asset	-67,139	-58,079
Booked deferred tax asset	**0**	**694**
Analysis of effective tax rate:		
24% of Profit before Tax	-272,607	-155,004
Tax effect of dividends and gain/ loss sale of shares	-4,489	-273,191
Effect of change in tax rate	-	2,449
Deferred tax asset not recognised	9,060	36,389
Tax effect of permanent differences	268,730	389,357
Estimated tax	**694**	**0**

Provisions for deferred tax are recorded for acconting position where a future realisation will result in payable taxes.

NOTES

NOTE 11 - EQUITY, SHAREHOLDERS AND TREASURY SHARES

	Share capital	Treasury shares	Share premium	Othe paid-in capital	Other equity	Total equity
Equity 31.12.2016	**177,374**	**-251**	**112,367**	**622,755**	**2,528,683**	**3,440,927**
Capital increase	365,691		1,384,817	168,000		1,918,508
Equity share convertible loan	40,000			210,000	-115,939	134,061
Annual result					-1,136,557	-1,136,557
Adujustment and transfers		1			-1	
Equity 31.12.2017	**583,065**	**-250**	**1,497,184**	**1,000,755**	**1,276,186**	**4,356,940**

At 31.12.17, the Company's share capital represents 291,532,299 shares at NOK 2. The number of shareholders at 31.12.17 was 10,593.

The Board have the power of attorney to implement a capital appreciation of up to 140,000 shares at NOK 2 for employees of the Group. Furthermore, the Board has power of attorney to increase the share capital by NOK 16 million by issuing 8 million shares. The Board also have the power of attorney to acquire treasury shares limited to NOK 400,000. These powers of attorney are retained until the next General Meeting.

Shareholders with more than 1% holding at 31.12.2017:

	Number of shares	Ownership
Aker Capital AS	58,496,302	20.07%
Hemen Holding Ltd	50,189,231	17.22%
SOFF Invest AS	18,860,075	6.47%
DNB NOR Bank ASA	11,550,029	3.96%
Ocean Yield AS	8,836,681	3.03%
Nordnet Livsforsikring AS	7,369,682	2.53%
Sparebank 1 SMN Invest AS	5,729,026	1.97%
Nordlaks Holding AS	4,650,000	1.60%
REMY AS	4,539,410	1.56%
Tyrhold & Farstad Invest AS	3,999,999	1.37%
Danske Bank A/S	3,947,196	1.35%
Danske Bank AS	3,430,117	1.18%
	181,597,748	**62.29%**

In accordance with the definition in corporate law, the Directors had the following holdings at 31.12.2017:

	Number of shares
Terje Vareberg	84,188
Toril Eidesvik	3,488
Frank O. Reite	0
Ellen Solstad	0
Merete Haugli	0
Harald Lauritz Thorstein	0

The CEO Lars Peder Solstad controlled 21,875,052 shares at 31.12.2017.
The Deputy CEO Sven Stakkestad controlled 5,541 shares at 31.12.2017.
The company's auditor does not hold shares in the company.

Pr 31.12.2017 the company has acquired 124,975 treasure shares at the cost price of MNOK 9.6.

NOTES

NOTE 12 - EARNINGS PER SHARE

In 2017, earnings per share was NOK -3.90. The equivalent value in 2016 was NOK -7.00.
Earnings per share is calculated by dividing the Group result by the number of shares at the end of the year, adjusted for the stock of treasury shares.

There are no instruments that allow the possibility of dilution.

NOTE 13 - TRANSACTIONS WITH RELATED PARTIES

Related parties are considered to be Board Members (including associated companies) and the company management.
There are no management agreements with related parties outside the Group that charge management fees.
Inter-company debt/receivables are interest-bearing.

NOTE 14 - GUARANTEES

Solstad Farstad ASA has placed the following guarantees (NOK million):

Normand Installer SA	177	- for financial lease of vessel
Solstad Rederi AS	7,614	- for financing of vessels
Solstad Offshore Asia Pacific Ltd	1,369	- for bare-boat rental and purchase of vessels
Normand Maximus	2,947	- for bare-boat rental of vessel

NOTE 15 - ADDITIONAL INFORMATION RELATING TO CASH FLOW

The Group utilizes the indirect method. Investment in shares with a maturity of more than three months are not included in the cash equivalents.

NOTE 16 - PROVISIONS

In relation to the increased ownership in Solstad Offshore Asia Pacific Ltd a parent company guarantee was issued for parts of the company's external debt. The guarantee was included in the calculation of the cost price for the new shares. The estimated future guarantee obligation is accounted for as a provision.

NOTE 17 - BOND LOAN AND OTHER LONG TERM LIABILITIES

The company has issued the following bond loans:	**Book value 31.12.2017**	**Book value 31.12.2016**	**Maturity**
Activated financial cost	-6,864	-8,647	
SOFF04	1,046,285	1,015,056	02/2019
	1,039,421	1,006 410	

There are no installments to be paid prior to maturity. Average interest rate is 5%.

	31.12.2017	**31.12.2016**	**Interest**
Convertible loan		126,631	15 %
Mortgage loan	102,563	107,750	Nibor + 3.4%
	102,563	234,381	

The convertible loan was converted to 20 million shares in June 2017.
Mortgage loan has maturity in full in 2021.

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Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Solstad Farstad ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Solstad Farstad ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2017, the profit and loss account and the statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2017, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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 and the Group 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

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Acquisition of Farstad Shipping ASA and Deep Sea Supply Plc

In June 2017, the Group acquired the offshore service vessel companies Farstad Shipping ASA and Deep Sea Supply Plc for NOK 1 718 million. The fair value of acquired assets, and especially vessels, was determined based on estimates and assumptions about the future performance of the acquired businesses. Management's fair value assessment of the vessels was significant lower than book value in the acquired companies. The most complex part of the purchase price allocation was related to the valuation of the vessels acquired, which was based on discounted cash flows. The acquisitions was a key audit matter due to the financial significance of the transaction and due to significant judgments and assumptions involved in the recognition and measurement of the acquired assets, assumed liabilities and the gain from business combinations in the statement of comprehensive income. The net acquisition price was based on the market value of the shares issued by Solstad Farstad ASA.

In our audit of the accounting for the acquisition, we gained an understanding of the transaction and its rationale through discussions with management and reading of the agreements. As part of our audit, we assessed the identification and valuation of the acquired assets (e.g. valuation of vessels and contracts) and liabilities (e.g. provisions and other liabilities). We evaluated this identification based on our understanding of the business of the acquired company and the contractual relationships and the explanations and plans of the management that supported this acquisition. Subsequently, we evaluated the methodology and assumptions used in the valuation of acquired assets and liabilities, including whether the assumptions used for the purpose of valuing acquired assets were consistent with what a market participant would use. We considered the valuation by assessing the methodology adopted by management for calculating the fair values, the discount rates, the key valuation assumptions, such as future day rates and operating expenditures, validated and analyzed key inputs and data used in valuation models by reference to historical data and tested the mathematical accuracy of the valuation model. Further, we assessed the purchase price allocation report from an external valuation expert. Furthermore, we evaluated the disclosures in the financial statements regarding the acquisition. Refer to Note 26 regarding the purchase price allocation.

Impairment assessment of vessels

Due to the continues difficult market conditions with increase of vessels in lay-up, management identified indications of impairment for the Group's vessels and estimated recoverable amount of the assets, which is the highest of fair value less costs of disposal and value in use. When estimating recoverable amount, management used assumptions regarding future market and economic conditions. Important estimates included future day rates, utilization rate, operating expenses, capital expenditure and discount rate. Considering the uncertainty of estimates and the complexity of calculations, we consider impairment assessment a key audit matter.

The Group recognized an impairment of vessels of NOK 395 million in 2017. The book value of the vessels after the impairment is NOK 30 492 million.

Our audit procedures included, among others, an evaluation of the cash flows projected by management through comparing the assumptions to data from analyst reports for the related market to evaluate revenue projections and utilization assumption. For operating expenditures, we compared the estimates to Board approved budgets, historical data and long-term market expectations for the sector. Furthermore, we assessed the weighted average cost of capital by comparing input with external data such as risk free interest on government bonds, beta and market risk premium for the sector and assessed adjustments for company specific factors. We considered the accuracy of management's prior year assumptions, and evaluated the level of consistency applied in the valuation methodology from previous years. We also tested the mathematical accuracy of the valuation model and compared management's value in use calculations with the third party valuation reports obtained by the Company. We also performed a sensitivity analysis of the critical assumptions.

Refer to Note 1 regarding estimation uncertainties and Note 12 regarding vessels, impairment charges, the valuation model and the sensitivity to key assumptions.

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Compliance with financial loan covenants

We considered this area a key audit matter due to the size of the borrowings in the Group, the potential impact non-compliance with financial loan covenants may have on the financial statements and the level of management judgement involved with assessing compliance. The loan agreements require the Group to comply with certain financial covenants and if any of the financial covenants are breached, this could, depending on the terms of each loan agreement, constitute an event of default. This require the Group to take actions to remedy the non-compliance or this allows the lenders to accelerate repayment. The most important financial covenants are disclosed in Note 5. When calculating one of the financial covenants in the subgroup Farstad Shipping AS, the loan agreement requires management to interpret a definition of Earnings Before Interest Tax Depreciation and impairment and Amortisation ("EBITDA"). Management has interpreted that EBITDA should be adjusted for certain operating expenses related to the restructuring of the subgroup Farstad Shipping AS. As disclosed in Note 29 (subsequent events), the management's assessment is that the Group is in breach with certain financial loan covenants in the subgroups Solship Invest 3 AS and Farstad Shipping AS as of 31 March 2018. As disclosed, this may lead to a reclassification from long-term debt to short-term debt of approximately 12 billion NOK in the interim financial statements as of 31 March 2018.

In our audit, we performed procedures to understand the Group's review process related to financial loan covenants. We reviewed the loan agreements and discussed the conclusions reached by the Group with management and the Board of Directors. Furthermore, we evaluated the disclosures in the financial statements regarding the financial loan covenants.

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 financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, 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 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

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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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

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 and in the statements on corporate governance and corporate social responsibility 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.

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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, 17 April 2018
ERNST & YOUNG AS

Asbjørn Rødal
State Authorised Public Accountant (Norway)

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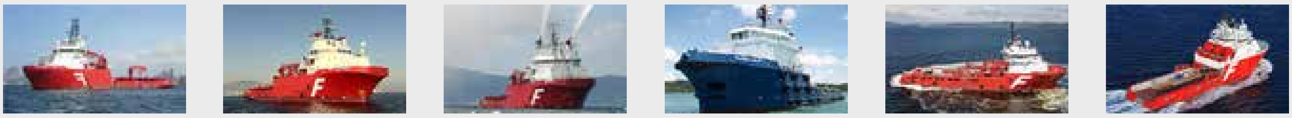
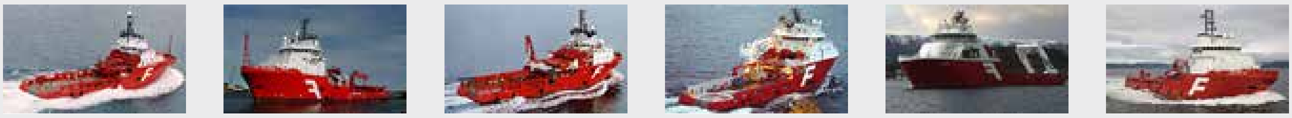
AHTS FLEET GALLERY AND EMPLOYMENT

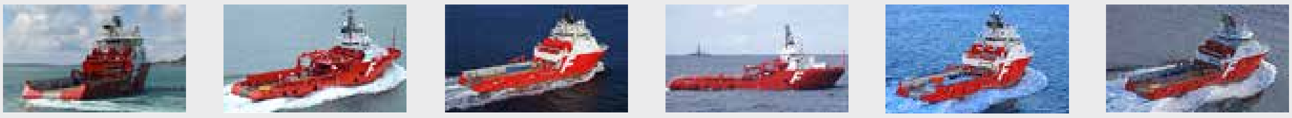
(AT 16.04.18) For more information about each vessel visit: WWW.SOLSTADFARSTAD.COM/FLEET/AHTS-VESSELS/



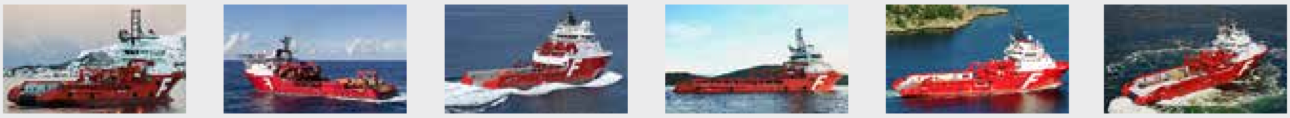
BOS Topázio | BOS Turmalina | BOS Turquese | Elang Laut 1 | Far Sabre | Far Saracen



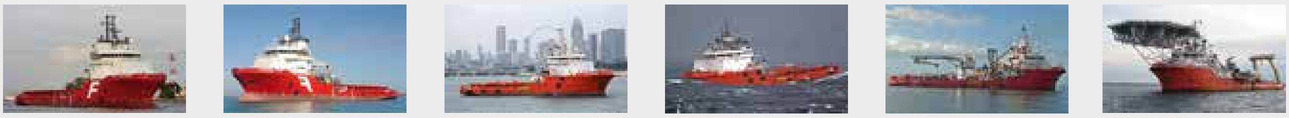
Far Sailor | Far Saltire | Far Santana | Far Sapphire | Far Sagaris | Far Scimitar



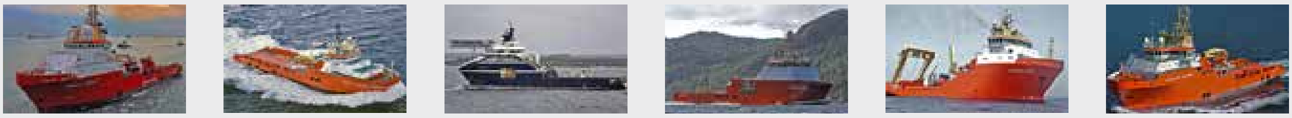
Far Scorpion | Far Scout | Far Senator | Far Senior | Far Sigma | Far Sirius



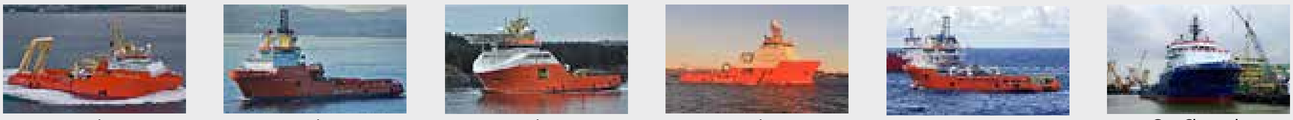
Far Sound | Far Sovereign | Far Statesman | Far Strait | Far Stream | Far Sword



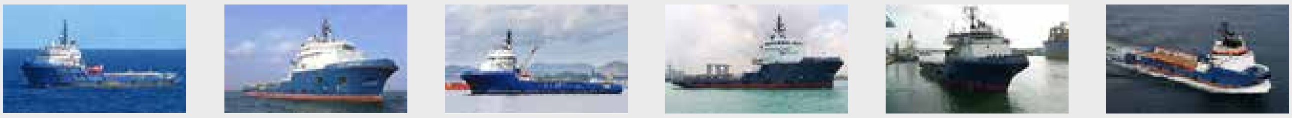
Lady Astrid | Lady Caroline | Nor Captain | Nor Chief | Nor Spring | Nor Tigerfish



Normand Atlantic | Normand Borg | Normand Drott | Normand Ferking | Normand Ivan | Normand Mariner

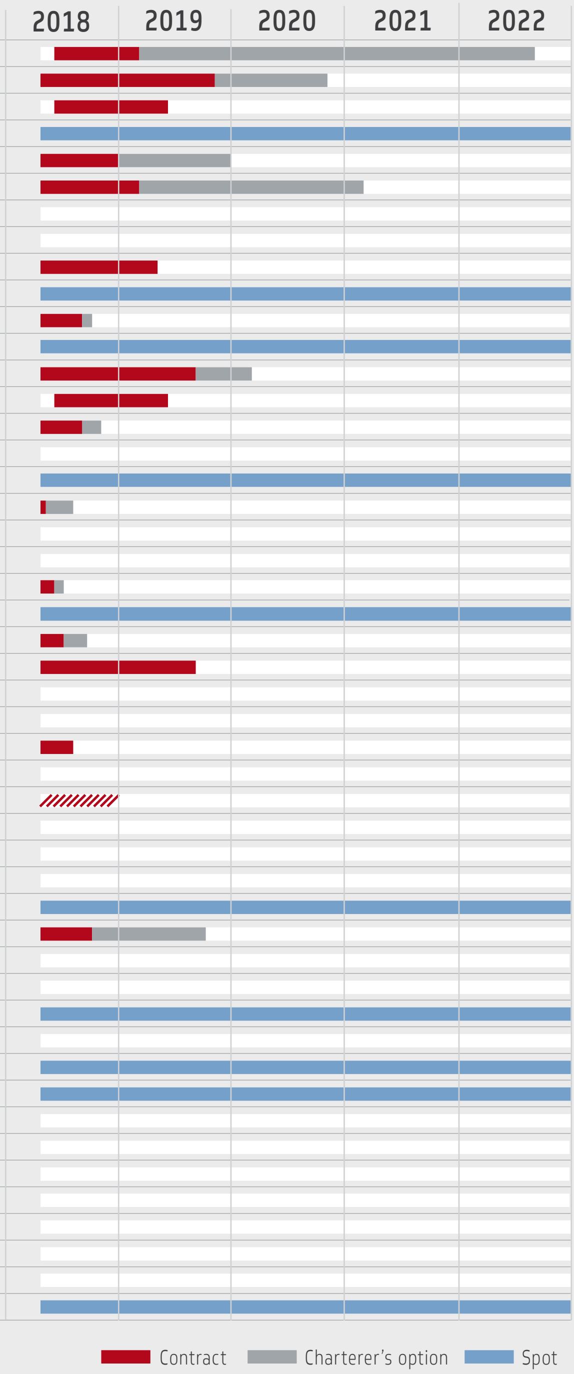


Normand Master | Normand Neptun | Normand Prosper | Normand Ranger | Normand Titan | Sea Cheetah



Sea Jackal | Sea Jaguar | Sea Leopard | Sea Ocelot | Sea Panther | Sea Tiger

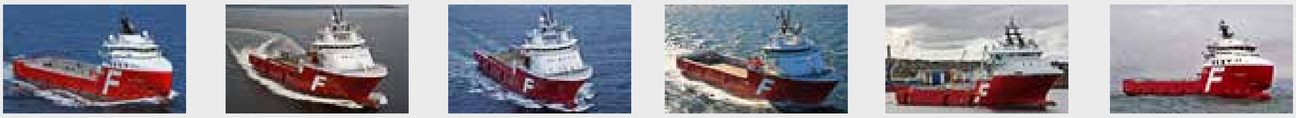
Vessel name	Design	Year built	BHP	Employment *) at 16.04.18
BOS Topázio	UT 728 L	2005	12 240	Feb. 19 + opt.
BOS Turmalina	UT 722 L	2006	14 416	Oct. 19 + opt.
BOS Turquesa	UT 722 L	2007	18 088	June 19
Elang Laut 1	Khiam Chuan	2009	12 240	Spot
Far Sabre	UT 712 L	2008	15 953	Dec. 18 + opt.
Far Sagaris	UT 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
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	April 18 + opt.
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	Spot
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 Chief	Khiam Chuan	2008	10 728	Lay-up
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
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



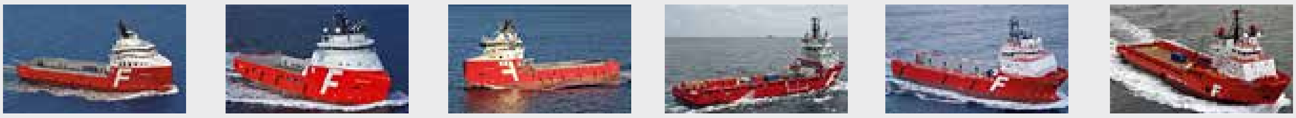
Certain freight contracts contain clauses which give the charterer the right to cancel the contract.

PSV FLEET GALLERY AND EMPLOYMENT

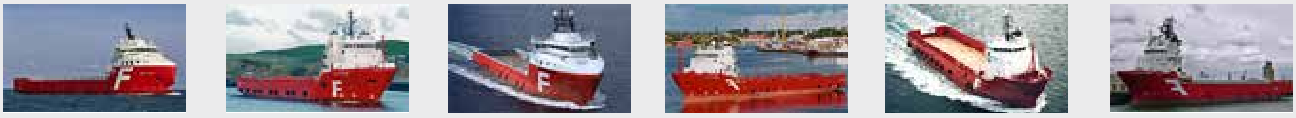
(AT 16.04.18) For more information about each vessel visit: WWW.SOLSTADFARSTAD.COM/FLEET/PSV-VESSELS/



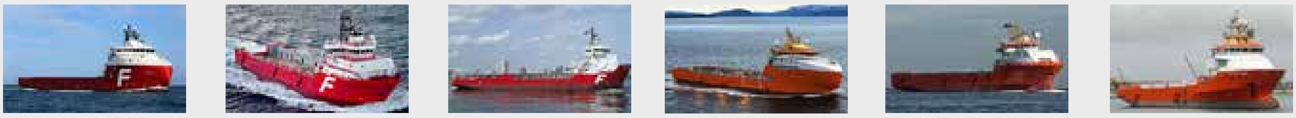
Far Scotsman | Far Searcher | Far Seeker | Far Serenade | Far Server | Far Sitella



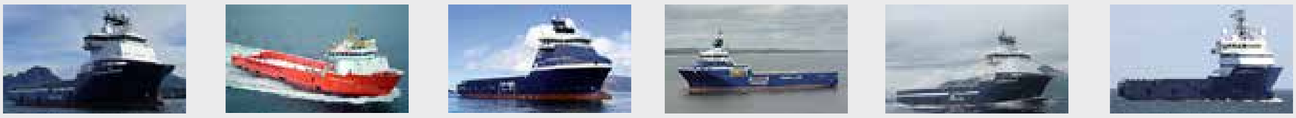
Far Skimmer | Far Solitaire | Far Spice | Far Spirit | Far Splendour | Far Star



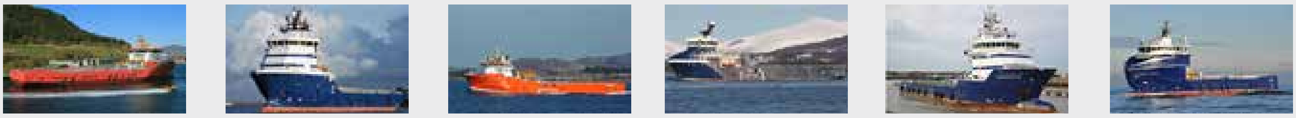
Far Starling | Far Strider | Far Sun | Far Supplier | Far Supporter | Far Swan



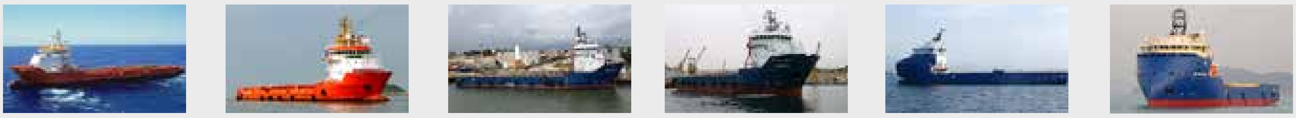
Far Sygna | Far Symphony | Lady Melinda | Normand Arctic | Normand Aurora | Normand Corona



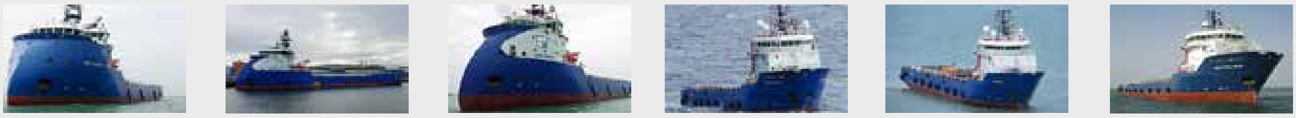
Normand Falnes | Normand Flipper | Normand Fortune | Normand Leader | Normand Naley | Normand Provider



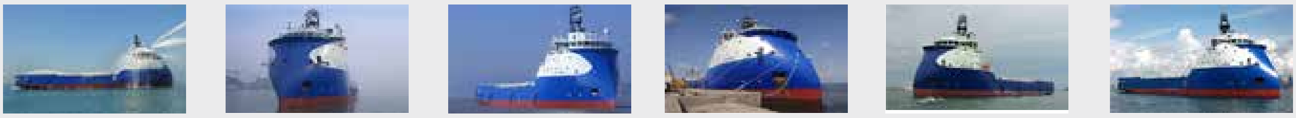
Normand Server | Normand Sira | Normand Skipper | Normand Skude | Normand Supplier | Normand Supporter



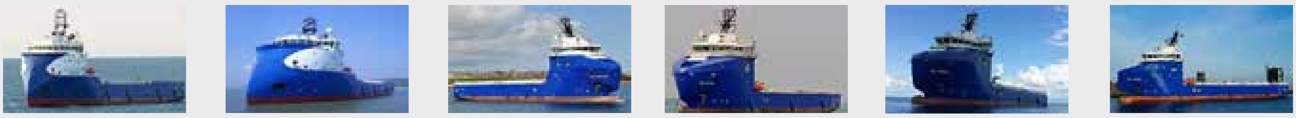
Normand Trym | Normand Vibran | Sea Angler | Sea Bass | Sea Brasil | Sea Falcon



Sea Flyer | Sea Forth | Sea Frost | Sea Halibut | Sea Pike | Sea Pollock



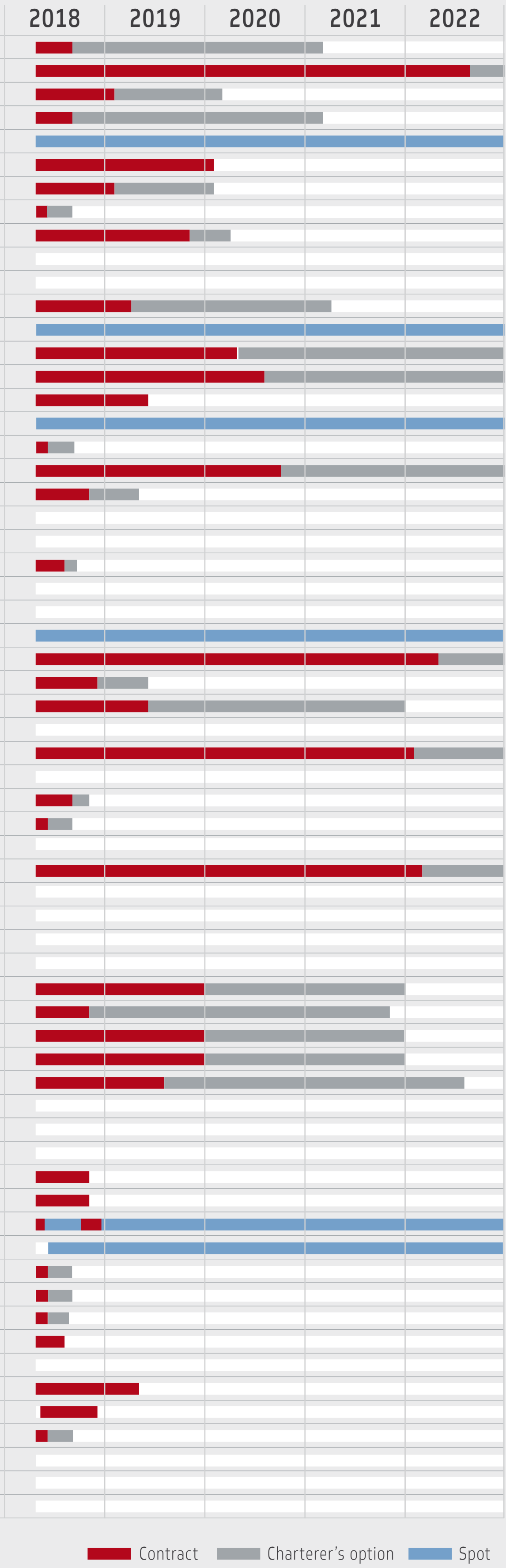
Sea Spark | Sea Spear | Sea Spider | Sea Springer | Sea Supra | Sea Surfer



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 16.04.18
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
Far Skimmer	PSV 08 CD	2012	4 000	Jan. 19 + opt.
Far Solitaire	UT 754 WP	2012	6 336	May 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	Spot
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	Nov. 18 + opt.
Normand Naley	VS 485	2011	5 506	May 19
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	May 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	Oct. 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	May 18 + opt.
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
Sea Tortuga	PSV 05-L CD	2014	4 047	Nov. 18
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



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CSV FLEET GALLERY AND EMPLOYMENT

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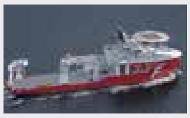
Far Saga


Far Samson


Far Scotia

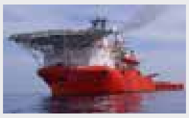

Far Sentinel


Far Sleipner

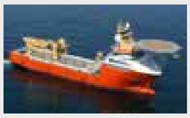

Far Superior

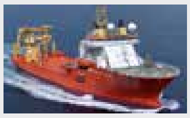

Far Swift

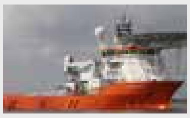

Nor Australis


Nor Valiant


Norce Endeavour

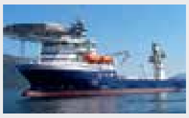

Normand Baltic


Normand Clipper


Normand Commander

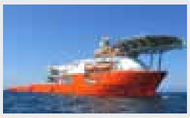

Normand Cutter


Normand Flower


Normand Fortress


Normand Installer

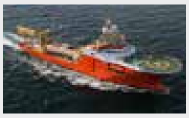

Normand Jarl

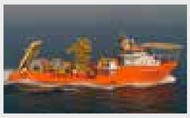

Normand Jarstein

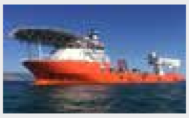

Normand Maximus


Normand Mermaid


Normand Ocean


Normand Pacific


Normand Pioneer

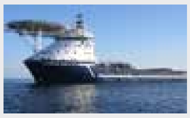

Normand Poseidon

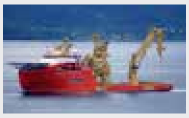

Normand Progress


Normand Reach


Normand Seven

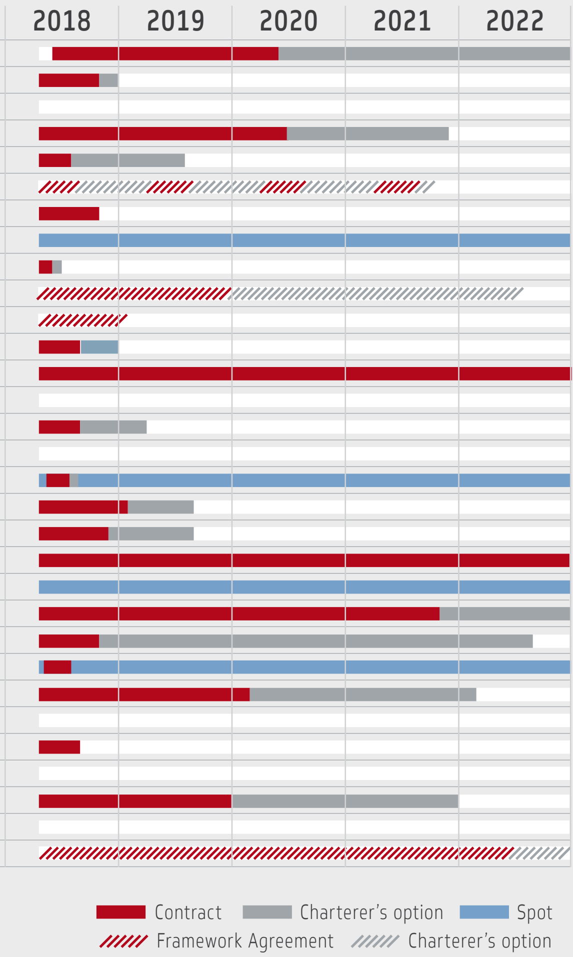

Normand Subsea


Normand Tonjer


Normand Vision


Normand Reach - VARD 3 03 and Normand Subsea VS 4710

Vessel name	Design	Year built	BHP	Employment *) at 16.04.18
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	Dec. 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	Lay-up
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	Spot
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	Spot
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	Aug. 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.

Far Superior - VARD 3 17

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