REACH SUBSEA

4Q 2017

QUARTERLY CONSOLIDATED REPORT

CONTENTS:

// FOURTH QUARTER HIGHLIGHTS

- EBITDA for the full year 2017 before amortization of termination fee was NOK 26.7 million compared with NOK 25.1 million for 2016. During the year two new vessels were mobilised, generating a high activity level with a substantially lower risk (vessel commitment) than 2016.

- 4Q EBITDA before amortization of termination fee (see explanation under "Results") was NOK 1.7 million compared with NOK 10.5 mill in 4Q2016.

- The Group maintains a strong liquidity and equity position (56.0 %), 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 1.7 billion, compared with NOK 1.9 billion at the end of 3Q2017.

Key figures

	4Q 2017 *unaudited*	4Q 2016 *unaudited*	12M 2017 *unaudited*	12M 2016 *unaudited*
Revenues (NOKm)	112	66	360	327
EBITDA (NOKm)	2	11	27	25
Pre-tax profit (NOKm)	-10	-6	-31	-23
Liquidity (NOKm)	99	31	99	31
Net working capital (NOKm)	35	26	35	26
Net interest bearing debt (NOKm)	-35	55	-35	55
Equity (NOKm)	218	163	218	163
Order backlog (NOKm)	95	55	95	55
Outstanding tender value (NOKbn)	1,7	1,4	1,7	1,4
Number of ROV days sold	362	390	1 739	1 165
Number of ROV days available	920	552	2 994	1 638
Technical uptime on ROVs	100 %	96 %	99 %	99 %
Number of offshore personnel days sold	2 204	3 130	11 565	7 076
LTIs	-	-	-	1
Number of vessel days sold	140	142	588	437

// 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 be 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 are targeted, thus securing revenue and strong liquidity in parallel with increasing the fleet, asset base and staff size.

// OPERATIONS

REACH had per year end 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. During January 2018 a second Surveyor ROV will be delivered, "Surveyor II".

REACH offshore personnel contracting business, Connect Offshore, continued sourcing highly skilled offshore personnel during the fourth 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 finished the contract between Solstad and McDermott in Australia in October. Reach Subsea provided WROV-services during the contract. The vessel arrived in Norway in December after transit and has been idle the rest of the quarter.

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 activity in the beginning of the quarter in the oil and gas sector, but was idle in Haugesund for nearly two months during the fourth quarter.

Viking Neptun started a walk to work contract between Eidesvik and Awden in October. Reach Subsea has one Supporter WROV and one Constructor WROV and delivers all ROV-services onboard the construction vessel, a contract lasting throughout 2018. The contract between Eidesvik and Awden does not include WROV services, leaving the WROVs onboard idle.

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 fourth 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" is currently mobilized onboard *Stril Explorer* and had high utilisation in the fourth quarter working on a survey contract with MMT/Nordstream. Utilisation on the WROV onboard was low in the fourth quarter due to the scope of the contract.

Havila Subsea is equipped with two chartered-in WROVs and offshore personnel from Reach Subsea's offshore pool. *Havila Subsea* worked in the spot market in the fourth quarter, primarily within the oil and gas sector.

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 the full quarter on a contract with Allseas in the Black Sea.

REACH has per 26th February 2018 a firm order book of NOK 95 million, with the vast majority related to work in 1st half 2018.

// RESULTS

Fourth quarter 2017 EBITDA before amortization of termination fee[1] was NOK 1.7 million (NOK 10.5 million for 4Q2016) with a net loss of NOK 10.0 million (NOK 5.6 million loss for 4Q2016). The reduced result compared with last year is explained by lower utilisation on equipment as both *Viking Neptun* and *Normand Reach* had low ROV-activity/were idle the majority of the quarter.

Revenue for the quarter was NOK 111.9 million compared with NOK 66.1 million for 4Q2016. The increase compared with the same quarter last year is due to one project generating a large turnover.

Operating expense for the quarter was NOK 123.6 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 4Q2016 was NOK 69.1 million. The increase in operating expenses is related to the same project mentioned above. 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 onboard *Havila Subsea* and *Olympic Delta* occurs as operating expense (included in EBITDA), in contrast to the

[1] 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 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.

cost for the existing six owned/financially leased WROVs occurring in the accounts as depreciation and interest expense.

Revenue for the full year 2017 was NOK 360.2 million (NOK 327.5 million in the same period 2016). The increase is explained by an increased number of vessels operated in 2017.

EBITDA for the full year 2017 before amortized termination fee was NOK 26.7 million compared to NOK 25.1 million in 2016.

For 2017, Oil & Gas revenues constituted 78 % while Renewable/Other constituted 22 % of total revenues. By comparison, for 2016 Oil & Gas revenues were 67 % while Renewable/Other constituted 33 % 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 year were NOK 263.0 million (NOK 135.2 million in 2016), of which cash and cash equivalents amounted to NOK 99.0 million (30.6 million). Receivables were NOK 142.1 million (76.2 million) and short-term portion of termination fee, that will be amortized over the next year (non-cash effect), is NOK 22 million (NOK 28.5 million). Total non-interest bearing current liabilities were NOK 106.9 million (NOK 50.4 million), leaving a net working capital of NOK 35.2 million (NOK 25.8 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 year end 2017 remaining capitalized termination fee amounts to NOK 33 million (NOK 61.5 million) of which NOK 11 million (NOK 33.0 million) is classified as a long-term receivable with the remaining NOK 22 million (NOK 28.5 million) classified as a current receivable.

Net cash flow from operating activities for the fourth quarter 2017 was NOK 42.5 million. The increase is explained by the reduced outstanding receivables compared to 3Q2017 following the normal seasonality of the business. The net cash flow from operating activities for the full year 2017 was positive NOK 19.0 million. Furthermore, the capital increase of NOK 85.9 million in 1Q2017 contributed to a strong liquidity position at the end of the year.

Cash flow from investing activities was NOK 12.1 million in 2017, which is mainly related to the two new subsea spreads mobilized during the second quarter.

The Group's equity as of 31st December 2017 is NOK 218.1 million, which represents 56.0 % of the total balance sheet. REACH has no major debt maturities for 2018 and onwards. Committed future capital expenditures related to Surveyor Interceptor 2 amounts to NOK 11 million for REACH (in January 2018).

// THE SHARE

REACH Subsea ASA is listed on the Oslo Stock Exchange. The Company has per 31.12.17 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, a service provided by the Oslo Stock Exchange.

// NEWS AFTER QUARTER END

REACH and MMT Sweden's successful co-operation has resulted in a new frame agreement with Statoil covering both survey and light construction for the next three years.

The frame agreement is call-off based, which means that Statoil can award contracts for survey and light construction projects in the North Sea on an as needed basis.

As part of the frame agreement, MMT Sweden has in co-operation with Reach Subsea been awarded a call off with Statoil for survey and light construction work offshore Norway. The value of the contract is confidential. The work is being performed with the subsea vessel Havila Subsea from early February onwards.

The frame agreement and the associated awarded work is of great strategic importance for both MMT Sweden and Reach Subsea. The two companies have worked jointly together since 2013 and have gradually increased the market share within the segment of survey and light construction with the aim of being a key supplier for the major clients. Furthermore, MMT Sweden and Reach Subsea have in recent years made large investments in this segment, developing a professional and experienced personnel base and building a modern fleet of vessels and equipment in order to be prepared for this project.

REACH was in January awarded a contract from BP for use of the vessel Normand Reach on the Mungo field in the North Sea. The value of the contract is confidential between the parties. Normand Reach will be used on a walk-to-work project with expected start-up late April/early May. The 12-week contract has options to extend if required.

REACH opened an office in Houston in January 2018 as part of our organic growth strategy to penetrate other markets. The Houston office will focus on upcoming project opportunities in the Gulf of Mexico and West-Africa. REACH is already in advanced discussions with several major oil companies in Houston, and is optimistic about new contract opportunities for 2018 work.

REACH has further entered into short- and medium-term contracts for the vessels for the first half 2018. The order book figure of NOK 95 million take these contracts into account. See further details under «Vessel Update» and «Outlook».

// VESSEL UPDATE

Edda Fonn: The spread has had some utilisation the first part of 1Q2018. The vessel undertakes a planned docking in February and is thereafter planned for the spot market as well as testing "Surveyor II".

Stril Explorer: The WROV mobilised on-board *Stril Explorer* has had high utilisation so far in the first quarter, and is currently operating in the short-term market on projects handled by MMT.

Viking Neptun: The vessel is on a "Walk to work" contract between Eidesvik and an end-client without using the WROVs. This gives no utilisation for the equipment for 1Q2018 and early 2Q2018.

Normand Reach: 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. The contract with BP mentioned under "News after quarter end" covers about half the charter commitment in 2018.

Havila Subsea: The vessel started working for Statoil in February and is estimated to be fully occupied through 1Q2018.

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 throughout the first quarter of 2018.

// INVESTOR RELATIONS

Starting in 2018, REACH is taking measures to improve the content and frequency of information to its investors. Our quarterly financial reports will include further financial details than before, aimed at improving the transparency of our business. This has already been implemented in the 4Q2017 report.

Furthermore, REACH will start releasing monthly operating statistics no later than 15 days after the end of each month. The first update will be released on 15 March 2018, and contain operating statistics for January and February 2018. Also, the operating statistics will be included in the quarterly reports and has already been implemented in the 4Q2017 report.

IFRS 16 Leases is a new accounting standard that is mandatory from 1 January 2019 (see note 1 for further details). However, REACH has decided to early implement the standard with effect from 1 January 2018, which means that the 1Q2018 report will be published using the new standard. Initial calculations indicate an increase in recognised assets and liabilities of NOK 150-200 million as almost all operating leases are capitalised. Furthermore, the new standard will have a positive effect on EBITDA, but a fairly neutral effect on profit before tax.

Lastly, the Board has decided on a new dividend policy, with effect from the financial year 2018, stating that the company aim to distribute a dividend of around 50% of adjusted net profit. Adjusted net profit is defined as reported net profit, adjusted for amortized termination fee.

// 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, of which half is covered by the BP Mungo contract, 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.

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, 26.02.2018

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 -

Statement of profit or loss (in NOK '000)	Note	4Q 2017 *unaudited*	4Q 2016 *unaudited*	12M 2017 *unaudited*	12M 2016 *audited*
Operating revenue		111 895	66 052	360 155	327 493
Other revenue		-	-	-	-
Revenue		**111 895**	**66 052**	**360 155**	**327 493**
		-			
Procurement expenses		-78 094	-31 759	-206 676	-200 744
Personnel expenses		-19 163	-17 199	-81 512	-68 428
Other operating expenses		-12 960	-6 574	-45 264	-33 257
EBITDA before amortized termination fee		**1 678**	**10 521**	**26 704**	**25 064**
Amortized termination fee		-6 762	-7 267	-28 471	-14 529
EBITDA after amortized termination fee		**-5 084**	**3 254**	**-1 767**	**10 535**
		-			
Depreciation	3	-6 582	-6 253	-25 719	-24 814
Operating result (EBIT)		**-11 665**	**-3 000**	**-27 486**	**-14 279**
		-			
Interest income		31	15	84	235
Interest expenses		-736	-1 288	-3 466	-5 584
Other net financial items		2 005	-381	1 708	-2 028
Result from associated companies		327	-955	-1 604	-1 557
Profit (loss) before taxes		**-10 038**	**-5 610**	**-30 764**	**-23 212**
Taxes	9	-	-	-	-
Profit (loss)		**-10 038**	**-5 610**	**-30 764**	**-23 212**
Comprehensive income					
Gain/loss on financial derivatives of cash flow hedges		-	-	-	-
Comprehensive income items		**-**	**-**	**-**	**-**
		-			
Total comprehensive income		**-10 038**	**-5 610**	**-30 764**	**-23 212**
		-			
Earnings per share		-0,07	-0,06	-0,22	-0,28
Diluted earnings per share		-0,07	-0,06	-0,22	-0,28

- Balance Sheet -

Statement of financial position (in NOK '000)	Note	2017 31.12. *unaudited*	2016 31.12. *audited*
Non-current assets			
Deferred tax assets	9	8 161	8 161
Investment in associated companies		5 168	5 272
Property, plant and equipment	3	101 796	116 916
Capitalised termination fee	6	11 000	33 000
Total non-current assets		126 126	163 349
Current assets			
Trade receivables		114 469	67 422
Other receivables		27 616	8 761
Capitalised termination fee	6	22 000	28 471
Cash and cash equivalents		98 954	30 586
Total current assets		263 038	135 240
Total assets		389 164	298 590
Equity			
Share capital	7	143 240	91 241
Share premium		114 813	80 919
Other equity	8	-39 975	-9 211
Total equity		218 077	162 949
Non-current liabilities			
Interest-bearing debt	4	42 919	64 227
Total non-current liabilities		42 919	64 227
Current liabilities			
Current portion of interest bearing debt	4	21 250	21 000
Trade payables		75 472	30 954
Other current liabilities		31 447	19 460
Total current liabilities		128 169	71 414
Total liabilities		171 088	135 641
Total equity and liabilities		389 164	298 590

-Cash Flow -

Statement of cash flow (in NOK '000)	4Q 2017 *unaudited*	4Q 2016 *unaudited*	12M 2017 *unaudited*	12M 2016 *audited*
Cash flow from operating activities				
Operating result (EBIT)	-11 665	-3 000	-27 486	-14 279
Paid taxes	-	-	-	-
Depreciation and amortisation	13 344	13 521	54 190	39 343
Change in trade debtors	41 899	14 204	-47 046	- 567
Change in trade creditors	3 795	-8 850	44 518	-9 309
Change in other provisions	-4 853	6 935	-5 160	-13 652
Share option cost employees	-	-	-	604
Net cash flow from operating activities	**42 519**	**22 809**	**19 015**	**2 140**
Cash flow from investing activities				
Purchase of fixed assets	-74	-494	-10 600	-1 314
Investment in associated companies	-	-	-1 500	-
Guarantees Charter-party	-	-	-	-
Net cash flow from investing activities	**-74**	**-494**	**-12 100**	**-1 314**
Cash flow from financing activities				
Net financial items paid	-705	-1 273	-3 382	-5 348
Other financial items paid	-	-	-	-
Proceeds from issuance of ordinary shares	59	-	85 892	8 113
Proceeds from borrowings and leases	-	-	-	-
Repayment of borrowings and leases	-5 242	-5 211	-21 058	-27 374
Net cash flow from financing activities	**-5 888**	**-6 485**	**61 452**	**-24 610**
Net change in cash and cash equivalents	36 557	15 831	68 367	-23 783
Cash and cash equivalents in the start of the period	62 397	14 755	30 586	54 370
Cash and cash equivalents in the end of the period	98 954	30 586	98 954	30 586

- Equity -

Equity	Note	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		-5 105		-5 105
Result for the period		-	-30 764	-30 764
Equity 31.12.17		258 052	-39 975	218 077

- 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 statements are audited. Consolidated interims- and yearly financial statements are available on the news services from Oslo Stock Exchange (www.newsweb.no) or the company's webpage (www.reachsubsea.com).
New standards, amendments and interpretations not yet adopted:
IFRS 15 Revenue contracts with customers - effective from 1 January 2018. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer - the notion of control replaces the existing notion of risks and rewards.
The Group has an ongoing internal project regarding the implementation of IFRS 15 Revenue from contracts with customers. All contracts ongoing as of year-end are evaluated based on the five-step model described in IFRS 15 Revenue from contract with customers. In addition, all types of contracts within the different revenue streams are evaluated on a general basis to evaluate the effects of the implementation. The ongoing evaluation is that the implementation of IFRS 15 will not have any material impacts on the Group accounts.
IFRS 9 Financial instruments - effective from 1 January 2018 IFRS 9. Financial instruments address the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. Preliminary assessment shows that the implementation of IFRS 9 Financial instruments will not have any material impact on the Group accounts.
IFRS 16 Leases - mandatory from 1 January 2019. The new standard will result in almost all leases being recognized in the balance sheet, as the distinction between operating and finance leases are removed. The Group has decided to early implement the standard from 1 January 2018 Under the standard, an asset (the right to use a leased item) and a financial liability (the obligation to pay rentals) are recognized. The only exceptions of this recognition principle are short-term and low-value leases. The standards will primarily affect the accounting for the Group’s operating leases. The initial calculation shows that the accounts will be affected within the range of NOK 150-200 million in recognized assets and liabilities.

// 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	9 553	896	151	10 600
Disposals	0	0	0	0
Purchase cost 31.12.17	**63 829**	**127 239**	**9 509**	**200 577**
Accumulated depreciation 31.12.17	-35 524	-53 830	-9 426	-98 780
Net book value 31.12.17	**28 306**	**73 408**	**83**	**101 796**
Depreciation in the period	11 291	13 976	452	25 719
Expected useful life (years)	3-8	3-8	3	
Depreciation plan	Straight line	Straight line	Straight line	

- Notes to the Interim Financial Statement -

// NOTE 4 - BORROWINGS

(NOK 1000)	31.12.2017	31.12.2016
Non-current borrowings		
Bank borrowings	5 250	15 570
Finance lease liabilities	37 669	48 477
Total non-current borrowing	**42 919**	**64 047**
Current borrowings		
Bank borrowings	10 500	10 500
Finance lease liabilities	10 750	10 500
Total current borrowings	**21 250**	**21 000**
Carrying amount		
Bank borrowings	15 750	26 250
Finance lease liabilities	48 419	58 977
Total carrying amount	**64 169**	**85 227**
Fair value		
Bank borrowings	15 750	26 250
Finance lease liabilities	48 419	58 977
Total fair value	**64 169**	**85 227**

The company had as of 31.12.17 debt of NOK 64,2 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 31.12.2017 amounted to NOK 101,8 million. All debt to credit intuitions is in NOK.

// 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

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 28,5 million has been amortised, leaving a remaining balance as of 31 December 2017 of NOK 33 million, of which NOK 11 million is classified as a long-term receivable and NOK 22 million as a current receivable.

- Notes to the Interim Financial Statement -

// NOTE 7 - SHAREHOLDERS

20 largest shareholders as per **23.02.17**

ACCELLO PARTNERS I A	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	3 915 000	2,7 %
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 %
NHO - P665AK JP MORGAN CHASE BANK	1 939 845	1,4 %
A-Å INVEST AS	1 938 725	1,4 %
Goldman Sachs & Co. GOLDMAN SACHS & CO -	1 776 589	1,2 %
AB INVESTMENT AS	1 705 743	1,2 %
BOYE HANS JØRGEN	1 672 000	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 %
FREEMAN SHIPPING & O	1 400 000	1,0 %
Total 20 largest	**98 008 568**	**68,4 %**
Others	45 230 957	31,6 %
Total	**143 239 525**	**100,0 %**

// 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 2018 and 2019, assumed that parts of the tax loss carried forward can be recognized. Per 31.12.2017 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.

- Notes to the Interim Financial Statement -

// NOTE 11 - SEGMENTS

(NOK 1000)	2017 01.10.-31.12	2016 01.10.-31.12	2017 01.01-31.12.	2016 01.01-31.12
Revenue				
Oil & Gas	105 081	42 273	280 749	202 461
Renewable / other	6 814	23 779	79 406	125 032
Total	**111 895**	**66 052**	**360 155**	**327 493**
Operating expense				
Oil & Gas	-116 036	-19 322	-302 175	-212 230
Renewable / other	-7 525	-49 731	-85 467	-129 542
Total	**-123 561**	**-69 052**	**-387 642**	**-341 772**
Operating result				
Oil & Gas	-10 955	22 952	-21 426	-9 769
Renewable / other	-710	-25 952	-6 060	-4 510
Total	**-11 665**	**-3 000**	**-27 486**	**-14 279**
EBITDA Earnings before Interest, Taxes, Depreciation & Amortization				
Oil & Gas	-4 774	910	-1 377	3 327
Renewable / other	-310	2 343	-390	7 208
Total	**-5 084**	**3 254**	**-1 767**	**10 535**
EBITDA before amortization of termination fee				
Oil & Gas	1 576	2 944	20 816	16 550
Renewable / other	102	7 577	5 888	8 514
Total	**1 678**	**10 521**	**26 704**	**25 064**

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