



**QUARTERLY REPORT**  
**3-2017**

# REPORT

## 3<sup>RD</sup> QUARTER 2017

- Q3 2017 is the first quarter where profit and loss includes all merged entities. Hence, presented figures are not comparable to previous periods.
- Operating income was MNOK 1,409 (MNOK 637) in Q3 2017 and MNOK 2,688 (MNOK 2,107) YTD 2017
- EBITDA<sup>1</sup> adjusted for operational lease was MNOK 384 (MNOK 238) in Q3 2017 and MNOK 734 (MNOK 859) YTD 2017
- Cash position as per 30.09.2017 was MNOK 2,114
- Net interest bearing debt was MNOK 26,859 which is a reduction of MNOK 1,539 since 30.06.2017.

### THE COMPANY

Solstad Farstad ASA ("the Company") is a world leading owner and operator of offshore vessels. The company is the result of a merger between Solstad Offshore ASA, Farstad Shipping ASA, Rem Offshore ASA and Deep Sea Supply Plc. As per November 2017 the Company owns and operates a fleet of 148 vessels.

In addition to the offshore segment, the Company has established a joint venture with Marine Harvest ASA within the aquaculture segment. The Joint Venture DESS Aquaculture Shipping AS currently has 5 vessels under construction.

### ON TRACK TO DELIVER COST SAVINGS

Since the date of the merger (22 June 2017), Solstad Farstad ASA has implemented a series of strategic cost cutting initiatives. The Company is fully committed to achieve the synergy goals as described during the merger process and expects to achieve annualized cost savings of approximately MNOK 450 – 600.

The onshore organization has been streamlined through combining offices and organizations in the various countries in which the Company is present. Certain group functions are centralized, and the overall onshore organization has been reduced with approx. 80 people, which is in line with what was communicated to the market in June. For the operational expenses, the Company is working with internal processes, as well as closely with all major suppliers to reduce costs. As for the offshore employees, costs are being reduced by optimization of crew composition. By utilizing best practice from each of the organizations, costs are cut without compromising quality of operations.

During Q3 2017, the company has reduced its total borrowings by MNOK 1,845, and the net interest bearing debt has been reduced by MNOK 1,540 down to MNOK 26,860. So far this year, the combined company has sold in total 10 vessels that are considered to be of less strategic value going forward. At the same time, a significant number of charter contracts has been signed.

To summarize, the company is on track to deliver the ambitious costs savings, and the organization has been streamlined to withstand the difficult market conditions. Acknowledgement and positive feedback from our clients indicate that Solstad Farstad ASA is well positioned in today's market.

### ECONOMY AND FINANCE

The consolidated figures for Solstad Farstad ASA for Q3 for the first time includes the operation of all vessels from former Rem Offshore, Deep Sea Supply, Farstad Shipping and Solstad Offshore. The figures for Q3 2016 are thus not directly comparable with Q3 2017.

Operating income in Q3 was MNOK 1,409 compared to MNOK 637 in the corresponding period in 2016. The increase is mainly attributable to the merger of the four companies. Compared to the second quarter of 2017, operating income for the same reason is MNOK 698 higher.

Operating income so far this year was MNOK 2,688 (MNOK 2,107). The increase compared to the same period in 2016 is due to the same reason as for Q3.

Operating expenses in Q3 2017 amounted to MNOK 1,166, of which MNOK 972 are ordinary operating expenses for the Group's vessels. Management expenses, which also this quarter is affected by merger transaction costs, amount to MNOK 156 in the quarter. Compared to the third quarter of 2016, the expenses are MNOK 749 higher. Fleet increase due to the merger has resulted in an increase in cost base of more than MNOK 800, while more vessels in lay-up represents a reduction in cost.

Operating expenses so far this year amounted to MNOK 2,133 compared to last year's MNOK 1,344. The increased costs are due to the increased fleet following the merger. However, the Group has implemented comprehensive cost-cutting measures both in operation and in administration in 2016 and 2017, which has reduced the underlying costs.

EBITDA, adjusted for operational leases, per Q3 was MNOK 734,

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

compared to MNOK 859 for the same period last year. EBITDA for Q3 alone was MNOK 384 (MNOK 238). Compared to Q2, EBITDA is MNOK 182 higher.

Throughout the quarter there has been a significant weakening of USD against NOK. As a result, unrealized gain related to the Group's debt of MNOK 367 is recorded. The value of USD has also decreased compared to the rates at the beginning of the year. The effect associated with the Group's debt is an unrealized gain of MNOK 451.

After the end of the quarter, the Group has entered into an agreement with Subsea 7 on the sale of SolstadFarstad's share in the jointly controlled company Normand Oceanic AS. The company owns the construction service vessel "Normand Oceanic", which is on a long-term contract in Mexico. The Group will continue with full management of the ship. As a result of the agreement, the shares in the jointly controlled company are written down by MNOK 147 to reflect the sales consideration. The impairment loss, which has no cash effect for the Group, is included in other financial charges.

Renegotiated agreements for five of the Group's vessels that have been hired in on long-term financial leases were concluded in the third quarter. A consequence of the renegotiated leases is that they no longer qualifying as financial leases under IFRS. Assets and liabilities of approximately MNOK 400 are thus derecognized from the balance sheet at the end of the quarter.

Profit before tax year to date was MNOK 813 (MNOK 682).

Total equity at the end of the quarter was MNOK 6,083, i.e NOK 21 per share.

#### SALE OF VESSELS

During the quarter, CSV "Rem Etive" and AHTS "Far Shogun", which were agreed sold in Q2, were handed over to new owners. The effect on the income statement is insignificant, but the group's debt is reduced by MNOK 575.

Status at the end of the quarter, is that the PSV "Far Service" and the AHTS's "Sea Fox", "Sea Vixen", "Sea Stoat" and "Nor Star" have all been agreed to be sold. Transfers to new owners is expected to take place in Q4 2017. The vessels are classified as held-for-sale assets in the quarterly accounts. The sales will result in a reduction of debt by approximately MNOK 238 in Q4 2017.

#### THE FLEET

At the end of the quarter, the fleet comprised 148 offshore vessels. The fleet had the following composition: 33 CSV ships, 52 AHTS ships and 63 PSV ships.

#### VESSELS UNDER CONSTRUCTION

In connection with the venture within aquaculture, the Group has 4 wellboats and 1 harvest vessel under construction. All new buildings have long-term contracts with Marine Harvest from shipyard delivery. Of the five ships, 2 wellboats and the harvest vessel are scheduled to be delivered in the first half of 2018, while the last two wellboats ordered in July 2017 have a delivery date in 2019.

#### MARKET OUTLOOK

The global offshore supply vessel market continues to be negatively affected by low demand and too many available vessels. However, tendering activity is steadily increasing, but the rates achieved are still on a low level.

The company expects the market to remain weak in the short run, but thereafter to gradually improve backed by increased investments in the offshore market due to a more stable oil price and significant reductions in the oil companies' break-even rate. The activities within the offshore wind market is expected to remain at a stable, high level and will thus contribute to a significant demand for subsea construction vessels.

The Company is considering certain strategic initiatives for a number of vessels considered to be of less strategic value for the Company going forward.

The Company's backlog for Q4 2017 is MNOK 1,000.

#### RISK

The Group is exposed to market, commercial, operational and financial risks that affect the assets, liabilities, available liquidity and future cash flows. There is established a risk mitigation framework based on identifying, assessing and managing risks, develop plans and procedures for how 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 to the Board. The Group continuously works to improve its risk management framework, reference is also made to the Information Memorandum dated May 9, 2017 and the Group's Annual Report dated April 3, 2017.

Market and operational risks are, changes in demand for and prices of services provided by the Group, and potential adverse effects of the provision of such services. The Group continually evaluates measures to reduce risk exposure as mentioned above. Since 2014, oil prices have dropped significantly and market volatility has increased. This has resulted in increased uncertainty in the oil and gas sector, something that also affects the Group's counterparties. Handling of such risks has become increasingly important.

The 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.

#### THE COMPANY AND ITS SHAREHOLDERS

As of today, the company has 10,345 shareholders, and approximately 26% of the shares are owned by foreign shareholders.

The company's market value is approximately MNOK 1,670.

Skudeneshavn 9. november 2017

Terje Vareberg  
Chairman

Ellen Solstad  
Director

Sverre Andreas Farstad  
Director

Toril Eidesvik  
Director

Frank O. Reite  
Director

Merete Haugli  
Director

Harald Thorstein  
Director

Lars Peder Solstad  
CEO

# CONDENCED STATEMENT OF COMPREHENSIVE INCOME

(NOK 1,000)

	Note	2017 01.07-30.09	2016 01.07-30.09	2017 01.01-30.09	2016 01.01-30.09	2016 01.01-31.12
<b>Operating income</b>	<b>2,3</b>	<b>1,409,438</b>	<b>637,417</b>	<b>2,687,956</b>	<b>2,106,998</b>	<b>2,580,140</b>
Vessel operating expenses		-971,734	-360,632	-1,813,239	-1,186,652	-1,482,542
Administrative expenses		-155,662	-56,117	-281,831	-156,954	-223,027
Operational lease vessels		-38,466	0	-38,466	0	0
<b>Total operating expenses</b>		<b>-1,165,862</b>	<b>-416,749</b>	<b>-2,133,536</b>	<b>-1,343,606</b>	<b>-1,705,569</b>
<b>Operating result before depreciations</b>		<b>243,576</b>	<b>220,667</b>	<b>554,420</b>	<b>763,391</b>	<b>874,571</b>
Ordinary depreciation	4	-370,467	-106,300	-693,189	-328,374	-476,648
Impairment	4	0	0	0	-100,000	-1,199,371
Net gain/ loss on sale of assets		-3,017		-2,822	1,202	1,202
<b>Operating result</b>	<b>3</b>	<b>-129,909</b>	<b>114,368</b>	<b>-141,591</b>	<b>336,219</b>	<b>-800,246</b>
Result from Joint Ventures	5	-2,578	3,584	-111,698	45,424	64,083
Result from associated companies	5	4,608	397	18,439	-4,801	-2,481
Gain from business combinations		0	0	1,540,000	0	0
<b>Total other items</b>		<b>2,030</b>	<b>3,980</b>	<b>1,446,741</b>	<b>40,623</b>	<b>61,602</b>
Interest income		592	1,518	5,337	5,590	7,399
Realised currency gain/ -loss		-64,087	483,229	-58,092	452,497	514,432
Unrealised currency gain/ -loss		366,902	-286,520	450,813	39,769	-223,830
Interest charges		-366,787	-171,300	-780,321	-387,876	-542,149
Net financial charges / -income		-178,206	-12,666	-109,829	194,785	167,591
<b>Net financing</b>		<b>-241,586</b>	<b>14,261</b>	<b>-492,092</b>	<b>304,765</b>	<b>-76,556</b>
<b>Ordinary result before taxes</b>		<b>-369,464</b>	<b>132,609</b>	<b>813,059</b>	<b>681,607</b>	<b>-815,200</b>
Taxes ordinary result	7	-5,500	-2,319	-8,239	-11,740	-11,309
<b>RESULT</b>		<b>-374,964</b>	<b>130,290</b>	<b>804,820</b>	<b>669,867</b>	<b>-826,509</b>
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations		-151,794	-68,506	-249,338	-165,857	-119,557
Available-for-sale financial assets		3,000	-92	3,000	-2,255	-729
Gain-/ loss hedging instruments		15,795	0	15,795	0	0
Actuarial gain		0	0	0	0	1,066
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-507,963</b>	<b>61,692</b>	<b>574,277</b>	<b>501,756</b>	<b>-945,729</b>
<b>Result attributable to:</b>						
Non-controlling interests		-3,055	15	-12,221	39,044	39,044
Majority share		-371,910	130,275	817,041	630,823	-865,553
Earnings per share		-1,29	3,38	2,76	17,37	-9,33
<b>Other comprehensive income attributable to:</b>						
Non-controlling interests		-3,055	15	-12,221	39,044	39,044
Majority share		-504,908	61,677	586,498	462,712	-984,773
Other comprehensive income per share		-1,74	1,60	1,97	13,01	-10,68
<b>EBITDA adjusted for operational leases</b>	<b>3</b>	<b>383,908</b>	<b>237,993</b>	<b>733,594</b>	<b>858,621</b>	<b>1,010,307</b>
Number of shares (1,000)		291,407	38,562	291,407	38,562	88,562

Note that the figures for 3Q 2017 and year to date 2017 includes former Farstad, Deep Sea Supply and Rem Offshore, and hence are not directly comparable to the corresponding figures in 2016.



# CONDENCED STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

	Note	2017 30.09	2016 30.09	2016 31.12
<b>ASSETS</b>				
<b>Fixed Assets</b>				
Intangible assets		509,244	37,987	41,154
Tangible fixed assets	4	31,468,536	13,272,082	18,475,738
Investment in associated companies and Joint Ventures	5	555,428	427,442	710,698
Financial fixed assets		116,044	24,573	89,156
<b>Total fixed assets</b>		<b>32,649,252</b>	<b>13,762,083</b>	<b>19,316,747</b>
<b>Current Assets</b>				
Stocks		198,857	90,212	73,120
Accounts receivables		1,287,202	655,901	598,190
Other receivables		485,968	323,709	342,517
Market based shares		13,318	7,975	10,188
Deposits, cash, etc		2,113,677	912,327	1,750,450
<b>Total current assets</b>		<b>4,099,022</b>	<b>1,990,124</b>	<b>2,774,464</b>
Assets held for sale	4	195,676	0	193,673
<b>TOTAL ASSETS</b>		<b>36,943,950</b>	<b>15,752,207</b>	<b>22,284,884</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Paid-in equity	8	2,638,833	2,115,521	2,454,064
Other equity	8	3,392,756	2,449,746	938,458
Non-controlling interests		50,984	2,631	63,205
<b>Total equity</b>		<b>6,082,573</b>	<b>4,567,899</b>	<b>3,455,727</b>
<b>Liabilities</b>				
Long-term provisions		523,733	261,447	334,481
Other long-term debt	6	218,636	212,000	226,991
Debt to credit institutions	6	28,182,568	9,810,484	17,261,497
<b>Total long-term debt</b>		<b>28,924,936</b>	<b>10,283,931</b>	<b>17,822,969</b>
<b>Current liabilities</b>				
Current portion of long-term debt	6	572,195	270,124	330,694
Other current liabilities		1,364,246	630,253	675,493
<b>Total current liabilities</b>		<b>1,936,441</b>	<b>900,377</b>	<b>1,006,188</b>
<b>Total liabilities</b>		<b>30,861,378</b>	<b>11,184,308</b>	<b>18,829,157</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,943,950</b>	<b>15,752,207</b>	<b>22,284,884</b>

# STATEMENT OF CASH FLOW

(NOK 1,000)

CASH FLOW FROM OPERATIONS	2017	2016	2016
	30.09	30.09	31.12
<b>Result before tax</b>	<b>813,059</b>	<b>681,607</b>	<b>-815,200</b>
Taxes payable	-4,839	-17,785	-23,569
Ordinary depreciation and write downs	693,189	428,374	1,676,019
Gain (-)/ loss long-term assets	-1,333,788	-213,157	-231,778
Interest income	-5,337	-5,590	-7,399
Interest expense	780,321	387,876	542,149
Terminated borrowing costs	3,767	63,550	63,550
Effect of change in pension assets	-615	0	5,979
Change in value of financial instruments	-62,769	-52,593	-43,962
Unrealised currency gain/ -loss	-371,814	-429,514	-194,975
Change in short-term receivables and payables	-226,470	58,651	290,651
Change in other accruals	180,012	-36,101	-52,298
<b>Net cash flow from operations</b>	<b>464,716</b>	<b>865,317</b>	<b>1,209,166</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investment in tangible fixed assets (vessels)	-61,287	-49,501	-2,868,142
Payment of periodic maintenance	-54,789	-151,829	-154,156
Consideration sale of fixed assets (vessels)	590,615	26,035	3,164,487
Payment of long-term receivables	-2,359	-4,785	-21,146
Addition of cash related to merger	935,225	0	773,011
Investments in other shares and holdings	-77,713	-10,000	-262,690
Realization of shares and holdings	0	0	1,837
<b>Net cash flow from investments</b>	<b>1,329,693</b>	<b>-190,079</b>	<b>633,202</b>
<b>CASH FLOW FROM FINANCING</b>			
Paid-in capital	200,000	273,161	311,683
Payment to/ from minority interests	0	-7,094	-9,725
Purchase / sale treasury shares	0	4,500	0
Drawdown and repayment (-) bank overdraft	0	-82,656	-82,656
Received interests	6,089	4,554	7,399
Paid interests	-753,126	-343,662	-569,484
Convertible loan	0	0	250,000
Drawdown long-term debt	325,342	8,258,346	8,103,729
Repayment of long-term debt	-1,147,478	-8,853,341	-9,107,717
<b>Net cash flow from financing</b>	<b>-1,369,173</b>	<b>-746,193</b>	<b>-1,096,771</b>
Effect of changes in foreign exchange rates	-62,099	-41,784	-20,213
Net change in cash	425,236	-70,955	745,597
Cash at 01.01	1,750,540	1,025,066	1,025,066
<b>Cash at balance sheet date</b>	<b>2,113,677</b>	<b>912,327</b>	<b>1,750,450</b>

# STATEMENT OF CHANGES IN EQUITY

(NOK 1,000)

	Paid-in capital	Treasury shares	Other paid-in capital	Earned equity	Translation adjustment	Total majority shares	Minority shares	Total equity
<b>Equity 01.01.2017</b>	<b>177,374</b>	<b>-251</b>	<b>2,276,941</b>	<b>545,266</b>	<b>393,193</b>	<b>3,392,522</b>	<b>63,205</b>	<b>3,455,727</b>
Annual result				817,041		817,041	-12,221	804,820
Translation adjustments					-249,338	-249,338		-249,338
Gain/loss hedging instruments				15,795		15,795		15,795
Value changes assets available for sale				3,000		3,000		3,000
<b>Other comprehensive income</b>				<b>835,836</b>	<b>-249,338</b>	<b>586,498</b>	<b>-12,221</b>	<b>574,277</b>
Equity contribution	365,691		1,552,817	0	0	1,918,508	0	1,918,508
Conversion of convertible bond	40,000	0	210,000	-115,939	0	134,061	0	134,061
Other adjustments				-1		-1		-1
<b>Equity 30.09.2017</b>	<b>583,065</b>	<b>-251</b>	<b>4,039,759</b>	<b>1,265,162</b>	<b>143,855</b>	<b>6,031,588</b>	<b>50,984</b>	<b>6,082,573</b>
<b>Equity 01.01.2016</b>	<b>77,375</b>	<b>-850</b>	<b>1,765,835</b>	<b>1,427,391</b>	<b>512,749</b>	<b>3,782,500</b>	<b>-114,924</b>	<b>3,667,575</b>
Annual result				630,823		630,823	39,044	669,867
Translation adjustments					-165,857	-165,857		-165,857
Value changes assets available for sale				-2,255		-2,255		-2,255
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>628,569</b>	<b>-165,857</b>	<b>462,712</b>	<b>39,044</b>	<b>501,756</b>
Purchase/ sale treasury shares		600		3,900		4,500		4,500
Non-registered capital	45,622		227,539	0		273,161		273,161
Equity share convertible loan						128,000		128,000
Paid dividend/ surplus				0		0	-7,094	-7,094
Change in minority share purchase				-85,605		-85,605	85,605	0
<b>Equity 30.09.2016</b>	<b>122,997</b>	<b>-250</b>	<b>1,993,374</b>	<b>2,102,254</b>	<b>346,892</b>	<b>4,565,267</b>	<b>2,631</b>	<b>4,567,898</b>
<b>Equity 01.01.2016</b>	<b>77,375</b>	<b>-850</b>	<b>1,765,835</b>	<b>1,427,391</b>	<b>512,749</b>	<b>3,782,500</b>	<b>-114,924</b>	<b>3,667,575</b>
Annual result				-865,553		-865,553	39,044	-826,509
Actuarial gain (loss)				1,066		1,066		1,066
Translation adjustments					-119,557	-119,557		-119,557
Value changes assets available for sale				-729		-729		-729
<b>Other comprehensive income</b>				<b>-865,216</b>	<b>-119,557</b>	<b>-984,773</b>	<b>39,044</b>	<b>-945,729</b>
Purchase/ sale treasury shares		600		3,901		4,501		4,501
Equity contribution	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
Minority share merger				-63,205		-63,205	63,205	
Change in minority share purchase				-85,605		-85,605	85,605	
Other adjustments		-1		1				
<b>Equity 31.12.2016</b>	<b>177,374</b>	<b>-251</b>	<b>2,276,941</b>	<b>545,266</b>	<b>393,193</b>	<b>3,392,522</b>	<b>63,205</b>	<b>3,455,727</b>

# NOTES TO CONDENCED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

## NOTE 1 - GENERAL

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

## NOTE 2 - REPORTING PER SEGMENT

	2017	2016	2017	2016	2016
Net freight income per type of vessel	01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	01.01-31.12
AHTS	370,005	133,533	535,950	396,845	491,680
PSV	315,473	24,956	409,957	74,117	92,082
CSV	723,959	478,928	1,742,050	1,636,035	1,996,378
<b>Total operating income</b>	<b>1,409,438</b>	<b>637,417</b>	<b>2,687,956</b>	<b>2,106,998</b>	<b>2,580,140</b>
	2017	2016	2017	2016	2016
Operating result per type of vessel	01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	01.01-31.12
AHTS	-109,890	3,389	-201,592	-48,726	-555,817
PSV	-118,735	-4,092	-175,611	-66,035	-220,072
CSV	98,716	115,070	235,612	450,979	-24,357
<b>Total operating result (*)</b>	<b>-129,909</b>	<b>114,368</b>	<b>-141,591</b>	<b>336,219</b>	<b>-800,246</b>

The business is divided into three operating 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) typically used to transportation of material to offshore installations and construction service vessels (CSV) delivering services relating to development, inspection and repairs of both sub sea and floating installations. All figures are adjusted for gain or loss from sale of vessels.

\* Exclusive share result from Joint Ventures



# NOTES TO CONDENCED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

## NOTE 3 - EBITDA

	2017 01.07-30.09	2016 01.07-30.09	2017 01.01-30.09	2016 01.01-30.09	2016 01.01-31.12
Net freight income	1,409,438	637,417	2,687,956	2,106,998	2,580,140
Excess and less values freight contracts	87,821		87,821		
Freight income from Joint Ventures	19,283	31,229	96,895	151,000	204,315
<b>Total Freight income</b>	<b>1,516,542</b>	<b>668,646</b>	<b>2,872,672</b>	<b>2,257,997</b>	<b>2,786,812</b>
Operating cost	1,165,862	416,749	2,133,536	1,343,606	1,705,569
Operating cost from Joint Ventures	5,238	13,904	44,009	55,769	70,936
<b>Total operating cost</b>	<b>1,171,100</b>	<b>430,653</b>	<b>2,177,545</b>	<b>1,399,376</b>	<b>1,776,505</b>
<b>EBITDA</b>	<b>345,442</b>	<b>237,993</b>	<b>695,128</b>	<b>858,621</b>	<b>1,010,307</b>
<b>EBITDA adjusted for operational leases</b>	<b>383,908</b>	<b>237,993</b>	<b>733,594</b>	<b>858,621</b>	<b>1,010,307</b>

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

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

# NOTES TO CONDENCED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

## NOTE 4 - FIXED ASSETS

	Vessels	Periodic maintenance	New builds	Other	Total
Opening balance 01.01.2017	18,046,030	394,788		34,921	18,475,738
Additions	33,215	54,789		28,072	116,075
Additions from merger	15,113,869	268,307		127,489	15,509,665
Transferred	12,400			-12,400	
Asset held for sale	-172,446	-23,230			-195,676
Disposals	-981,272			-2,487	-983,759
Translation adjustment	-750,715	-9,533		-69	-760,318
Depreciation	-544,046	-141,854		-7,289	-693,189
<b>Closing balance</b>	<b>30,757,034</b>	<b>543,266</b>		<b>168,236</b>	<b>31,468,536</b>

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

CSV "Rem Etive" and AHTS "Far Shogun" were sold and delivered to new owners in Q3 2017. The sales gave a net loss of MNOK 3.

Agreements are entered for sale of PSV "Far Service" and the AHTS's "Sea Fox", "Sea Vixen", "Sea Stroat" and "Nor Star", with delivery in Q4 2017. Net book value, MNOK 196, is presentert as Asset held for sale in the Balance Sheet.

In Q3, lease agreements for 4 vessels classified as financial leases were renegotiated. According to IFRS, the renegotiated leases no longer qualify as financial leases, and are hence derecognised from the balance at the end of the quarter. The effect was a reduction of fixed assets of approximately MNOK 400.

In connection with the consolidation of Farstad Shipping ASA and Deep Sea Supply Plc in Q2 there is posted a net increase in fixed assets of MNOK 15,510.

# NOTES TO CONDENCED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

## NOTE 5 - INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES

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

AC	JV
Deep Well AS (22%)	Normand Installer SA (50%)
Solstad Offshore Crewing Services Philippines (25%)	Normand Oceanic AS (50%)
Maximus Limited (25%)	Normand Oceanic Chartering AS (50%)
	DESS Aquaculture Shipping AS (50%)

	AC	JV	TOTAL
<b>Opening balance</b>	<b>301.889</b>	<b>408.809</b>	<b>710.698</b>
Share of result year to date	18,439	-111,698	-93,259
Additions from merger		22,724	22,724
Other adjustments	-38,054	-46,681	-84,735
<b>Closing balance</b>	<b>282,274</b>	<b>273,154</b>	<b>555,428</b>

Share of result year to date from Joint Ventures includes an impairment of a vessel by MNOK 234 (100%).

The shares in Normand Oceanic AS and Normand Oceanic Chartering AS were sold in Q4 2017 and are written down by MNOK 147 to sales value in Q3 2017.

## NOTE 6 - INTEREST BEARING DEBT

	2017 30.09	2017 30.06	2016 30.09	2016 31.12
Long term debt	28,401,203	30,050,505	10,022,484	17,488,488
Current portion of long term debt	572,195	768,568	270,124	330,694
Current debt	0	0	0	0
<b>Interest bearing debt (*)</b>	<b>28,973,398</b>	<b>30,819,073</b>	<b>10,292,608</b>	<b>17,819,182</b>
Total interes bearing debt	28,973,398	30,819,073	10,292,608	17,819,182
Bank deposits	2,113,677	2,419,694	912,327	1,750,450
<b>Net interest bearing debt</b>	<b>26,859,721</b>	<b>28,399,379</b>	<b>9,380,281</b>	<b>16,068,732</b>

Long-term debt is divided as follows: 44% NOK, 51% USD, 3% GBP and 2% AUD. At the end of the quarter, fixed interest agreement loans, in addition to hedging agreements with remain maturity of up to 4 years, were entered into for around 40% of the total long-term debt.

In Q3, lease agreements for 5 vessels classified as financial leases were renegotiated. According to IFRS, the renegotiated leases for four of the vessels no longer qualify as financial leases, and are hence derecognised from the balance at the end of the quarter. The effect was a reduction of Interest bearing debt of MNOK 520.

\* Inclusive recognized debt relating to financial lease MNOK 2,983.

# NOTES TO CONDENCED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

(NOK 1,000)

## NOTE 7 - TAX EXPENSE

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



Normand Prosper - AH 12



Normand Supporter - PSV 06 CD



# AHTS FLEET GALLERY AND EMPLOYMENT

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BOS Topázio



BOS Turmalina



BOS Turquoise



Elang Laut 1



Far Grip



Far Sabre



Far Sagaris



Far Sailor



Far Saltire



Far Santana



Far Sapphire



Far Saracen



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 Badger



Sea Cheetah



Sea Fox



Sea Jackal



Sea Jaguar



Sea Leopard



Sea Ocelot



Sea Panther



Sea Stoat



Sea Tiger



Sea Vixen

Vessel name	Design	Year built	BHP	Employment *) at 8.11.17	2017	2018	2019	2020	2021
BOS Topázio	UT 728 L	2005	12 240	Aug. 18 + opt.					
BOS Turmalina	UT 722 L	2006	14 500	Sept. 19 + opt.					
BOS Turquesa	UT 722 L	2007	18 000	July 18 + opt.					
Elang Laut 1	Khiam Chuan	2009	12 000	Feb. 18					
Far Grip	UT 722	1993	14 400	Lay-up					
Far Sabre	UT 712 L	2008	15 950	Dec. 18 + opt.					
Far Sagaris	UT 731 CD	2009	23 650	April 18 + opt.					
Far Sailor	UT 722	1997	16 800	Lay-up					
Far Saltire	UT 728 L	2002	16 300	Lay-up					
Far Sanatana	UT 730	2000	19 200	July 18 + opt.					
Far Sapphire	UT 732 CD	2007	27 500	Spot					
Far Saracen	UT 731 CD	2010	24 400	Aug. 18					
Far Scimitar	UT 712 L	2008	15 950	Spot					
Far Scorpion	UT 731 CD	2009	23 650	Aug. 19 + opt.					
Far Scout	UT 722 L	2001	16 800	Spot					
Far Senator	UT 731 CD	2013	24 370	Aug. 18 + opt.					
Far Senior	UT 722 L	1998	16 825	Lay-up					
Far Sigma	UT 731 CD	2014	24 400	Spot					
Far Sirius	UT 731 CD	2014	24 400	Jan. 18 + opt.					
Far Sound	UT 712 L	2007	16 160	Lay-up					
Far Sovereign	UT 741	1999	27 400	Lay-up					
Far Statesman	UT 731 CD	2013	24 400	Spot					
Far Strait	UT 712 L	2006	16 160	Lay-up					
Far Stream	UT 722 L	2006	16 000	March 18 + opt.					
Far Sword	UT 712 L	2006	16 000	Aug. 18 + opt.					
Lady Astrid	UT 722	2003	12 240	Lay-up					
Lady Caroline	UT 722	2003	12 240	Lay-up					
Nor Captain		2007	10 880	Dec. 19 + opt.					
Nor Chief		2008	10 800	Lay-up					
Nor Spring		2008	8 000	Dec. 17					
Nor Tigerfish	Kiam Chian	2007	5 500	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	32 790	Spot					
Normand Ferking	VS 490	2007	20 700	Sept. 18 + opt.					
Normand Ivan	VS 480	2002	23 250	Lay-up					
Normand Mariner	A 101	2002	23 500	Lay-up					
Normand Master	A 101	2003	23 500	Spot					
Normand Neptun	UT 740	1996	20 550	Lay-up					
Normand Prosper	AH 12	2010	32 790	Spot					
Normand Ranger	VS 490	2010	28 000	Spot					
Normand Titan	UT 712 L	2007	19 500	Lay-up					
Sea Badger	Seatech P-729	2011	6 800	Lay-up					
Sea Cheetah	Khiam Chuan	2007	15 000	Lay-up					
Sea Fox	SeaTech P-729	2010	6 800	Sale					
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	10 800	Lay-up					
Sea Panther	KMAR 404	1998	15 000	Lay-up					
Sea Stoat	SeaTech P-729	2011	6 800	Sale					
Sea Tiger	KMAR 404	1998	15 000	Jan. 18 + opt.					
Sea Vixen	SeaTech P-729	2011	6 800	Sale					

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

Contract
 Charterer's option
 Spot
 Framework Agreement



# PSV FLEET GALLERY AND EMPLOYMENT

(AT 8.11.17) For more information about each vessel visit: [WWW.SOLSTADFARSTAD.COM/FLEET/AHTS](http://WWW.SOLSTADFARSTAD.COM/FLEET/AHTS)



Far Scotsman



Far Searcher



Far Seeker



Far Serenade



Far Server



Far Sitella



Far Skimmer



Far Solitaire



Far Spice



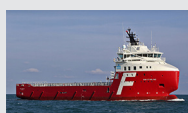
Far Spirit



Far Splendour



Far Star



Far Starling



Far Strider



Far Sun



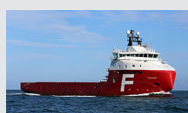
Far Supplier



Far Supporter



Far Swan



Far Sygna



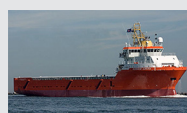
Far Symphony



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



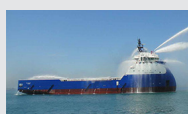
Sea Halibut



Sea Pike



Sea Pollock



Sea Spark



Sea Spear



Sea Spider



Sea Springer



Sea Supra



Sea Surfer



Sea Swan



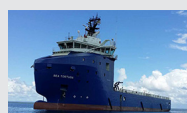
Sea Swift



Sea Tantalus



Sea Titus



Sea Tortuga



Sea Triumph



Sea Trout



Sea Turbot



Sea Witch

Vessel name	Design	Year built	DWT	Employment *) at 8.11.17	2017	2018	2019	2020	2021
Far Scotsman	PSV 08 CD	2012	4 000	June 18 + opt.					
Far Searcher	UT 751 E	2008	5 127	Aug. 22 + opt.					
Far Seeker	UT 751 E	2008	4 905	Nov. 17 + opt.					
Far Serenade	UT 751 CD	2009	5 944	June 18 + opt.					
Far Server	HY 832 CD	2010	4 000	Lay-up					
Far Sitella	PSV 08 CD	2013	4 000	Spot					
Far Skimmer	PSV 08 CD	2012	4 000	Nov. 17 + opt.					
Far Solitaire	UT 754 WP	2012	6 336	Spot					
Far Spica	PSV 08 CD	2013	4 000	Spot					
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	Dec. 17 + opt.					
Far Strider	VS 483	1999	4 709	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	March 18 + opt.					
Far Swan	VS 470 Mk II	2006	3 628	Nov. 17 + opt.					
Far Sygna	Vard 1 07	2014	5 700	Sept. 20 + opt.					
Far Symphony	P 105	2003	4 929	April 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	Nov. 17					
Normand Corona	MT 6000 MK II	2006	4 348	Lay-up					
Normand Falnes	VS 485	2011	5 500	Lay-up					
Normand Flipper	UT 745 E	2003	4 340	Nov. 17					
Normand Fortune	VS 485	2013	5 275	Spot					
Normand Leader	VS 499	2013	6 164	Spot/March 22 + opt.					
Normand Naley	VS 485	2011	5 500	May 18 + opt.					
Normand Provider	UT 755	2007	3 326	Lay-up					
Normand Server	PSV 06 CD	2011	5 300	Jan. 22 + opt.					
Normand Sira	MT 6009	2008	3 642	Spot					
Normand Skipper	VS 4420	2005	6 608	Lay-up					
Normand Skude	VS 485	2015	5 347	Spot					
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	4 419	Spot					
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	June 18					
Sea Spear	PX 105	2014	4 459	June 18					
Sea Spider	PX 105	2014	4 459	Dec. 17 + opt.					
Sea Springer	PX 105	2014	4 459	Lay up					
Sea Supra	PX 105	2014	4 459	Lay-up					
Sea Surfer	PX 105	2014	4 459	Lay-up					
Sea Swan	PX 105	2014	4 459	Lay-up					
Sea Swift	PX 105	2014	4 459	July 18 + opt.					
Sea Tantalus	PSV 05-L CD	2013	4 047	Feb. 18 + opt.					
Sea Titus	PSV 05-L CD	2014	4 047	Nov. 17 + opt.					
Sea Tortuga	PSV 05-L CD	2014	4 047	Nov. 17					
Sea Triumph	PSV 05-L CD	2014	4 047	Dec. 17					
Sea Trout	VS 470 MK II	2007	3 570	Lay-up					
Sea Turbot	UT 755 L	2008	3 250	Lay-up					
Sea Witch	UT 755 L	2008	3 520	Lay-up					

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

Contract Charterer's option Spot



# CSV FLEET GALLERY AND EMPLOYMENT

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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



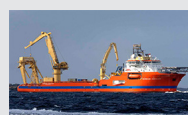
Normand Cutter



Normand Flower



Normand Fortress



Normand Installer



Normand Jarl



Normand Jarstein



Normand Maximus



Normand Mermaid



Normand Ocean



Normand Pacific



Normand Pioneer



Normand Poseidon



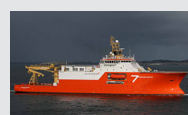
Normand Progress



Normand Reach



Normand Seven



Normand Subsea



Normand Tonjer



Normand Vision



Normand Maximus - VARD 3 19



Vessel name	Design	Year built	BHP	Employment *) at 8.11.17	2017	2018	2019	2020	2021
Far Saga	UT 745 L	2001	10 800	May 20 + opt.					
Far Samson	UT 761 CD	2009	47 600	Jan. 18 + opt.					
Far Scotia	UT 755	2001	5 450	Spot					
Far Sentinel	Vard 3 07	2015	22 550	June 20 + opt.					
Far Sleipner	Vard 3 07	2015	22 550	July 18 + opt.					
Far Superior	Vard 3 17	2017	15 667	Nov. 21 + opt.					
Far Swift	UT 755 L	2003	5 450	Dec. 17 + opt.					
Nor Australis		2009	6 500	Lay-up					
Nor Valiant		2008	5 000	Lay-up					
Norce Endeavour	VS 1040	2011	N/A	July 18 + opt.					
Normand Baltic	STX 06 CD	2010	8 400	Feb. 18					
Normand Clipper	VS 4125	2001	16 320	Dec. 17 + opt.					
Normand Commander	MT 6016 MK II	2006	10 200	Lay-up					
Normand Cutter	VS 4125	2001	22 000	Nov. 17 + opt.					
Normand Flower	UT 737	2002	10 600	Feb. 18 + opt.					
Normand Fortress	MT 6016 MK II	2006	10 700	Lay-up					
Normand Installer	VS 4204	2006	23 040	Dec. 17					
Normand Jarl	MT 6022	2013	14 550	Jan. 19 + opt.					
Normand Jarstein	MT 6022 L	2014	17 232	Dec. 18 + opt.					
Normand Maximus	Vard 3 19	2016	27 500	Oct. 24 + opt.					
Normand Mermaid	P 103	2002	14 440	Spot					
Normand Ocean	MT 6022	2014	17 480	Oct. 21 + opt.					
Normand Pacific	ST 257 L CD	2010	20 560	Oct. 18 + opt.					
Normand Pioneer	UT 742	1999	27 800	Nov. 17					
Normand Poseidon	MT 6016	2009	11 250	Feb. 20 + opt.					
Normand Progress	UT 742	1999	27 800	Lay-up					
Normand Reach	Vard 3 03	2014	20 944	May 19 + opt.					
Normand Seven	VS 4220	2007	26 000	Lay-up					
Normand Subsea	VS 4710	2009	21 000	Dec. 19 + opt.					
Normand Tonjer	VS 495	2010	11 600	Lay-up					
Normand Vision	Vard 3 06	2014	28 200	May 22 + opt.					

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

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



Far Samson - UT 761 CD



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