

The logo for REACH SUBSEA. The word "REACH" is in a bold, black, sans-serif font with a red horizontal bar through the middle of the letters. Below it, the word "SUBSEA" is in a smaller, red, sans-serif font.

**REACH**  
SUBSEA

**3Q 2017**

The title "QUARTERLY CONSOLIDATED REPORT" is written in a bold, white, sans-serif font. It is positioned in the bottom right corner of the page, partially overlapping a white triangular graphic element that points towards the bottom left.

**QUARTERLY CONSOLIDATED REPORT**

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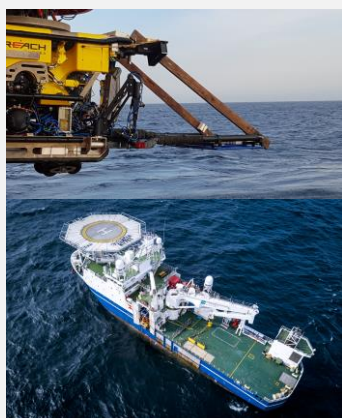
ACCOUNTS

## // THIRD QUARTER HIGHLIGHTS

All time high activity level for Reach Subsea with six vessels in operation during the full third quarter.

- 3Q EBITDA before amortization of termination fee (see explanation under "Results") was NOK 18.2 million compared with NOK 7.9 mill in 3Q2016. The improvement was driven by increased scale, high utilisation and profitable projects.
- 9M EBITDA before amortization of termination fee was NOK 25.0 million compared with NOK 14.5 million for 9M2016. The improvement was driven by the same factors as for 3Q.
- The Group maintains a strong liquidity and equity position (58.6 %), positioning the Group to further invest in innovative technology, such as the Surveyor, and invest in other assets to leverage our platform for a future recovery.
- Tender activity remains high with outstanding tender value of around NOK 1.9 billion, compared with NOK 1.7 billion at the end of 2Q2017.

## THIRD QUARTER 2017



## // ABOUT REACH SUBSEA

The Group's business concept is to offer subsea services as subcontractor and/or directly to end clients, based out of our head office in Haugesund. The core business of the Group is based on modern, high spec Work ROVs operated by highly qualified offshore personnel, and supported by our competent onshore engineering resources.

The Group's objective is to become a preferred subsea partner and full-service provider of subsea operations for clients, among others by having focus on safety, environment, financial solidity and profitability. Moderate risk contracts will be targeted, thus securing revenue and strong liquidity in parallel with increasing the fleet, asset base and staff size.

Reach Subsea is your new provider  
of IMR, ROV, Survey, Construction  
Support and Decommissioning Services.

## // OPERATIONS

REACH had per 30<sup>th</sup> September 2017 ten WROV-systems in operation in addition to "Surveyor Interceptor", owned by a joint venture between Reach Subsea and MMT Sweden AB (MMT). During 2017, the fleet has been increased by four WROVs, accomplished through charter-in agreements with limited risk exposure for Reach Subsea.

REACH offshore personnel contracting business, Connect Offshore, continued sourcing highly skilled offshore personnel during the third quarter. This personnel base is highly important in peak seasons, when the number of man hours in operation normally doubles compared to Reach Subsea's own staff.

REACH has not had any serious incidents during the quarter, which support our objective that the right procedures, well trained personnel and high-quality equipment generate operational success.

*Normand Reach* is equipped with two Supporter WROVs and offshore personnel. The vessel spent the full quarter on a contract between Solstad and McDermott in Australia where Reach Subsea provided WROV-services.

*Edda Fonn*, a purpose built ROV/Survey vessel equipped with one Supporter WROV and survey equipment, is on a charter agreement from Østensjø. The agreement was renegotiated (for the rest of the firm charter party period; end 2017) in July, reducing idle time risk, but prolonging the charter period to end 2018. The vessel is utilized for Reach Subsea's own offshore operations in the cooperation with MMT. *Edda Fonn* had high activity in the quarter in the oil and gas sector in the Baltic region, closely cooperated with MMT.

*Viking Neptun* operated in Europe in the third quarter with first class oil companies as end clients. Reach Subsea has one Supporter WROV and one Constructor WROV and delivers all ROV-services onboard the construction vessel, a contract lasting throughout 2018.

*Stril Explorer* is a survey vessel on a charter contract from Møkster to Reach Subsea's cooperation partner MMT. Reach Subsea provided ROV services consisting of one Supporter WROV and offshore personnel to the vessel in the third quarter of 2017. Projects performed by the *Stril Explorer* spread are to a large extent ROV/Survey work handled as a cooperation between Reach Subsea and MMT. The Surveyor Interceptor was until August 2017 mobilized onboard *Stril Explorer*. The vessel was in the third quarter located in the Baltic area working for clients in both the oil & gas and the renewables market with high utilization.

*Havila Subsea* is equipped with two chartered-in WROVs and offshore personnel from Reach Subsea's offshore pool. *Havila Subsea* worked on the Black Sea MAP project in the third quarter, using the Surveyor Interceptor and the WROVs. The project was a huge success for our end client, obtaining remarkable information about the Black Sea documented by images and film from antique sunk vessels and other items on the sea bed.

*Olympic Delta* is equipped with two chartered-in WROVs and offshore personnel from Reach Subsea's offshore pool. The vessel is on a contract between cooperation partner MMT and owner Olympic Shipping and is scheduled for projects under a cooperation agreement between Reach Subsea and MMT. The vessel spent most of the quarter on a contract with Allseas in the Black Sea.

REACH has per 27. November 2017 a firm order book of NOK 115 million, with the vast majority related to work in 4Q 2017.

## // RESULTS

Third quarter 2017 EBITDA before amortization of termination fee<sup>1</sup> was NOK 18.2 million (NOK 7.9 million for 3Q2016) with a net profit of NOK 2.8 million (NOK 6.2 million loss for 3Q2016). The improvement compared with last year is explained by our increased scale, no vessel costs on commercial idle days, as well as higher utilization of vessels and equipment.

Revenue for the quarter was NOK 130.9 million compared with NOK 86.0 million for 3Q2016. The increase compared with the same quarter last year is due to an increased number of vessels and ROVs as well as higher utilization.

Operating expense for the quarter was NOK 126.7 million including depreciation and amortization of termination fee. Project-related expense represents the majority of the operating expense for the group. Total operating expense for 3Q2016 was NOK 91.5 million. The increase in operating expenses is related to higher activity level compared to the same period last year. Though the operating cost is higher, the fixed part of the cost, and thus the risk, is substantially reduced compared to 2016. Having a market regulated cost base has been essential in obtaining new contracts for the vessels during the quarter.

The rental cost for the four WROVs

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<sup>1</sup> EBITDA before amortization of termination fee recognizes the effect of renegotiated vessel charter rates for *Edda Fonn* and *Normand Reach*. As part of the restructuring of charter commitments in June 2016 a termination fee of NOK 76 million was paid to Østensjø and Solstad. The termination fee has been capitalized and will be amortized over the rest of the

onboard *Havila Subsea* and *Olympic Delta* occurs as operating expense (included in EBITDA), in contrast to the cost for the existing six owned/financially leased WROVs occurring in the accounts as depreciation and interest expense.

Revenue for the first three quarters 2017 was NOK 248.3 million (NOK 261.4 million in the same period 2016). The reduction is explained by reduced rate levels due to the market down turn. This includes *Normand Reach*, which was on a firm time charter contract with DOF Subsea, a contract established in 2014 and lasting through the first two quarters of 2016.

EBITDA for the first three quarters of 2017 before amortized termination fee was NOK 25.0 million compared to NOK 14.5 million in 2016.

For 3Q2017, Oil & Gas revenues constituted 67 % while Renewable/Other constituted 33 % of total revenues. By comparison, for 3Q2016 Oil & Gas revenues were 63 % while Renewable/Other constituted 37 % of total revenues. Oil & Gas entails revenues from survey, IMR and light construction projects where the end client is an oil & gas company. Renewable/Other entails revenues from survey, IMR and light construction projects where the end client is a non-oil & gas company (typically a company in the renewable energy sector).

## // CAPITAL STRUCTURE

Total current assets at the end of the period were NOK 251.7 million, of which

charter party periods. This termination fee occurs as an amortized pre-payment in the operating cost, although it has no cash effect. EBITDA will during the amortization period be split in two; before and after amortization of termination fee.

cash and cash equivalents amounted to NOK 62.4 million. Receivables were NOK 189.3 million, which includes NOK 23.3 million in termination fee to Østensjø and Solstad that will be amortized over the next year (non-cash effect). Total non-interest bearing current liabilities were NOK 92 million.

As part of the restructuring of charter commitments a termination fee of NOK 76 million to Østensjø and Solstad was paid out in 2Q2016. The termination fee has been capitalized and is amortized over the rest of the charter party periods. As per 30 September 2017 remaining capitalized termination fee amounts to NOK 39.8 million of which NOK 16.5 million is classified as a long-term receivable with the remaining NOK 23.3 million classified as a current receivable.

Net cash flow from operating activities for the first three quarters of 2017 was NOK -26.2 million. The negative operating cash flow is explained by a NOK 48.2 million increase in net working capital. Receivables are expected to decrease substantially during 4Q2017, following the normal seasonality of our business.

Cash flow from investing activities was NOK -12.0 million for the first three quarters of 2017, which is mainly related to the two new subsea spreads mobilized during the second quarter.

The Group's equity as of 30<sup>th</sup> September 2017 is NOK 228.1 million, which represents 58.6 % of the total balance sheet. REACH has no major debt maturities for 2017 and onwards. Committed future capital expenditures related to Surveyor Interceptor 2 amounts to NOK 11 million for REACH (reduced from NOK 15 million).

## **// THE SHARE**

REACH Subsea ASA is listed on the Oslo Stock Exchange. The Company has per 30.09.17 issued 143 239 525 shares, of which the majority is owned by Norwegian shareholders.

Reach Subsea essentially follows the recommendation for reporting of IR-information issued by the Oslo Stock Exchange's and publish all the news releases on [www.newsweb.no](http://www.newsweb.no), a service provided by the Oslo Stock Exchange.

## **// NEWS AFTER QUARTER END**

REACH has entered into short- and medium-term contracts for the vessels for the fourth quarter 2017. The order book figure of NOK 115 million take these contracts into account. See further details under «Vessel Update» and «Outlook».

## **// VESSEL UPDATE**

*Edda Fonn:* The spread has had high utilisation the first part of 4Q2017, and is now operating in the spot market.

*Stril Explorer:* The WROV mobilised on-board *Stril Explorer* has had high utilisation so far in the fourth quarter, with firm commitment expected to last until early December 2017.

*Viking Neptun:* The vessel is on a "Walk to work" contract between Eidesvik and an end-client without using the WROVs. This gives a low utilisation for the equipment for 4Q2017 and 1Q2018.

*Normand Reach:* Reach Subsea covered the entire 2017 vessel commitment for *Normand Reach* through Solstad Offshore's contract with McDermott in Australia, where Reach Subsea provided the WROV services. Looking beyond 2017, the remaining charter commitment for REACH is 180 days in 2018 and 100 days in

2019 for *Normand Reach*, which is at competitive charter-in rates with a profit share to the shipowner.

*Havila Subsea*: The vessel is trading in the spot market, with low utilisation in the first part of 4Q2017

*Olympic Delta*: The vessel started the Allseas project early August 2017. Work beyond the firm scope of the contract has gradually increased, and estimated duration is now into, and possibly throughout, the first quarter of 2018.

## // OUTLOOK

REACH's strategy is to be a full-service provider within subsea service. The Group's management and board have extensive and long experience in the segment.

REACH currently markets and operates six subsea spreads (vessel, ROVs, and personnel) alone or together with partners, of which five entails spreads where Reach Subsea has little or no vessel commitment (co-operation agreement with shipowner, or "pay as you earn" charter structures). The remaining spread, *Normand Reach*, has a fixed charter commitment of 180 days in 2018 and 100 days in 2019, at a rate level that gives the company a competitive cost base.

The combination of a lean and agile organization, and the attractive cost

structure of our six subsea spreads, gives Reach a flexible and competitive cost base tailored to cope with continued weak markets. Given Reach Subsea's strong operational track record and high utilisation of vessels and assets compared to our competitors, we are well positioned for profitable growth.

The subsea industry is still characterised by oversupply of tonnage and equipment, resulting in a market with tough competition and pressured rate levels. There are some signs of improved visibility in terms of a generally higher tender activity, and the gradual occurrence of some longer term tenders. It remains to be seen, however, if this indication of higher demand can translate into any improvement in the pressured rate environment of the past few years.

The Board is pleased to note that all subsea spreads had high utilisation for Q3 and that the Group is not exposed to any vessel costs going into another tough winter season. All vessels have contributed positively to the quarter's strong EBITDA.

With a strong balance sheet, coupled with a flexible business model, the company aim to exploit attractive growth opportunities we currently see in the market.

Haugesund, 27.11.2017

Kåre Johannes Lie  
Chairman of the Board

Anders Onarheim  
Vice-Chairman of the Board

Sverre B. Mikkelsen  
Board member

Merete Haugli  
Board member

Martha Kold Bakkevig  
Board member

Jostein Alendal  
CEO

Contact:

Jostein Alendal  
(CEO)

Birgitte Wendelbo Johansen  
(CFO)

## // REACH SUBSEA FLEET



### **Edda Fonn**

Cost effective, IMR survey and light construction vessel with long track record in the business



### **Normand Reach**

State of the art offshore construction vessel with high crane capacity and prepared for complex offshore operations



### **Havila Subsea**

Cost effective, IMR survey and light construction vessel with long track record in the business





## Stril Explorer

Fully integrated survey vessel with light construction capabilities



## Viking Neptun

State of the art, high capacity subsea construction vessel, prepared for flexible and cable installation and heavy lifting.



## Olympic Delta

Cost effective, IMR survey and light construction vessel





## - Income statement -

Income statement (in NOK '000)	Note	2017	2016	2017	2016	2016
		01.07.- 30.09 <i>unaudited</i>	01.07.-30.09 <i>unaudited</i>	01.01- 30.09 <i>unaudited</i>	01.01-30.09 <i>unaudited</i>	01.01-31.12 <i>audited</i>
Operating income		130 888	85 962	248 260	261 441	327 493
Other operating income		-	0	0	0	0
<b>Total operating income</b>		<b>130 888</b>	<b>85 962</b>	<b>248 260</b>	<b>261 441</b>	<b>327 493</b>
Operating expenses		-112 712	-78 018	-223 235	-246 897	-302 429
<b>EBITDA before amortized termination fee</b>		<b>18 176</b>	<b>7 944</b>	<b>25 025</b>	<b>14 543</b>	<b>25 064</b>
Amortized termination fee		-7 259	-7 262	-21 709	-7 262	-14 529
<b>EBITDA after amortized termination fee</b>		<b>10 917</b>	<b>682</b>	<b>3 316</b>	<b>7 282</b>	<b>10 535</b>
Depreciation	3	-6 719	-6 192	-19 138	-18 560	-24 814
<b>Operating result (EBIT)</b>		<b>4 199</b>	<b>-5 510</b>	<b>-15 821</b>	<b>-11 279</b>	<b>-14 279</b>
Net financial items		-1 573	-1 297	-2 974	-5 722	-7 376
Net result from affiliated companies		205	606	-1 931	-602	-1 557
<b>Profit (loss) before taxes</b>		<b>2 831</b>	<b>-6 201</b>	<b>-20 727</b>	<b>-17 602</b>	<b>-23 213</b>
Taxes	9	-	0	0	0	0
<b>Profit (loss)</b>		<b>2 831</b>	<b>-6 201</b>	<b>-20 727</b>	<b>-17 602</b>	<b>-23 213</b>
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gain/loss on financial derivatives of cash flow hedges		-	-	0	-	0
<b>Comprehensive income items</b>		<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>2 831</b>	<b>-6 201</b>	<b>-20 727</b>	<b>-17 602</b>	<b>-23 212</b>
Earnings per share		0,02	-0,08	-0,15	-0,23	-0,28
Diluted earnings per share		0,02	-0,08	-0,15	-0,23	-0,28

## - Balance Sheet -

Consolidated balance sheet (in NOK '000)	Not e	2017 30.09. <i>unaudited</i>	2016 30.09. <i>unaudited</i>	2016 31.12. <i>audited</i>
<b>Non-current assets</b>				
Deferred tax assets	9	8 161	8 161	8 161
Investment in associated companies		4 841	6 227	5 272
Property, plant and equipment	3	108 304	122 674	116 916
Other long term receivables	6	16 500	39 756	33 000
<b>Total non-current assets</b>		<b>137 806</b>	<b>176 819</b>	<b>163 349</b>
<b>Current assets</b>				
Trade and other receivables	6	189 272	136 926	104 654
Cash and cash equivalents		62 397	14 755	30 586
<b>Total current assets</b>		<b>251 668</b>	<b>151 681</b>	<b>135 240</b>
<b>Total assets</b>		<b>389 475</b>	<b>328 500</b>	<b>298 590</b>
<b>Equity</b>				
Share capital	7	143 240	91 241	91 241
Share premium		114 754	80 919	80 919
Other equity	8	-29 938	-3 602	-9 211
<b>Total equity</b>		<b>228 055</b>	<b>168 558</b>	<b>162 949</b>
<b>Non-current liabilities</b>				
Interest-bearing debt	4	48 411	70 750	64 227
<b>Total non-current liabilities</b>		<b>48 411</b>	<b>70 750</b>	<b>64 227</b>
<b>Current liabilities</b>				
Current portion of interest bearing debt	4	21 000	19 698	21 000
Other current liabilities		92 008	69 493	50 414
Derivatives		0	0	0
<b>Total current liabilities</b>		<b>113 008</b>	<b>89 192</b>	<b>71 414</b>
<b>Total liabilities</b>		<b>161 419</b>	<b>159 942</b>	<b>135 641</b>
<b>Total equity and liabilities</b>		<b>389 475</b>	<b>328 500</b>	<b>298 590</b>

## -Cash Flow -

Cash flow statement	2017 01.01-30.09 <i>unaudited</i>	2016 01.01-30.09 <i>unaudited</i>	2016 31.12. <i>Audited</i>
<b>Cash flow from operating activities</b>			
Profit (loss) before tax	-20 727	-17 602	-23 212
Net result from affiliated companies	1 931	602	1 557
Depreciation	19 138	18 560	24 814
Change in trade debtors	-88 945	-14 771	-567
Change in trade creditors	40 722	-459	-9 309
Change in other provisions	21 699	-11 690	2 905
Share option cost employees	0	604	604
<b>Net cash flow from operating activities</b>	<b>-26 181</b>	<b>-24 756</b>	<b>-3 208</b>
<b>Cash flow from investing activities</b>			
Purchase of fixed assets	-10 526	-820	-1 314
Investment in associated companies	-1 500	0	0
<b>Net cash flow from investing activities</b>	<b>-12 026</b>	<b>-820</b>	<b>-1 314</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of ordinary shares	85 833	8 113	8 113
Repayment of long term loans	-15 816	-22 152	-27 374
<b>Net cash flow from financing activities</b>	<b>70 017</b>	<b>-14 040</b>	<b>-19 261</b>
<b>Net change in cash and cash equivalents</b>	<b>31 810</b>	<b>-39 615</b>	<b>-23 783</b>
Cash and cash equivalents in the start of the period	30 586	54 370	54 370
<b>Cash and cash equivalents in the end of the period</b>	<b>62 397</b>	<b>14 755</b>	<b>30 586</b>

## - Equity -

Equity	Not e	Share capital and share premium	Other equity	Total equity
Equity 31.12.16		172 160	-9 211	162 949
Capital increase		90 997		90 997
Share issue cost		-5 164		-5 164
Result for the period		0	-20 727	-20 727
<b>Equity 30.09.17</b>		<b>257 993</b>	<b>-29 938</b>	<b>228 055</b>

## - Notes to the Interim Financial Statement -

### // NOTE 1 - BASIS FOR PREPARATION

These consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The interim financial statements are unaudited, and do not include all of the information required for the full financial statements, and should be read in conjunction with the consolidated yearly financial statement. The yearly financial statement are audited. Consolidated interims- and yearly financial statements are available on the news services from Oslo Stock Exchange ([www.newsweb.no](http://www.newsweb.no)) or the company's webpage ([www.reachsubsea.com](http://www.reachsubsea.com)).

### // NOTE 2 - SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting principles used in the preparation of these financial statements are consistent with those used in the annual financial statements. These consolidated condensed financial statements should be read in conjunction with the annual financial statements, which include a full description of the Group's accounting principles.

### // NOTE 3 - FIXED ASSETS

Fixed assets (NOK 1000)	ROV and equipment	ROV and equipment, leased	Equipment and office machinery	Total fixed assets
Purchase cost 01.01.17	54 276	126 343	9 358	189 977
Additions	9 479	896	151	10 526
Disposals	0	0	0	0
<b>Purchase cost 30.09.17</b>	<b>63 755</b>	<b>127 239</b>	<b>9 509</b>	<b>200 503</b>
Accumulated depreciation 30.09.17	-32 447	-50 333	-9 419	-92 199
<b>Net book value 30.09.17</b>	<b>31 309</b>	<b>76 906</b>	<b>90</b>	<b>108 304</b>
Depreciation in the period	8 214	10 479	445	19 138
Expected useful life (years)	3-8	3-8	3	
Depreciation plan	Straight line	Straight line	Straight line	

### // NOTE 4 - BORROWINGS

(NOK 1000)	30.09.2017	31.12.2016
<b>Non-current borrowings</b>		
Bank borrowings	7 875	15 570
Finance lease liabilities	40 536	48 477
<b>Total non-current borrowing</b>	<b>48 411</b>	<b>64 047</b>
<b>Current borrowings</b>		
Bank borrowings	10 500	10 500
Finance lease liabilities	10 500	10 500
<b>Total current borrowings</b>	<b>21 000</b>	<b>21 000</b>
<b>Carrying amount</b>		
Bank borrowings	18 375	26 250
Finance lease liabilities	51 036	58 977
<b>Total carrying amount</b>	<b>69 411</b>	<b>85 227</b>
<b>Fair value</b>		
Bank borrowings	18 375	26 250
Finance lease liabilities	51 036	58 977
<b>Total fair value</b>	<b>69 411</b>	<b>85 227</b>

The company had as of 30.09.17 debt of NOK 69,4 million to credit institutions. The company's long-term debt consists of financial leasing and bank loan and is secured by pledge of fixed assets and cash deposits. Book value of pledged fixed assets as of 30.09.2017 amounted to NOK 108,3 million. All debt to credit institutions are in NOK

**- Notes to the Interim Financial Statement -****// NOTE 5 - TRANSACTIONS WITH RELATED PARTIES**

The company has undertaken various transactions with related parties consisting of consultancy services. All transactions are carried out as part of the normal course of business and the deal is carried out on commercial terms in accordance with the Companies Act § 3-8 and 3-9.

**// NOTE 6 - RECEIVABLES**

Note 6: In connection with the restructuring of the charter party with Østensjø and Solstad in 2016, a termination fee of NOK 76 million was capitalised in 2Q2016. The termination fee is amortised over the rest of the charter party periods. In 2017 a total of NOK 21.7 million has been amortised (NOK 7.2 million for 9M2016), leaving a remaining balance as of 30 September 2017 of NOK 39.8 million, of which NOK 16.5 million is classified as a long term receivable and NOK 23.3 million as a current receivable.

**// NOTE 7 - SHAREHOLDERS**

20 largest shareholders as per 19.11.2017

ACCELLO PARTNERS I AS	40 600 000	28,3 %
EIKA NORGE	10 285 650	7,2 %
JOSO INVEST AS	7 564 589	5,3 %
JT INVEST AS	5 529 539	3,9 %
NORMAND DRIFT AS	5 000 000	3,5 %
HOLME HOLDING AS	3 853 000	2,7 %
NHO - P665AK JP MORGAN CHASE I	2 800 000	2,0 %
Danske Invest Norge	2 232 109	1,6 %
CORUNA AS	2 097 877	1,5 %
SKEISVOLL & CO AS	2 000 000	1,4 %
TEOMAR AS	2 000 000	1,4 %
A-Å INVEST AS	1 938 725	1,4 %
Goldman Sachs & Co. GOLDMAN SA	1 776 589	1,2 %
AB INVESTMENT AS	1 705 743	1,2 %
SMS INVESTERING AS	1 652 366	1,2 %
LION INVEST AS	1 610 000	1,1 %
MACAMA AS	1 578 446	1,1 %
BARRUS CAPITAL AS	1 510 090	1,1 %
SIX SIS AG ACCOUNT 2	1 500 094	1,0 %
FREEMAN SHIPPING & O	1 400 000	1,0 %
<b>Total 20 largest</b>	<b>98 634 817</b>	<b>68,9 %</b>
Others	44 604 708	31,1 %
<b>Total</b>	<b>143 239 525</b>	<b>100,0 %</b>

## - Notes to the Interim Financial Statement -

### // NOTE 8 - SHARE-BASED REMUNERATION

The Stock option program expired in September 2016. The Board has decided to establish a new stock option program for leading employees. The Board of Directors holds a power of attorney to issue up to 3,886,875 shares related to the stock option program (valid until the Annual General Meeting 2018).

### // NOTE 9 - TAX

The Group has, based on contracts and budgets for 2016 and 2017, assumed that parts of the tax loss carried forward can be recognized. Per 30.09.2017 NOK 8,2 million is capitalized.

### // NOTE 10 - EVENTS AFTER QUARTER END

The Group has not had any major events after the balance date that affects the accounts.

### // NOTE 11 - SEGMENTS

(NOK 1000)	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>Revenue</b>					
Oil & Gas	87 695	55 016	183 712	181 701	202 461
Renewable / other	43 193	30 946	64 548	79 740	125 032
<b>Total</b>	<b>130 888</b>	<b>85 962</b>	<b>248 260</b>	<b>261 441</b>	<b>327 493</b>
<b>Operating expense</b>					
Oil & Gas	-84 882	-57 984	-195 420	-186 813	-212 230
Renewable / other	-41 807	-33 488	-68 661	-85 906	-129 542
<b>Total</b>	<b>-126 689</b>	<b>-91 472</b>	<b>-264 081</b>	<b>-272 719</b>	<b>-341 772</b>
<b>Operating result</b>					
Oil & Gas	2 813	-2 968	-11 708	-5 111	-9 769
Renewable / other	1 386	-2 542	-4 114	-6 167	-4 510
<b>Total</b>	<b>4 199</b>	<b>-5 510</b>	<b>-15 821</b>	<b>-11 278</b>	<b>-14 279</b>
<b>EBITDA Earnings before Interest, Taxes, Depreciation &amp; Amortization</b>					
Oil & Gas	7 315	432	2 454	4 988	3 327
Renewable / other	3 603	250	862	2 294	7 208
<b>Total</b>	<b>10 917</b>	<b>682</b>	<b>3 316</b>	<b>7 282</b>	<b>10 535</b>
<b>EBITDA before amortization of termination fee</b>					
Oil & Gas	12 178	5 036	18 519	9 962	16 550
Renewable / other	5 998	2 908	6 507	4 581	8 514
<b>Total</b>	<b>18 176</b>	<b>7 944</b>	<b>25 025</b>	<b>14 543</b>	<b>25 064</b>

