

# PROSPECTUS



## REACH SUBSEA ASA

(A public limited liability company incorporated under the laws of Norway)

**Listing on the Oslo Stock Exchange of 31,737,500 New Shares issued in connection with the Private Placement completed on 10 June 2013**

**Subsequent Offering and listing of up to 704,240 Offer Shares with Subscription Rights to Eligible Shareholders as of 3 May 2013 at a Subscription Price of NOK 3.20 per share**

The information in this prospectus (the "Prospectus") relates to (i) the listing on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "Oslo Stock Exchange") by Reach Subsea ASA (the "Company" or "Reach Subsea"), a public limited company incorporated under the laws of Norway (together with its consolidated subsidiaries, the "Group") of 31,737,500 new shares in the Company with a nominal value of NOK 1.00 each (the "New Shares") issued at a subscription price of NOK 3.20 per New Share in connection with a private placement completed on 10 June 2013 (the "Private Placement") and (ii) the subsequent offering and listing on the Oslo Stock Exchange of up to 704,240 new shares in the Company with a nominal value of NOK 1.00 each (the "Offer Shares") at a subscription price of NOK 3.20 per Offer Share (the "Subscription Price"). The shareholders of the Company as of 3 May 2013 (and being registered as such in the Norwegian Central Securities Depository (the "VPS") on 8 May 2013 pursuant to the three days' settlement procedure (the "Record Date")) holding less than 85,500 shares as of such date, except for shareholders being (i) employees or board members in the Group, (ii) companies controlled by employees or board members in the Group, or (iii) allocated New Shares in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action (the "Eligible Shareholders"), will be granted non-transferable subscription rights (the "Subscription Rights") that, subject to applicable law, provide preferential rights to subscribe for and to be allocated Offer Shares at the Subscription Price (such offering of Offer Shares upon exercise of Subscription Rights, hereinafter the "Subsequent Offering"). Subscription Rights will not be issued in respect of exiting shares held in treasury by the Company.

Each Eligible Shareholder will be granted one Subscription Rights for every 0.5 existing shares registered as held by such Eligible Shareholder as of the Record Date. Each Subscription Right will give the right to subscribe for, and be allocated, one Offer Share rounded down to the nearest whole share, subject to applicable securities laws. Over-subscription and subscription without Subscription Rights will not be permitted. The subscription period will commence on 27 June 2013 and expire at 16:30 hours, Central European Time ("CET"), on 11 July 2013 (the "Subscription Period").

**Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period will have no value and will lapse without compensation to the holder.**

The Company's existing shares are (and the New Shares and the Offer Shares will be) listed on the Oslo Stock Exchange under the ticker code "REACH". Except where the context requires otherwise, references in this Prospectus to "Shares" will be deemed to include the existing Shares, the New Shares and the Offer Shares. All of the Shares are registered in the VPS and are in book-entry form. All of the Shares rank *pari passu* with one another and each carry one vote.

The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares (pursuant to the exercise of Subscription Rights) may lawfully be made and, for other jurisdictions than Norway, would not require any filing, registration or similar action. The Subscription Rights and the Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state or other jurisdiction in the United States, and are being offered and sold under exemption to registration under the U.S. Securities Act. The Subscription Rights cannot be exercised for Offer Shares by U.S. persons except, under certain circumstances, by U.S. persons that are "qualified institutional buyers" ("QIBs") as defined under Rule 144A ("Rule 144A") under the U.S. Securities Act. The Subscription Rights and the Offer Shares are being offered to non-U.S. persons under Regulation S under the U.S. Securities Act ("Regulation S"). The Offer Shares may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States. The Subsequent Offering will not be made to persons who are residents of Australia, Canada or Japan or in any jurisdiction in which such offering would be unlawful. For more information regarding restrictions in relation to the Subsequent Offering pursuant to this Prospectus, see Section 6 "Selling and Transfer Restrictions".

The due date for the payment of the Offer Shares is expected to be on or about 16 July 2013. Delivery of the Offer Shares is expected to take place on or about 19 July 2013 through the facilities of the VPS. Trading in the New Shares and the Offer Shares on the Oslo Stock Exchange is expected to commence on or about 27 June 2013 and 19 July 2013, respectively.

Investing in the Company's Shares, including the Offer Shares involves a high degree of risk. See Section 2 "Risk Factors" beginning on page 13 and Section 4 "General Information".

### Joint Lead Managers and Joint Bookrunners

Pareto Securities

Swedbank First Securities

SR-Bank Markets

The date of this Prospectus is 26 June 2013

## IMPORTANT INFORMATION

This Prospectus has been prepared in order to provide information about the Group and its business in relation to the Private Placement and the Subsequent Offering, and to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the “**Norwegian Securities Trading Act**”) and related secondary legislation, including the EC Commission Regulation EC/809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (and amendments thereto, including the 2010 PD Amending Directive) regarding information contained in prospectuses, and as implemented in Norway (the “**EU Prospectus Directive**”). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*) (the “**NFSA**”) has reviewed and approved this Prospectus in accordance with Sections 7–7 and 7-8 of the Norwegian Securities Trading Act. The NFSA has not controlled or approved the accuracy or completeness of the information included in this Prospectus. The approval by the NFSA only relates to the information included in accordance with pre-defined disclosure requirements. The NFSA has not made any form of control or approval relating to corporate matters described in or referred to in this Prospectus.

For definitions of certain other terms used throughout this Prospectus, see Section 19 “Definitions and Glossary”.

The Company has engaged Pareto Securities AS (“**Pareto Securities**”), Swedbank First Securities (“**Swedbank First**”) and SpareBank 1 SR-Bank ASA, Markets (“**SR-Bank Markets**”) as Joint Lead Managers and Joint Bookrunners (together the “**Joint Lead Managers**”) for the Private Placement and the Subsequent Offering.

All inquiries in relation to this Prospectus must be directed to the Company. No other person is authorised to give any information about, or to make any representations on behalf of the Company in connection with the Private Placement and the Subsequent Offering. If any such information is given or representation made, it must not be relied upon as having been authorised by the Company.

The content of this Prospectus should not be construed as legal, business, investment or tax advice. Each reader of this Prospectus should therefore consult its own legal, business, investment or tax advisor as to such advice. If you are in any doubt about the content of this Prospectus, you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

**The distribution of this Prospectus and the Subsequent Offering and sale of Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, subscribe or sell, any of the Offer Shares in any such jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of Shares to occur outside of Norway. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. The Company and the Joint Lead Managers require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. The Shares (including the Offer Shares) may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of an investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. For further information on the manner of distribution of the Offer Shares and the transfer restrictions to which they are subject, see Section 6 “Selling and transfer restrictions”.**

Any reproduction or distribution of this Prospectus, in whole or part, and any disclosure of its contents is prohibited.

This Prospectus, the Private Placement and the terms and conditions of the Subsequent Offering shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Private Placement, the Subsequent Offering or this Prospectus.

### Notice to United States Shareholders

The Subscription Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States and are being offered and sold under an exemption to registration under the U.S. Securities Act. The Subscription Rights cannot be exercised for Offer Shares by U.S. persons except, under certain circumstances by U.S. persons that are QIBs as defined under Rule 144A under the U.S. Securities Act. The Subscription Rights and the Offer Shares are being offered to non-U.S. persons under Regulation S under the U.S. Securities Act. The Offer Shares may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States. Accordingly, unless an appropriate exemption from relevant securities law requirements is available, the Offer Shares may not be offered or sold, directly or indirectly, in or into the United States. Investors should be aware that they may be required to bear the financial risks of the investment for an indefinite period of time.

The Offer Shares will only be offered and sold in transactions not subject to the registration requirements (i) within the United States to existing U.S. shareholders that are QIBs, under certain circumstances, in reliance on an exemption from registration under the U.S. Securities Act, and (ii) outside the United States, in offshore transactions in reliance on Regulation S under the U.S. Securities Act. The Offer Shares acquired by existing U.S. shareholders will be “restricted securities” within the meaning of Rule 144 (a)(3) under the U.S. Securities Act. Restricted securities may be offered, sold, pledged or otherwise transferred, directly or indirectly, only pursuant to an exemption or exclusion from the registration requirements of the U.S. Securities Act and applicable state securities laws. See Section 6.2 “United States shareholders”.

Shareholders should be aware that the receipt of Subscription Rights and the acquisition and holding of Offer Shares issuable upon exercise of Subscription Rights may have tax consequences both in the United States, in Canada and in other jurisdictions. The consequences for shareholders who are resident in, or citizens of, the United States are not described in this Prospectus. All shareholders are in any event advised to consult their own tax advisors to determine the particular tax consequences to them of receiving Subscription Rights and of acquiring and holding Offer Shares issuable upon exercise of the Subscription Rights.

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE SUBSEQUENT OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SUBSCRIPTION RIGHTS AND THE OFFER SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

## TABLE OF CONTENTS

|    |  |     |
|----|--|-----|
| 1  | SUMMARY .....  | 3   |
| 2  | RISK FACTORS .....   | 13  |
| 3  | RESPONSIBILITY FOR THE PROSPECTUS.....                                   | 23  |
| 4  | GENERAL INFORMATION.....   | 24  |
| 5  | THE COMPLETED PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING.....         | 27  |
| 6  | SELLING AND TRANSFER RESTRICTIONS.....                                   | 37  |
| 7  | MARKET OVERVIEW.....   | 41  |
| 8  | BUSINESS OF THE GROUP.....   | 46  |
| 9  | DIVIDENDS AND DIVIDEND POLICY .....                                      | 55  |
| 10 | CAPITALISATION AND INDEBTEDNESS .....                                    | 56  |
| 11 | SELECTED CONSOLIDATED FINANCIAL DATA AND OTHER INFORMATION .....         | 58  |
| 12 | OPERATING AND FINANCIAL REVIEW .....                                     | 64  |
| 13 | UNAUDITED PRO FORMA FINANCIAL INFORMATION .....                          | 71  |
| 14 | BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE ..... | 75  |
| 15 | CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL .....             | 84  |
| 16 | SECURITIES TRADING IN NORWAY .....                                       | 90  |
| 17 | TAXATION.....  | 94  |
| 18 | ADDITIONAL INFORMATION .....   | 97  |
| 19 | DEFINITIONS AND GLOSSARY .....   | 100 |

## APPENDICES

|            |  |    |
|------------|--|----|
| Appendix A | ARTICLES OF ASSOCIATION.....   | A1 |
| Appendix B | SUBSCRIPTION FORM.....   | B1 |
| Appendix C | INDEPENDENT REPORT REGARDING THE UNAUDITED PRO FORMA FINANCIAL<br>INFORMATION..... | C1 |
| Appendix D | AUDITED FINANCIAL STATEMENTS FOR 2012 FOR REACH SUBSEA AS .....                    | D1 |

## 1 SUMMARY

The following summary must be read as an introduction to the full text of this Prospectus. This summary highlights, and is qualified in its entirety by, information presented in greater detail elsewhere in this Prospectus and the appendices hereto. This summary is not complete and does not contain all the information that should be considered before investing in the Shares. Any investment decision relating to the Subsequent Offer and the Shares (including the Offer Shares) should be based on the consideration of this Prospectus as a whole, including, but not limited to, Section 2 “Risk Factors”, Section 8 “Business of the Group”, Section 12 “Operating and Financial Review” and the financial information for the Company as incorporation by reference hereto. Where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under the national legislation of a member state of the EEA, have to bear the costs of translating this Prospectus before legal proceedings are initiated. No civil liability attaches to those persons who have prepared this summary, including any translations thereof, unless it is misleading, inaccurate or inconsistent when read together with other sections of this Prospectus. For definitions of certain terms as used herein, see Section 19 “Definitions and glossary”.

### 1.1 Information about Reach Subsea ASA

Reach Subsea ASA is a Norwegian public limited liability company (Nw.: *allmennaksjeselskap*) with organisation number 922 493 626. The Company was incorporated on 19 August 1909 and registered with the Norwegian Register of Business Enterprises on 18 October 1988. The Company's business address is Skillebekkgata 1 B, N-5523 Haugesund, Norway, with telephone number +47 40 00 77 10. The Company's website address is [www.reachsubsea.com](http://www.reachsubsea.com).

In 2012, the Company made a substantial strategic shift in its business and operations. The Company has transformed from being a shipping company operating under the name “Green Reefers ASA” with a fleet of 20 owned and 12 chartered vessels with commercial operations in the reefer market through various joint ventures and pools, to expand into the subsea sector in the offshore industry by acquiring Reach Subsea AS in December 2012 (the “**Combination**”), a company providing certain ROV and engineering consultancy services to the oil industry. See Section 8.4 “Shift towards the subsea sector; the Combination” below for further information about the Combination.

In the first half of 2012, the Company restructured and divested substantially all of its former business related to logistics operations within the reefer market to its main shareholders Caiano AS and its affiliates, following which the Company had very limited operational activities (the “**Divestment**”). See Section 8.3 “The Divestment” below for further information about the Divestment.

Thereafter, the Company conducted a strategic review of potential new business opportunities. After an evaluation of the various alternatives, the Company's board of directors (the “**Board of Directors**”) eventually resolved to expand into the subsea sector through the Combination.

In December 2012, the Company completed the Combination, pursuant to which it acquired Reach Subsea AS. In addition, a private placement with gross proceeds of NOK 42 million was completed simultaneously, securing the Company's cash needs going forward. As from the Combination, the Company has based its business solely on the present strategy and operations in Reach Subsea AS. As a result thereof, the Company's name was changed from “Transit Invest ASA” to “Reach Subsea ASA” in connection with the completion of the Combination.

In February 2013, the Group signed a long-time charter agreement of five years with extension options for 3x1 years with Solstad Offshore ASA for the vessel M/V “Normand Reach” with expected delivery in May 2014.

### 1.2 History and important events

The table below provides an overview of key events in the history of the Company:

| Year      | Event   |
|-----------|---|
| 1909      | Incorporated as a ship owning limited liability company.  |
| 1995      | The Company opened up a new field of activity by acquiring 19 smaller and medium sized reefer vessels, and increased its focus on through-transportation logistics by investing in strategically located terminals. |
| 1998-2002 | In the period from 1998 to 2002 the reefer market experienced historically low freight levels, forcing the Company to take various steps to secure necessary financing of its operations.                           |
| 2003      | The Company changed its name to Green Reefers ASA.  |
| 2003      | The Company was listed on the Oslo Stock Exchange.  |
| 2006      | The Company entered into agreements for the acquisition of 20 reefer vessels.   |
| 2007      | Consolidation after strong increase in fleet capacity entering 2007.  |

| Year       | Event   |
|------------|---|
| 2009 ..... | Restructuring of the Company's operation, reduction in administration costs.  |
| 2010 ..... | Completion of the movement of technical management head office in Bergen to a wholly-owned subsidiary in Poland.  |
| 2010 ..... | The Company allocated commercial management of its vessels to various joint ventures and pools.   |
| 2011 ..... | Sale of the terminal activities.  |
| 2012 ..... | The Company restructured and divested its previous "Green Reefers ASA" shipping business related to provision of logistics services to the reefer market to its main shareholders Caiano AS and its affiliates. |
| 2012 ..... | The Company changed its name to Transit Invest ASA.   |
| 2012 ..... | The Company made a strategic shift by expanding into the subsea sector through the Combination and the Private Placement.   |
| 2012 ..... | The Company changed its name to Reach Subsea ASA.   |
| 2013 ..... | In February 2013, the Group signed a long-time charter agreement of five years with extension options for 3x1 years with Solstad Offshore ASA for the vessel M/V "Normand Reach".                               |

### 1.3 Business overview

The Group's operations are currently carried out solely through the wholly-owned subsidiary Reach Subsea AS, which was acquired by the Company in the Combination. As a result of the Combination, the Group has fully adopted the business and strategy of Reach Subsea AS.

Reach Subsea AS was established in 2008 in Norway by four founders with extensive subsea experience. Since its incorporation, Reach Subsea AS has provided certain ROV and engineering consultancy services to the oil industry, including the development of a new survey ROV, the Surveyor. Its engineering department consists of highly skilled subsea and marine engineers, all with long experience in planning, management and execution of offshore and subsea operations.

The Group's current business, consisting solely of Reach Subsea AS' past and current business, is two-folded:

1. Engineering consultancy services. The Group is involved with project management and engineering services for engineering, procurement, installation and construction ("**EPIC**") contractors involved in major field developments in Norway. The Group is also involved in engineering services and project administration services for the Pipeline Repair System ("**PRS**") operated by Statoil.
2. Product development. The Group is developing the new ROV system, Surveyor, together with Kystdesign AS. Surveyor is a new design ROV with a hydrodynamic shape and designed to inspect the seabed and pipelines in a much higher speed and with a better quality of data than the existing Work ROV systems. This project is sponsored by Marin Mätteknik AB in Sweden and Innovasjon Norge.

The Group has its office and workshop facilities on Killingøy Offshore Base in Haugesund, Norway. From the facilities the Group can perform in-house engineering and project planning together with design and fabrication of subsea equipment. Along its quay it can mobilize and support large subsea support vessels. The workshop facilities can be used to storage, minor repair and maintenance of the Group's own ROV systems and equipment.

Currently, the Group offers multi purposes support vessel ("**MPSV**") with remotely operated vehicles ("**ROVs**") and manned with its technical team and engineering staff. Further, contracts for chartering of offshore construction vessels for 2013 operations and procurement of ROVs and relating equipment are under negotiations with relevant suppliers and subcontractors.

The Group's vision is to become a full subsea service provider of advanced subsea engineering services and vessel spreads in regards to quality, competence and HSE. Hence, the Group has recently implemented an expansion plan with the purpose of pursuing this vision.

For further information on the business of the Group, see Section 8 "Business of the Group".

### 1.4 Background for the Private Placement and the Subsequent Offering

The Company decided to conduct the Private Placement in order to, and the net proceeds from the Private Placement is consequently intended to be used to, finance required working capital and cash deposits as security for charter party guarantee for Normand Reach (with approximately NOK 60 million), provide equity financing of new ROV systems (with approximately NOK 15 million) and general corporate purposes (the remaining amount of the net proceeds).

The purpose of the Subsequent Offering is to enable the Eligible Shareholders to subscribe for Shares in the Company at the same price as in the Private Placement, thus limiting dilution of their shareholding. Eligible Shareholders are shareholders of the Company as of 3 May 2013 (as registered in the VPS on the Record Date), and who are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action, holding less than 85,500 Shares as of such date, except for shareholders being (i) employees or board members in the Group, (ii) companies controlled by employees or board members in the Group, or (iii) allocated New Shares in the Private Placement. The net proceeds from the Subsequent Offering will be used for the same purposes as the net proceeds from the Private Placement.

## 1.5 The Completed Private Placement

At the extraordinary general meeting of the Company held on 29 May 2013 it was resolved to increase the share capital of the Company with NOK 31,737,500, through the issue of 31,737,500 New Shares, at a subscription price of NOK 3.20 per New Share in the Private Placement directed towards investors in Norway and other jurisdictions subject to applicable exemptions from registration, filing, prospectus and other requirements under applicable securities laws, (i) outside the United States in reliance on Regulation S under the U.S. Securities Act and (ii) in the United States to QIBs, as defined in Rule 144A under the U.S. Securities Act, in a transaction exempt from the registration requirements under the U.S. Securities Act, and who are “major U.S. institutional investors” as defined in Rule 15a-6 under the United States Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”). The subscription price of NOK 3.20 was set by the Board of Directors in consultation with the Joint Lead Managers and approved by the extraordinary general meeting. The minimum subscription and allocation amount in the Private Placement was set to the NOK or share equivalent of EUR 100,000, provided, however, that the Company could decide to accept and make allocations under orders for less than the NOK or share equivalent of EUR 100,000 from employees of the Company and members of the Board of Directors, or companies controlled by such persons.

The New Shares issued in the Private Placement were placed by the Joint Lead Managers to selected investors in Norway in the application period from 09:00 hours (CET) on 3 May 2013 to 16:00 hours (CET) on 3 May 2013, and the Company and the Joint Lead Managers entered into application agreements with the investors pursuant to which the investors undertook to subscribe for the New Shares, subject to inter alia the approval of the Private Placement by the Company’s extraordinary general meeting.

The successful completion of the Private Placement was announced through a stock exchange announcement on 6 May 2013.

See Section 5.2 “The Private Placement” for further information about the Private Placement.

## 1.6 The Subsequent Offering

### 1.6.1 Overview

The Subsequent Offering comprises an offer by the Company to issue up to 704,240 Offer Shares at a Subscription Price of NOK 3.20 per Offer Share, being equal to the subscription price in the Private Placement. Subject to all Offer Shares being issued, the Subsequent Offering will result in NOK 2.25 million in gross proceeds. Eligible Shareholders will, subject to applicable securities laws, be granted non-tradable Subscription Rights that provide the right to subscribe for and be allocated Offer Shares in the Subsequent Offering. Over-subscription and subscription without Subscription Rights will not be permitted.

See Section 5.3 “The Subsequent Offering” for further information about the Subsequent Offering.

### 1.6.2 Main terms

The following is a summary of the main terms of the Subsequent Offering:

|                               |  |
|-------------------------------|--|
| The Subsequent Offering ..... | The Subsequent Offering comprises an issue of up to 704,240 Offer Shares at a Subscription Price of NOK 3.20 per Offer Share, corresponding to gross proceeds of up to NOK 2.25 million.   |
| Subscription Rights .....     | Eligible Shareholders will be granted non-tradable Subscription Rights providing a right to subscribe for and be allocated Offer Shares in the Subsequent Offering, subject to payment of the Subscription Price. Each Eligible Shareholder will be granted 0.5 Subscription Rights for each existing Share held in the Company as at 3 May 2013, as appearing in the VPS on the Record Date. Fractions of Subscription Rights will not be issued, and the number of Subscription Rights allocated to each Eligible Shareholder will be rounded down to the nearest whole Subscription Right. Each |

Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering. **Subscription Rights that are not exercised before the expiry of the Subscription period will lapse without compensation and will thus be of no value to the holder.** The Subscription Rights cannot be exercised for Offer Shares by U.S. persons, except for U.S. persons that are QIBs as defined under Rule 144A under the U.S. Securities Act. Subscription Rights will not be granted, and Offer Shares will not be issued, to Shareholders in any jurisdiction in which such offering would be unlawful or, for other jurisdictions than Norway, require any filing, registration or similar action.

Subscription Period ..... The Subscription Period for the Subsequent Offering will commence on 27 June 2013 and expire at 16:30 hours (CET) on 11 July 2013.

Subscription procedures ..... Subscriptions for Offer Shares must be made on a subscription form in the form attached as Appendix B hereto (the "**Subscription Form**"). Over-subscription and subscription without Subscription Rights will not be permitted.

Correctly completed Subscription Forms must be faxed or delivered to the Joint Lead Managers and must be received by the Joint Lead Managers by 16:30 hours (CET) on 11 July 2013. Norwegian residents with a Norwegian personal identification number may also subscribe through the VPS subscription system.

Allocation ..... Allocation of Offer Shares will be made in accordance with Subscription Rights validly exercised in the Subscription Period subject to applicable securities laws. Each Subscription Right will give the right to subscribe for and be allocated one Offer Share.

Notification of allocation will be sent on or about 12 July 2013.

Payment ..... When subscribing for Offer Shares, each subscriber domiciled in Norway must by separate notice on the Subscription Form grant the Joint Lead Managers with a non-recurring authority to debit a specified bank account in Norway for the subscription amount corresponding to the amount payable for the Offer Shares allocated. The amount is expected to be debited on 16 July 2013 (the "**Payment Date**"). Payment for the allocated Offer Shares must be available on the specific bank account on the Payment Date. The Company and the Joint Lead Managers reserve the right to make up to three debit attempts within seven working days after the Payment Date if there are insufficient funds in the account on the first debiting date. The Company and the Joint Lead Managers further reserve the right to consider the payment overdue if there is not sufficient funds on the account to cover payment for all the Offer Shares allocated when an attempt to debit the account has been made by the Joint Lead Managers on or after the Payment Date, or if it for other reasons is not possible to debit the bank account.

Subscribers who are not domiciled in Norway must ensure that payment for the Offer Shares allocated to them is made with cleared funds on or before the Payment Date (i.e. 12:00 hours (CET) on 16 July 2013) and must contact the Joint Lead Managers in this respect.

Overdue and late payment will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment on 17 December 1976 No. 100, currently 8.50% per annum. If the subscriber fails to comply with the terms of payment, the Offer Shares will not be delivered to the subscriber.

The Company and the Joint Lead Managers reserve the right to, at the cost and risk of the subscriber, cancel the allocation and to reallocate, sell, assume ownership of or otherwise dispose of all or parts of the allocated Offer Shares on such terms and in such manner as the Joint Lead Managers may decide in accordance with applicable Norwegian law and otherwise based on the Board of Directors' discretion without further notice to the subscriber in question in accordance with Section 10-12, fourth paragraph of the Norwegian Public Limited Companies Act if payment has not been received by the Payment Date. If the Offer Shares are sold on behalf of the subscriber, the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company, and/or the Joint Lead Managers as a result of or in connection with such sales. The Company and/or the Joint Lead Managers may enforce payment of any amount outstanding in accordance with Norwegian law.

Delivery ..... Delivery of the Offer Shares will take place following registration of the share capital increase pertaining to the Subsequent Offering with the Norwegian Register of

Business Enterprises. Assuming that full payment from all subscribers are made when due, such registration is expected to take place on or about 19 July 2013, in which case delivery of the Offer Shares is expected to take place on the same day.

|                |  |
|----------------|--|
| Dilution ..... | Assuming full subscription, the Subsequent Offering will result in an immediate dilution of approximately 42.5% for shareholders who do not participate in the Subsequent Offering.  |
| Expenses.....  | The Company will bear the fees and expenses related to the Private Placement and the Subsequent Offering, which are estimated to amount to approximately NOK 4 million, of which approximately NOK 3 million are fees and expenses to the Joint Lead Managers (assuming full subscription in the Subsequent Offering), and approximately NOK 1 million are other costs and expenses. No expenses or taxes will be charged by the Company or the Joint Lead Managers to the subscribers in the Private Placement and the Subsequent Offering. |

### 1.6.3 Timetable

The timetable below provides certain indicative dates for the Subsequent Offering, subject to timely payment of the entire proceeds for the Offer Shares to the Company:

|   |                                   |
|---|-----------------------------------|
| Last day of trading in the Shares including Subscription Rights.....  | 3 May 2013                        |
| Ex. rights trading in the Shares commenced on the Oslo Stock Exchange ....                                      | 6 May 2013                        |
| Record Date.....  | 8 May 2013                        |
| Subscription Period commences .....   | 27 June 2013                      |
| Subscription Period ends .....  | 11 July 2013 at 16:30 hours (CET) |
| Allocation of the Offer Shares (expected on or about) .....   | 12 July 2013                      |
| Distribution of allocation letters (expected on or about).....  | 12 July 2013                      |
| Payment Date .....  | 16 July 2013                      |
| Delivery date for the Offer Shares (expected on or about) .....   | 19 July 2013                      |
| Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange (expected on or about) ..... | 19 July 2013                      |

## 1.7 Summary of financial and other information

### 1.7.1 Summary of income statement, statement of financial position and cash flow statement

#### General

The following tables present a summary of selected consolidated financial information for the Company as of, and for the years ended, 31 December 2012, 2011 and 2010, and as of, and for the three months ended, 31 March 2013 and 2012, which has been derived from the Company's audited consolidated financial statements as of, and for the years ended, 31 December 2012, 2011 and 2010, and from the Company's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2013 (with comparable figures as of, and for the three months ended, 31 March 2012). The financial statements for the Company as of, and for the years ended, 31 December 2012, 2011 and 2010, and as of, and for the three months ended, 31 March 2013 and 2012 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU").

This selected financial information should be read together with Section 4.2 "Presentation of financial and other information", the Company's consolidated financial statements and the related notes thereto, and other financial information included elsewhere in this Prospectus.

In the tables below, all amounts are presented in NOK for the years ended 31 December 2012 and 2011, and the three months ended, 31 March 2013 and 2012, while all amounts are shown in USD for the year 31 December 2010.



*Summary condensed consolidated income statement*

|  | As of, and for, the three<br>months ended 31 March |                                  | As of, and for, the year ended<br>31 December |                                |                                |
|--|--|----------------------------------|---|--------------------------------|--------------------------------|
|  | 2013   | 2012                             | 2012  | 2011                           | 2010                           |
|  | Unaudited<br>In NOK<br>thousands                   | Unaudited<br>In NOK<br>thousands | Audited<br>In NOK<br>thousands                | Audited<br>In NOK<br>thousands | Audited<br>In USD<br>thousands |
| <b>Total operating income</b> .....                            | <b>1,187</b>                                       | <b>795</b>                       | <b>3,560</b>                                  | <b>6,213</b>                   | <b>140,673</b>                 |
| <b>Total operating costs</b> .....                             | <b>(4,016)</b>                                     | <b>(1,041)</b>                   | <b>(9,187)</b>                                | <b>(3,949)</b>                 | <b>(148,506)</b>               |
| <b>Operating result before depreciation<br/>(EBITDA)</b> ..... | <b>(2,829)</b>                                     | <b>(245)</b>                     | <b>(5,626)</b>                                | <b>2,265</b>                   | <b>(7,834)</b>                 |
| Depreciation.....  | 0  | 0                                | 0   | (34)                           | (26,793)                       |
| Write-downs/reversed write-downs .....                         | 0  | 0                                | 0   | 0                              | (12,490)                       |
| <b>Operating result (EBIT)</b> .....                           | <b>(2,829)</b>                                     | <b>(245)</b>                     | <b>(5,626)</b>                                | <b>2,231</b>                   | <b>(47,116)</b>                |
| <b>Total financial items</b> .....                             | <b>239</b>   | <b>0</b>                         | <b>129</b>                                    | <b>87</b>                      | <b>(5,427)</b>                 |
| <b>Profit (loss) before taxes</b> .....                        | <b>(2,590)</b>                                     | <b>(245)</b>                     | <b>(5,497)</b>                                | <b>2,318</b>                   | <b>(52,543)</b>                |
| Taxes .....  | 0  | 0                                | 0   | (649)                          | (59)                           |
| <b>Profit (loss) for the period</b> .....                      | <b>(2,590)</b>                                     | <b>(245)</b>                     | <b>(5,497)</b>                                | <b>1,668</b>                   | <b>(52,921)</b>                |

*Summary condensed consolidated statement of financial position*

|   | As of<br>31 March                |                                  | As of the year ended<br>31 December |                                |                                |
|---|----------------------------------|----------------------------------|-------------------------------------|--------------------------------|--------------------------------|
|   | 2013                             | 2012                             | 2012                                | 2011                           | 2010                           |
|   | Unaudited<br>In NOK<br>thousands | Unaudited<br>In NOK<br>thousands | Audited<br>In NOK<br>thousands      | Audited<br>In NOK<br>thousands | Audited<br>In USD<br>thousands |
| <b>Assets</b>                             |                                  |                                  |                                     |                                |                                |
| Total non-current assets.....             | 4,239                            | 8                                | 4,238                               | 8                              | 201,152                        |
| Total current assets .....                | 39,281                           | 3,773                            | 46,434                              | 5,697                          | 34,868                         |
| <b>Total assets</b> .....                 | <b>43,520</b>                    | <b>3,781</b>                     | <b>50,671</b>                       | <b>5,705</b>                   | <b>236,021</b>                 |
| <b>Equity and liabilities</b>             |                                  |                                  |                                     |                                |                                |
| Total equity.....                         | 41,635                           | 3,071                            | 44,224                              | 5,101                          | 67,710                         |
| Total non-current liabilities .....       | 0                                | 0                                | 0                                   | 0                              | 149,661                        |
| Total current liabilities .....           | 1,885                            | 710                              | 6,447                               | 604                            | 18,650                         |
| <b>Total equity and liabilities</b> ..... | <b>43,520</b>                    | <b>3,781</b>                     | <b>50,671</b>                       | <b>5,705</b>                   | <b>236,021</b>                 |

*Summary condensed consolidated statement of cash flow*

|   | As of, and for, the three<br>months ended 31 March |                                  | As of, and for, the year ended<br>31 December |                                |                                |
|---|--|----------------------------------|---|--------------------------------|--------------------------------|
|   | 2013   | 2012                             | 2012  | 2011                           | 2010                           |
|   | Unaudited<br>In NOK<br>thousands                   | Unaudited<br>In NOK<br>thousands | Audited<br>In NOK<br>thousands                | Audited<br>In NOK<br>thousands | Audited<br>In USD<br>thousands |
| Net cash flow from operating activities ..... | (8,154)  | 169                              | (1,609)                                       | 505                            | (15,345)                       |
| Net cash flow from investing activities.....  | 0  | 0                                | 1,693   | 6                              | (3,860)                        |
| Net cash flow from financing activities.....  | 0  | (1,785)                          | 42,215  | 0                              | 19,668                         |
| Cash and equivalents at end of period.....    | 37,424   | 1,663                            | 45,578  | 3,279                          | 13,400                         |

*1.7.2 Capitalisation and indebtedness*

See Section 10 "Capitalisation and indebtedness" for information regarding the Group's capitalisation and indebtedness.

*1.7.3 No significant change*

Except for the Private Placement, there have been no significant changes in the financial or trading position of the Group since 31 March 2013 to the date of this Prospectus.

*1.7.4 Working capital statement*

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

**1.8 Trend information**

See Section 12.10 "Trend information" for information regarding trends etc.

**1.9 Summary of risk factors**

An investment in the Shares (including the Offer Shares), involves inherent risk. Below is a brief summary of the risk factors described in Section 2 "Risk factors".

If any of the following risks were to materialise, this could have a material adverse effect on the Group and/or its business, results of operations, cash flow, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the same.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group.

*1.9.1 Operational risk*

- The Group's success for the foreseeable future is highly dependent on realization of its new strategy.
- The Group's strategy is to grow substantially in size, and it may experience difficulties in managing its growth.
- The Group may not be successful in attracting sufficient skilled employees and retaining key personnel which may adversely affect the Group's operations.
- The execution of the Group's strategy is dependent upon the successful contracting of new vessels and engineering consultancy projects.
- Risk of losing market share due to lack of innovation.
- The market value for the Group's future vessels may decrease, which could cause the Group to incur losses if it is decided to sell them following a decline in their market values.
- The Group may fail to effectively estimate risks, costs or timing when bidding on contracts and to manage such contracts efficiently which could have a material adverse impact on the profitability of the Group.
- The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues.
- The Group's future contracted revenue for its vessels, ROVs or engineering personnel may not be ultimately realized.
- The Group may not be able to renew or obtain new and favorable contracts for vessels or ROVs whose contracts are expiring or are terminated, which could materially adversely affect the Group's results of operation, cash flows and financial condition.
- The Group may be exposed to several risk factors in connection with potential future newbuilding contracts, such as challenges relating to integration of newbuilds and delay in delivery of acquired newbuilds, which could have a material adverse effect on the Group's results of operation, cash flow and financial condition.
- The Group's vessels may not have the service life projected for them, which may affect the Group's operating results and financial condition.
- Reputational and compliance risks.

### 1.9.2 *Market risks*

- The Group's business, results of operations, financial condition, and ability to pay dividends depend on the level of activity in the offshore oil and gas industry, which is significantly affected by, among other things, volatile oil and gas prices and may be materially adversely affected by a decline in offshore oil and gas exploration, development and production.
- The Group's results of operations, cash flow and financial condition is significantly affected by the charter rates.
- The Group operates in a marine environment, which is subject to the forces of nature, as well as environmental and climatological risks, that could cause damage to, loss of, or suspension of operations by the Group's vessels and could result in reduced levels of offshore activity.
- The Group could face additional supply of vessels and ROVs in the subsea services industry that could materially adversely affect the Group's competitive position and the rates it can charge for its services.
- The Group's planned business involves numerous operating hazards, which may cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations which could materially adversely affect the Group's results of operations, cash flows and financial condition.
- The Group may be subject to litigation that could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters.
- The Group's potential operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country where the Group operates, currency fluctuations, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations etc.
- Changes in the legislative and fiscal framework governing the activities of the oil and gas business could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for the Group's services and restrict the Group's ability to operate its vessels or otherwise.

### 1.9.3 *Financial risks*

- The Group may be dependent on funding from investors and/or banks to finance its operations going forward and no assurance can be given that sufficient capital will be secured, or the terms at which such capital can be secured (if any) or with respect to the amount of capital that will be required.
- The Group's future loan agreements may include terms, conditions and covenants that may impose restrictions on the operations of the Group. A failure to comply with the conditions and covenants may have a material and adverse effect on the Group.
- The Group is exposed to the risk of contractual default by a counterparty.
- The Group may be exposed to changes in interest rates and exchange rates, which may adversely impact the Group's cash flows and financial condition.
- Changes in tax regimes and taxation may adversely affect the Group's cash flows and financial condition.

### 1.9.4 *Risks relating to the Subsequent Offering and the Shares*

- Eligible Shareholders who do not participate in the Subsequent Offering may experience significant dilution in their shareholding.
- If the Subsequent Offering is withdrawn, the Subscription Rights will no longer be of value.
- The market value of the Shares may fluctuate significantly and may not reflect the Group's underlying asset value.
- The Company's ability to pay dividends is dependent on the availability of distributable reserves.
- Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares.
- Pre-emptive rights to secure and pay for Shares in any additional issuance may not be available to U.S or other shareholders.

- Investors may not be able to exercise their voting rights for Shares registered in a nominee account.
- Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway.
- Norwegian law may limit shareholders' ability to bring an action against the Company.
- The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.
- Market interest rates may influence the price of the Shares.

### 1.10 Share capital

As of the date of this Prospectus, and following the issuance of the New Shares, the Company's registered share capital is NOK 75,565,604, divided into 75,565,604 Shares, each with a nominal value of NOK 1.00. All the Shares have been created under the Norwegian Public Limited Companies Act of 13 June 1997 No 45 (the "**Norwegian Public Limited Companies Act**"), and are validly issued and fully paid. The Company has one class of shares.

### 1.11 Major shareholders

The Company's 10 largest shareholders as of 20 June 2013 are set out in the table below:

| Shareholder                 | No of Shares      | % of Total  |
|-----------------------------|-------------------|-------------|
| Accello Partners I AS ..... | 23,444,254        | 31.03%      |
| Joso Invest AS .....        | 6,864,589         | 9.08%       |
| Swedbank Norge. ....        | 6,308,730         | 8.34%       |
| JT Invest AS.....           | 5,301,539         | 7.01%       |
| A-Å Invest AS .....         | 3,749,949         | 4.96%       |
| GSE Sandvik AS. ....        | 3,437,500         | 4.54%       |
| Caiano AS.....              | 2,281,881         | 3.01%       |
| Thermotech Invest AS .....  | 1,795,840         | 2.37%       |
| SMS Investering AS .....    | 1,652,366         | 2.18%       |
| AS Spectra.....             | 1,250,000         | 1.65%       |
| Other .....                 | 19,478,956        | 25.83%      |
| <b>Total .....</b>          | <b>75,565,604</b> | <b>100%</b> |

### 1.12 Related party transactions

Information on related party transactions for the Group for the years ended 31 December 2012, 2011 and 2010 and for the period from 1 January 2013 up to the date of this Prospectus is set forth in Section 18.2 "Related party transactions".

### 1.13 Board of Directors, Management and employees

#### 1.13.1 Board of Directors

The Company's Board of Directors consists of Rune Lande (Chairman), Sverre B. Mikkelsen, Martha Kold Bakkevig, Anders Onarheim and Merete Haugli.

#### 1.13.2 Management

The Company's senior management team (the "**Management**") consists of Kåre Johannes Lie (Chief Executive Officer), Birgitte Wendelbo Johansen (Chief Financial Officer), Jostein Alendal (Business Development Manager), Morten R. Stranden (Chief Operating Officer), Sven M. Storesund (Technical Manager), Inge Grutle (Engineering Manager), Åge J. Nilsen jr (Financial Manager) and Bjørg Mathisen Døving (HR and Quality Manager).

#### 1.13.3 Employees

As of the date of this Prospectus, the Group has 30 employees.

### 1.14 Articles of association

The Company's articles of association (the "**Articles of Association**") as of the date of this Prospectus are attached to this Prospectus as Appendix A, and are further described in Section 15.10.1 "The Articles of Association".

### **1.15 Auditor and advisors**

The Company's statutory auditor is PricewaterhouseCoopers AS, with registration number 987 009 713, and business address Dronning Eufemias gate 8, N-0191 Oslo, Norway. PricewaterhouseCoopers AS was elected as the Company's auditor in the extraordinary general meeting held on 18 December 2012, and has audited the Company's financial statements for the year ended 31 December 2012.

Previously, the Company's auditor was Deloitte AS with registration number 980 211 282, and business address Karenslyst Allé 20, N-0278 Oslo, Norway. Deloitte AS has audited the historical financial for the Company for the years ended 31 December 2011 and 2010.

Pareto Securities, Swedbank First and SR-Bank Markets are acting as Joint Lead Managers and Joint Bookrunners for the Private Placement and the Subsequent Offering. Advokatfirmaet Thommessen AS (Haakon VII's gate 10, N-0116 Oslo, Norway) is acting as legal advisor to the Company.

### **1.16 Documents on display**

Copies of the following documents will be available for inspection on the Company's website [www.reachsubsea.com](http://www.reachsubsea.com) and at the Company's offices at Skillebekkgata 1 B, N-5523 Haugesund, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- (i) the Company's Articles of Association;
- (ii) the Company's Certificate of Registration;
- (iii) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
- (iv) the consolidated audited financial statements of the Company as of, and for the years ended, 31 December 2012, 2011 and 2010 and the Company's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2013 and 2012;
- (v) the audited financial statements of Reach Subsea AS as of, and for the years ended, 31 December 2011 and 2010;
- (vi) the historical financial information for the Company's significant subsidiaries; and
- (vii) this Prospectus.

## 2 RISK FACTORS

*An investment in the Shares involves inherent risk. Before deciding whether or not to invest in the Shares, investors should carefully consider all of the information contained in this Prospectus, and in particular the risk factors and uncertainties described in this Section 2, which the Company believes are the principal known risks and uncertainties faced by the Group as of the date hereof. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described are not a genuine potential threat to an investment in the Shares. If any of the following risks were to materialise, this could have a material adverse effect on the Group and/or its business, results of operations, cash flow, financial condition, liquidity and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the same.*

### 2.1 Operational risk

*2.1.1 The Group's success for the foreseeable future is highly dependent on realization of its new strategy.*

The Group's vision is to become a complete subsea services provider. For provision of such services, the Group aims at having a fleet of both chartered and owned modern offshore vessels and a resource pool of highly skilled and experienced people and technological advanced equipment. Realization of its new strategy presupposes inter alia tackling numerous market related challenges as listed in Section 2.2 "Market risk" and the effective management of present and future internal resources. Strategy realization is performed through obtaining contracts and resources which are both subject to fierce competition. Contracts for the services that the Group aims to provide are generally awarded on a competitive bid basis, and although clients may consider among other things, the availability and capability of equipment and the reputation and experience of the contractor, price is a primary factor determining which contractor is awarded a contract. Competition could result in pricing pressures, lower sales and reduced margins that would have an adverse effect on the operating results, cash flows, financial conditions of the Group and ultimately the realization of the Group's new strategy. In terms of supply of resources, the Group faces fierce competition and the risk of supply bottle-necks are apparent and may significantly affect the realization of the Group's strategy. Furthermore, the Group's ability to meet the competition in the market and its skill in future strategic adaption will have significant consequences for the Group's future development.

The Group is dependent upon obtaining technology and service offering that is in accordance with what the prospective client demands. If the Group's technology or service offering is unable to obtain market acceptance it could have adverse effects on the Group's profitability.

*2.1.2 The Group's strategy is to grow substantially in size, and it may experience difficulties in managing its growth.*

As the Group's plans and strategies for its expansion within the subsea market develops, it expects it will need additional managerial, operational, marketing, financial and other resources. As a result, members of management would face significant added responsibilities, including:

- Managing and enhancing asset utilization;
- Identifying, recruiting, maintaining, motivating and integrating additional skilled personnel;
- Managing the Group's internal development efforts effectively while complying with its contractual obligations to customers, suppliers, partners, and other third parties; and
- Improving the Group's managerial, development, operational and finance systems.

As the Group's operations expand, it expects to enter into additional relationships with various customers, strategic partners, suppliers and other third parties. The Group's business, results of operations and financial condition will depend, in part, on its ability to manage its future growth effectively. As a result, the Group must manage its growth efforts and hire, train and integrate additional management, administrative and marketing personnel as required. To the extent that the Group is unable to accomplish these tasks, it could be prevented from successfully maintaining its growth. The scalability of the business will be a major factor going forward.

*2.1.3 The Group may not be successful in attracting sufficient skilled employees and retaining key personnel which may adversely affect the Group's operations.*

As a technology driven company with focus on human resource and creativity, the Group is dependent upon key

individuals in the organisation. If such key individuals were to end their employment in the Group, this could result in negative consequences for the future development of the business. A departure by key members of the Management of the Group may have a material adverse effect on the Group's operations and ability to achieve its strategic goals. Individual period performance may also be significantly affected by the timing of contract completion, when the final outcome of a contract may be fully assessed. This may have an adverse effect on the performance of the Group.

The increase in operational activity demands a continued development of the Group's organisation. A successful development is dependent on the Group being able to attract and keep personnel and management with the right competence and commitment. The labour market in Norway, where the Group has a significant portion of its operations, is still pressed for skilled labour in many industries, especially in the subsea sector, with several companies stating lack of available qualified applicants as their main concern for future development of their business. The Group will have to compete in a fiercely competitive market to attract the human resources needed in the future.

In addition, the Group's success may often depend upon the combined expertise of vessel operators, ROV team and subsea equipment providers in order to successfully complete projects. The combined expertise should ideally amalgamate seamlessly, but the risk of communication problems and cooperation problems may be apparent and effect the Group's operations.

*2.1.4 The execution of the Group's strategy is dependent upon the successful contracting of new vessels and engineering consultancy projects.*

The Group intends to enter into charter for 1 to 2 subsea DP vessels ready for offshore work during the second or third quarter of 2013. In addition, future plans of expansion will include new charters of multipurpose support vessels, new ROVs and subsea DP vessels. The Group's ability to contract new vessels of the desired specifications and quality is an operational risk that may have adverse effect on the Group's business if it does not materializes.

*2.1.5 Risk of losing market share due to lack of innovation.*

The crucial role of technology, especially for ROVs, in moving subsea industry forward is a given. The focus of oil and gas companies, from a subsea perspective, will include enabling technologies operate safely in high pressure and temperature environments, extracting heavy crude oil, stranded gas and ultra-deepwater environments, production optimization and decreasing life-of-field costs. In order to accommodate these new challenges in a cost effective way the competing subsea providers must innovate, both in terms of technology and project management. The long term success for the Group will be dependent upon the capabilities of creating innovations thereby retaining and gaining market share.

*2.1.6 The market value for vessels acquired by the Group in the future (if any) may decrease, which could cause the Group to incur losses if it is decided to sell them following a decline in their market values.*

The Group plans on chartering and owning vessels in the future, and because the market value of vessels may fluctuate, the Group may incur losses when vessels are sold. Market values of vessels may be affected by factors such as:

- general offshore activity worldwide;
- net growth in the supply of vessels;
- the cost of building new vessels;
- competition from other shipping companies;
- changes in demand for various types and sizes of vessels;
- age limitations from oil companies;
- changes in charter rates;
- political changes related to regulatory framework; and
- technological advances.

If the Group sells a vessel at a time when vessel second-hand prices have fallen, the sale may be at less than the vessel's book value in financial statements, with the result that a loss and a corresponding reduction in earnings is incurred. In addition, if it is determined that there is a need for impairment of vessel values; this could result in a charge against earnings and a corresponding reduction of the Group's shareholders' equity. It is possible that the market value of the vessels will decline in the future.

*2.1.7 The Group may fail to effectively estimate risks, costs or timing when bidding on contracts and to manage such contracts efficiently, which could have a material adverse impact on the profitability of the Group.*

The success of the Group will depend on identifying key issues and risks with respect to potential projects and ensuring that the contractual arrangements in relation to each project adequately safeguard the Group against such risks. The Group must continue to manage risks efficiently as well as adapt to developing circumstances during the life of a project. Such issues and risks may include, but are not limited to, labour costs, wage inflation, and the cost of capital maintenance or replacement of assets. Unanticipated increases in costs in relation to these and other areas may reduce operating profit to the extent that such increases cannot be passed on to customers. Significant financial consequences may be imposed on the Group if its services are not delivered in accordance with the contract. While the identification of key risks, the estimation of costs and the establishment of appropriate deadlines in relation to such contracts is an inherent part of the Group's business, the length and complexity of such projects may imply that management's estimates can be particularly difficult to make and could turn out to be potentially inaccurate. If the risk management strategies employed by the Group fail to identify key risks or accurately estimate costs and timetables, or do not adapt quickly enough to new risks or other changes in the market, this could lead to breach of contract from the Group's side or a claim for damages by a customer and may also have a material adverse impact on the Group's results of operations and financial conditions.

*2.1.8 The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues.*

Operating revenues may fluctuate as a function of changes in supply and demand for the Group's services, which in turn affect revenues. In addition, equipment maintenance costs fluctuate depending upon the type of activity each vessel, ROV or personnel is performing. In connection with new assignments, the Group might incur expenses relating to preparation for operations under a new contract. The expenses may vary based on the scope and length of such required preparations and the duration of the firm contractual period over which such expenditures are amortized. In a situation where a vessel or ROV faces longer idle periods, reductions in costs may not be immediate as some of the crew may be required to prepare vessels or ROVs for stacking and maintenance in the stacking period. Should vessels be idle for a longer period, the Group may seek to redeploy crew members who are not required to maintain the vessels to active units to the extent possible in an attempt to reduce its costs. However, there can be no assurance that such attempt will be successful.

*2.1.9 The Group's future contracted revenue for its vessels, ROVs or engineering personnel may not be ultimately realized.*

The Group may not be able to perform under its current and future contracts due to events beyond its control or due to default of the Group, and any of the Group's customers may seek to cancel or renegotiate contracts for various reasons, including adverse conditions, or invoke suspension periods, at their discretion, resulting in lower revenue. The inability of the Group or its customers to perform contractual obligations under these contracts may have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

The operation of vessels and ROVs requires effective maintenance routines and functioning equipment. Certain pieces of equipment are critical for the vessels or ROVs performance of the services as required in customer contracts. While efforts are made to continuously identify the need for critical spare parts, additional personnel and equipment, there exists a risk of unpaid downtime resulting from the time needed to repair or replace equipment which may have a long delivery time should there not be readily available spares. In addition, downtime and suspension periods may be prolonged due to complications with repairing or replacing equipment as the vessels may be situated in remote locations.

*2.1.10 The Group may not be able to renew or obtain new and favorable contracts for vessels or ROVs whose contracts are expiring or are terminated, which could materially adversely affect the Group's results of operation, cash flows and financial condition.*

The Group's results of operations and cash flows could be materially adversely affected if any of its customers (i) fail to compensate the Group for its services; (ii) were to terminate the contract with or without cause; (iii) fail to renew the existing contract; or (iv) refuse to award new contracts to the Group and the Group is unable to enter into contracts with new customers at comparable prices.

*2.1.11 The Group may be exposed to several risk factors in connection with potential future newbuilding contracts, such as challenges relating to integration of newbuilds and delay in delivery of acquired newbuilds, which could have a material adverse effect on the Group's results of operation, cash flow and financial condition.*

The scale of the Group's operations will increase substantially relative to what it is at present. There is a risk that the



process of integrating any future new vessels into the Group will provoke challenges not foreseen or not effectively manageable by the organization.

*2.1.12 The Group's future vessels may not have the service life projected for them, which may affect the Group's operating results and financial condition.*

The service life of subsea vessels and modern ROVs is generally considered to exceed thirty years, but may ultimately depend on its efficiency and demand for such equipment, as well as the requirements from customers and authorities. There can be no guarantee that the future vessels of the Group will have a long service life. The vessels may have particular unforeseen technical problems or deficiencies, new environmental requirements may be implemented or enforced, or new technical solutions or vessels may be introduced that are more in demand than the technical solutions and vessels of the Group, causing less demand and use of these vessels. Although it may be possible to upgrade vessels to counteract some of these effects should they occur, this may have a material adverse effect on the operating results and financial condition of the Group.

*2.1.13 Reputational and compliance risks.*

The Group's reputation and its ability to do business may be impaired by the inappropriate behavior by any of its employees or agents or those of its affiliates. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents or those affiliated may take actions that violate the law and could result in monetary penalties against the Group or its respective affiliates and could damage the reputation and, therefore, the ability to do business of the Group.

## **2.2 Market risk**

*2.2.1 The Group's business, expansion plan, results of operations, financial condition, and ability to pay dividends depend on the level of activity in the offshore oil and gas industry, which is significantly affected by, among other things, volatile oil and gas prices and may be materially adversely affected by a decline in offshore oil and gas exploration, development and production.*

Oil and gas prices are volatile and are affected by numerous factors beyond the Group's control, including, but not limited to, the following:

- worldwide demand for natural gas;
- the cost of exploring for, developing, producing, transporting and distributing oil and gas;
- expectations regarding future energy prices – for both oil and gas and other sources of energy;
- the ability of the Organization of Petroleum Exporting Countries (“OPEC”) to set and maintain production and impact pricing;
- level of world-wide production;
- government laws and regulations, including environmental protection laws and regulations;
- the development and exploitation of alternative fuels, and the competitive, social and political position of oil and gas as a source of energy compared with other energy sources;
- local and international political, economic and weather conditions;
- political and military conflicts;
- risk of consolidation in the industry;
- the development and exploitation of alternative energy sources; and
- uncertainty relating to the development of the world economy.

Demand for offshore subsea services and vessel services in connection with exploration, development and production in the offshore oil and gas industry may be sensitive to oil and gas price fluctuations, low production levels and disappointing exploration results as well as possible political incidents. Any prolonged reduction in oil and gas prices could lead to reduced levels of exploration, development and production activity, which may in turn have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

Investments in exploration, development and production are partly based on the field operator companies' assessment of the long-term oil and gas price. The development of new oil and gas fields is expected to correlate with the development in the prices and the costs associated with the development, operations and maintenance of new fields. A

long-term drop in oil and gas prices will affect the profitability of new offshore fields, which likely would reduce the market for the products and services offered by the Group.

*2.2.2 The Group's results of operations, cash flow and financial condition are significantly affected by the charter rates.*

Historically, the rates in the offshore shipping markets have been cyclical, with significant fluctuations in charter rates. Depending upon the Group's future plans on either charting vessels themselves, or owning vessels and chartering them to other parties, the rates will significantly affect the Groups performance. Factors such as those listed below influence the offshore markets:

- general offshore activity world-wide, especially in the North Sea;
- oil prices;
- net growth in the supply of vessels and ROVs;
- a lower than expected net growth in the number of vessels and ROVs;
- political changes related to regulatory framework; and
- competition.

An adverse development in the charter rates will have a negative effect on the operating results and financial condition of the Group.

*2.2.3 The Group operates in a marine environment, which is subject to the forces of nature, as well as environmental and climatological risks, that could cause damage to, loss of or suspension of operations by the Group's vessels and could result in reduced levels of offshore activity.*

The Group's future vessels and ROVs are subject to risks particular to marine operations, including capsizing, grounding, sinking, collision and loss and damage from severe weather, storms, fire, earthquakes, tsunamis or explosions. Any of the foregoing circumstances could result in damage to, or destruction of, vessels or equipment, personal injury and property damage, suspension of operations or environmental damage.

Litigation from any such event may result in the Group being named as a defendant in lawsuits asserting large claims. Moreover, the loss of any one vessel could result in the Group's inability to meet contract deadlines or improve vessel utilization, which could damage its relationships with key customers, result in opportunity costs to the Group and have a material adverse effect on the Group's business, results of operations, cash flows, financial condition or prospects.

Furthermore, adverse weather conditions usually result in low levels of offshore activity. Additionally, during certain periods of the year, the Group's vessels may encounter adverse weather conditions such as hurricanes or storms. During periods of curtailed activity due to adverse weather conditions, the Group could continue to incur operating expenses, but its revenues from operations may be delayed or reduced.

*2.2.4 The Group could face additional supply of vessels and ROVs in the subsea services industry that could materially adversely affect the Group's competitive position and the rates it can charge for its services.*

The Group operates in the offshore services industry, which is a highly competitive and fragmented industry that includes several large companies that compete in the markets the Group serves, or will serve, as well as numerous small companies that compete with the Group on a local basis.

It typically takes approximately 12-24 months from an offshore service vessel is ordered until it is delivered, depending on its complexity and the order backlog at the ship yards. The strong market outlook may be counterbalanced by too high newbuilding activity, which may even lead to a stronger growth in supply of vessels than in demand for vessels.

The Group's operations may be adversely affected if the supply to demand ratio for offshore service vessels increases significantly. Competitive pressures or other factors may result in significant price competition, particularly during industry downturns, which could have a material adverse effect on the Group's results of operations and financial condition.

The supply of ROVs in the industry is affected by, inter alia, assessment of the demand for these units by oil and drilling companies. Any overestimation of demand for ROVs may result in an excess supply of new ROVs. The oil and

gas exploration and production (“E&P”) industry is currently witnessing a new building cycle of rigs. This may result in the acquisition of ROVs to accommodate for the new projects arising due to increased activity in the sector. Excess supply of ROVs could put pressure on contract rates, which may have a material adverse effect on the business and results of operations of the Group.

*2.2.5 The Group’s planned business involves numerous operating hazards, which may cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations which could materially adversely affect the Group’s results of operations, cash flows and financial condition.*

The Group’s planned operations will be subject to hazards inherent in the industry where it operates, service down time on its future vessels and ROVs, equipment defects, fires, explosions and pollution. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by employees, third parties or customers and suspension of operations. The operation of the Group’s future vessels will also be subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal conditions, and failure of subcontractors to perform or supply goods or services, or personnel shortages.

Damage to the environment could also result from the Group’s planned operations, particularly through spillage of fuel, lubricants or other chemicals and substances used in operations, or extensive uncontrolled fires. The Group’s operations also involve the use and handling of materials that can be environmentally hazardous. Environmental legislation has, in general, become stricter in recent years. These laws and regulations might expose the Group to liability due to events caused by others or by the companies themselves, even though the actions were consistent with existing laws at the time. The Group would expect to get some contractual compensation from its customers through contractual regulation of events such as pollution and other environmental damages. However, there can be no assurance that the compensation achieved in such events, if achieved at all, will cover losses inflicted on them.

Further, the Group’s vessels and ROVs may suffer damage in the course of loading, diving, transporting or discharging cargo, which could cause suspension of operations and have a material adverse effect on the Group’s results of operations, cash flows and financial condition.

The Group may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have in the past led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. Any uninsured or underinsured loss could harm the Group’s business and financial condition. In addition, the Group’s insurance may be voidable by the insurers as a result of certain of the Group’s actions, such as the Group’s ships failing to maintain certification with applicable maritime self-regulatory organizations.

The amount of the Group’s insurance cover may be less than the related impact on enterprise value after a loss. The Group’s coverage includes policy limits. As a result, the Group retains the risk through self-insurance for any losses in excess of these limits. Any such lack of reimbursement may cause the Group to incur substantial costs. In addition, the Group could decide to retain substantially more risk through self-insurance in the future. Moreover, no assurance can be made that the Group has, or will be able to maintain in the future, adequate insurance against certain risks.

If a significant accident or other event occurs and is not fully covered by the Group’s insurance or any enforceable or recoverable indemnity from a client, it could adversely affect the Group’s statement of financial position, results of operations or cash flows.

*2.2.6 The Group may be subject to litigation that could have a material adverse effect on the Group’s business, results of operations, cash flow and financial condition, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management’s attention to these matters.*

The operating hazards inherent in the Group’s business may expose the Group to litigation processes. The Group is currently not involved in any defensive litigation. However, the Group may in the future be involved in litigation matters from time to time. The Group cannot predict with certainty the outcome or effect of any claim or other litigation matter. Any future litigation may have an adverse effect on the Group’s business, results of operations and financial position, and the Group’s ability to pay dividends because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of Management’s attention to these matters.

*2.2.7 The Group's potential operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country where the Group operates, currency fluctuations, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations etc.*

The Group's intent and vision involves pursuing operations in many different countries where oil and gas E&P is present, such as Europe/West Africa, Australasia and Americas/worldwide. The Group will from time to time operate in various jurisdictions and such international operations involve additional risks, including risks of:

- terrorist acts, war, civil disturbances and acts of piracy;
- seizure, nationalization or expropriation of property or equipment;
- political unrest;
- labor unrest and strikes;
- third party claims resulting from alleged breach of patented and other intellectual property;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- impositions of embargos;
- import-export quotas, wage and price controls, imposition of trade barriers and other forms of government regulation and economic conditions that are beyond the Group's control;
- regulatory or financial requirements to comply with foreign bureaucratic actions; and
- change in taxation policies.

In addition, international operations are subject to the various laws and regulations in various countries and jurisdictions, including laws and regulations relating to:

- the vessels and the equipment requirements;
- repatriation of foreign earnings;
- oil and gas exploration and development;
- taxation of offshore earnings and the earnings of expatriate personnel;
- customs duties on the importation of vessels and related equipment;
- requirements for local registration or ownership of vessels by nationals of the country of operations in certain countries; and
- the use and compensation of local employees and suppliers by foreign contractors.

Some foreign governments favor or effectively require (i) the awarding of contracts to local contractors or to vessels owned by their own citizens, (ii) the use of a local agent or (iii) foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may materially adversely affect the Group's ability to compete in those regions.

*2.2.8 Changes in the legislative and fiscal framework governing the activities of the oil and gas business could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for the Group's services and restrict the Group's ability to operate its vessels or otherwise.*

Changes in the legislative and fiscal framework governing the activities of oil and gas business could have material impact on exploration and development activities, or affect the Group's operations or financial results directly. Changes in political regimes may constitute a material risk factor for the operations in foreign countries.

The Group's intent and vision is to operate in several countries and its operations may include projects and investments in countries that are unsafe and politically unstable. Activities in such countries will often involve greater risk than the Group typically experiences, including unfavourable changes in tax laws and other laws, partly or full expropriation, currency volatility and restrictions on currency transfer, disruption of operations because of labour disputes or political riots, riots or wars, and some individual countries' requirement for some local ownership interests.

The Group is subject to laws, regulations and supervisory rules in countries where the activities are performed. The operations of the Group can be affected by changes in environmental laws and other regulations that can result in large expenses in, for example, modification of vessels and changes in the operation of vessels.

## **2.3 Financial risk**

*2.3.1 The Group may be dependent on funding from investors and/or banks to finance its operations going forward and no assurance can be given that sufficient capital will be secured, or the terms at which such capital can be secured (if any) or with respect to the amount of capital that will be required.*

The Group's planned business is capital intensive and, to the extent the Group does not generate sufficient cash from operations, the Group may need to raise additional funds through public or private debt or equity financing to execute the Group's growth strategy and to fund capital expenditures, e.g. such as the financing of acquisition of new vessels and ROVs and acquisition of other businesses. Adequate sources of capital funding may not be available when needed or may not be available on favorable terms. If the Group raises additional funds by issuing additional shares or other securities the holdings of existing shareholders may be diluted. If funding is insufficient at any time in the future, the Group may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results of operations and financial condition.

*2.3.2 The Group's future loan agreements may include terms, conditions and covenants that may impose restrictions on the operations of the Group. A failure to comply with the conditions and covenants may have a material and adverse effect on the Group.*

The Group does currently not have any loan agreements. However, the Group may in the future need to enter into loan agreements to finance its expansion plan within the subsea market. If the Group is unable to comply with the restrictions and covenants in future debt financing agreements, there could be a default under the terms of those agreements. The Group's ability to comply with these restrictions and covenants, including meeting financial ratios and measures, is dependent on the Group's future performance and may be affected by events beyond its control. If a default occurs under these agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed as due and payable. If any of these events occur, the Group cannot guarantee that its assets will be sufficient to repay in full all of its outstanding indebtedness, and the Group may be unable to find alternative financing. Even if the Group could obtain alternative financing, that financing might not be on terms that are favorable or acceptable to the Group.

*2.3.3 The Group is exposed to the risk of contractual default by a counterparty.*

The Group routinely executes transactions many of which expose the Group to the risk of contractual default by a counterparty. A general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables. The Group's cash flows and financial condition may be materially adversely affected should its counterparts fail to fulfill their payment obligations towards the Group.

*2.3.4 The Group may be exposed to changes in interest rates and exchange rates, which may adversely impact the Group's cash flows and financial condition.*

The Group may in the future incur significant amounts of debt. In such case, movements in interest rates could have certain effects on the Group's cash flow and financial condition. Further, fluctuations in currency exchange rates may have a material impact on the Group's financial performance. Future purchases from subcontractors and deliveries to the customer may be made in other currencies than NOK. Fluctuating foreign exchange rates can have an effect on the results of the operations.

*2.3.5 Changes in tax regimes and taxation may adversely affect the Group's cash flows and financial condition.*

The Group may be subject to the special tax rules for ship owners in the Norwegian Taxation Act (Section 8-10 to Section 8-20). Further, such special tax rules stipulate certain requirements which will have to be met in order to qualify for taxation pursuant to such rules. No assurance can be given that the Group will meet such requirements in the future. A failure to meet such requirements may have an adverse effect on the effective tax rate of the Group.

## **2.4 Risks relating to the Subsequent Offering and the Shares**

*2.4.1 Eligible Shareholders who do not participate in the Subsequent Offering may experience significant dilution in their shareholding.*

Eligible Shareholders who do not participate in the Subsequent Offering may experience significant dilution in their shareholding.

Subscription Rights that are not exercised by the end of the Subscription Period will automatically expire without compensation to the holder. To the extent that an Eligible Shareholder does not exercise its Subscription Rights prior to the expiry of the Subscription Period, whether by choice or due to a failure to comply with procedures set forth in Section 5.3.8 “Subscription procedures”, or to the extent that an Eligible Shareholder is not permitted to subscribe for Offer Shares as further described in Section 6 “Selling and Transfer Restrictions”, such Eligible Shareholders’ proportionate ownership and voting interests in the Company after the completion of the Subsequent Offering will be diluted.

*2.4.2 If the Subsequent Offering is withdrawn, the Subscription Rights will no longer be of value.*

If the Subsequent Offering is withdrawn, all Subscription Rights will lapse without value, subscriptions for, and allocations of, Offer Shares that have been made will be disregarded and any subscription payments made will be returned without interest or any other compensation.

*2.4.3 The market value of the Shares may fluctuate significantly and may not reflect the Group’s underlying asset value.*

An investment in the Shares may decrease in market value as well as increase. The market value of the Shares can fluctuate significantly and may not always reflect the underlying asset value. A number of factors outside the Group’s control may impact its performance and the price of the Shares. Such factors include, but are not limited to, a change in market sentiment regarding the Shares, the Group, the operating and share price performance of other companies in the industry and markets in which the Group operates. Changes in market sentiment may be due to speculation about the Group’s business in the media or investment community, changes to the Group’s profit estimates, the publication of research reports by analysts and changes in general market conditions. If any of these factors actually occurs, this may have a material adverse effect on the pricing of the Shares.

In recent years, the Oslo Stock Exchange has experienced wide price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies.

*2.4.4 The Company’s ability to pay dividends is dependent on the availability of distributable reserves.*

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the Company’s general meeting of shareholders. Dividends may only be declared to the extent that the Company has distributable funds and the Company’s Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company’s operations and the need to strengthen its liquidity and financial position. As the Company’s ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and the companies in which the Company has invested.

As a general rule, the general meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the general meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

*2.4.5 Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares.*

It is possible that the Company may in the future decide to offer additional Shares or other equity-based securities through directed offerings without pre-emptive rights for existing holders. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share.

*2.4.6 Pre-emptive rights to secure and pay for Shares in any additional issuance may not be available to U.S. or other shareholders.*

Under Norwegian law, unless otherwise resolved at a general meeting, existing shareholders have pre-emptive rights to participate on the basis of their existing share ownership in the issuance of any new shares for cash consideration. Shareholders in the United States, however, may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the U.S. Securities Act of 1933 is in effect in respect of such rights and shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to

file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and shares and doing so in the future may be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new shares, their proportional interests in the Company will be reduced.

*2.4.7 Investors may not be able to exercise their voting rights for Shares registered in a nominee account.*

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names with the VPS prior to the general meetings. The Company can provide no assurances that beneficial owners of the Shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

*2.4.8 Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway.*

The Company is a public limited company organised under the laws of Norway. The members of its Board of Directors and management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

*2.4.9 Norwegian law may limit shareholders' ability to bring an action against the Company.*

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

*2.4.10 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.*

The Shares have been admitted to public trading in Norway but the Company has not registered the Shares under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Norway and it does not expect to do so in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States or other jurisdictions will be able to participate in future capital increases or rights offerings.

*2.4.11 Market interest rates may influence the price of the Shares.*

One of the factors that may influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

### **3 RESPONSIBILITY FOR THE PROSPECTUS**

The Board of Directors of Reach Subsea ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

26 June 2013

#### **The Board of Directors of Reach Subsea ASA**

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*Rune Lande*  
*Chairman*

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*Martha Kold Bakkevig*  
*Board member*

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*Sverre B. Mikkelsen*  
*Board member*

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*Anders Onarheim*  
*Board member*

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*Merete Haugli*  
*Board member*



## **4 GENERAL INFORMATION**

### **4.1 Other important investor information**

In making an investment decision, investors must rely on their own examination and analysis of, and enquiry of the Group and the terms of the Subsequent Offering, including the merits and risks involved, and investors must only rely on the information contained in this Prospectus, any supplement to this Prospectus and any notices required under the rules of the Oslo Stock Exchange that are published by the Company and expressly amend this Prospectus. None of the Company or the Joint Lead Managers, or any of their respective representatives or advisers, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors of the Shares between the time of approval of this Prospectus by the NFSA and the listing of the New Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Private Placement or the Subsequent Offering other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Joint Lead Managers or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

The information contained herein is valid as of the date hereof and is subject to change, completion and amendment without further notice. The delivery of this Prospectus shall not imply that there has been no change in the Company's affairs or that the information set forth herein is correct as of any date subsequent to the date hereof.

Unless otherwise indicated, the source of information included in this Prospectus is the Company. The contents of this Prospectus shall not be construed as legal, business, financial or tax advice. Each reader of this Prospectus should consult its own legal, business, financial or tax advisor as to such advice. If the reader is in any doubt about the contents of this Prospectus, a stockbroker, bank manager, lawyer, accountant or other professional advisor should be consulted. The Company has furnished the information in this Prospectus. The Joint Lead Managers make no representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, nor shall be relied upon as, a promise or representation by the Joint Lead Managers. The Joint Lead Managers assume no responsibility for the accuracy or completeness or the verification of this Prospectus and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

In the ordinary course of their respective businesses, the Joint Lead Managers and certain of their affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Group.

Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by the Oslo Stock Exchange and distributed through its information system.

For the definitions of terms used throughout this Prospectus, see Section 19 "Definitions and glossary".

### **4.2 Presentation of financial and other information**

#### *4.2.1 Financial information*

The financial information contained in this Prospectus relating to the Company has been derived from the audited consolidated financial statements as of, and for the years ended, 31 December 2012, 2011 and 2010, and from the Company's unaudited consolidated financial statement as of, and for the three months ended, 31 March 2013 and 2012, as incorporated by reference in this Prospectus (see Section 18.7 "Incorporation by reference"). The financial statements for the Company as of, and for the years ended, 31 December 2012, 2011 and 2010, and as of, and for the three months ended, 31 March 2012 and 2011 have been prepared in accordance with IFRS as adopted by the EU.

The financial statements for the Company as of, and for the year ended, 31 December 2012 have been audited by PricewaterhouseCoopers AS and the financial statements for the Company as of, and for the years ended, 31 December 2011 and 2010 have been audited by Deloitte AS. The Company's consolidated financial statement as of, and for the three months ended, 31 March 2013 and 2012 have not been audited.

Unless otherwise stated herein, the financial information set out in this Prospectus is unaudited.

#### 4.2.2 *Industry and market data*

This Prospectus also contains information sourced from third parties. The Company confirms that the information provided by third parties has been accurately reproduced. As far as the Company is aware, and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used. This Prospectus contains market data, industry forecasts and other information published by third parties, including information related to the sizes of the markets in which the Group operates. The information has been extracted from a number of sources. The Company has estimated certain market share statistics using both its internal data and industry data from other sources. Although the Company regards these sources as reliable, the information contained in them has not been independently verified. Therefore, the Company does not guarantee or assume any responsibility for the accuracy of the data, estimates, forecasts or other information taken from the sources in the public domain. This Prospectus also contains assessments of market data and information derived therefrom that could not be obtained from any independent sources. Such information is based on the Company's own internal assessments and may therefore deviate from the assessments of competitors of the Company or future statistics by independent sources.

#### 4.2.3 *Other information*

Unless otherwise indicated, all references in this Prospectus to "**NOK**" are to the lawful currency of Norway; all references to "**EUR**" are to the lawful common currency of the EU member states who have adopted the Euro as their sole national currency; and all references to "**USD**" are to the lawful currency of the United States of America.

#### 4.2.4 *Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be), accordingly, figures shown for the same category presented in different tables may vary slightly.

### 4.3 **Cautionary note regarding forward-looking statements**

This Prospectus includes forward-looking statements that reflect the Group's current intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industries and markets in which the Group operates. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. Forward-looking statements as a general matter are all statements other than statements as to historic facts or present facts or circumstances. Forward-looking statements appear in Section 7 "Market Overview", Section 8 "Business of the Group", Section 9 "Dividends and Dividend Policy" and Section 12 "Operating and Financial Review", and include, among other things, statements relating to:

- the Group's strategy, outlook and growth prospects and the ability of the Group to implement its strategic initiatives;
- the Group's future results of operations;
- the Group's financial condition;
- the Group's working capital, cash flows and capital investments;
- the Company's dividend policy;
- the impact of regulation on the Group;
- general economic trends and trends in the Group's industries and markets; and
- the competitive environment in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industries and markets in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. The Company can provide no assurances that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

Although the Company believes that the expectations implied by these forward-looking statements are reasonable, the Company can give no assurances that the outcomes contemplated will materialise or prove to be correct. By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, outcomes may differ materially from those set out in any forward-looking statement. Important factors that could cause those differences include, but are not limited to:

- implementation of its strategy and its ability to further expand its business and growth;
- expected trends in the development of the subsea market;
- the competitive nature of the business the Group operates in and the competitive pressure and changes to the competitive environment in general;
- loss of important customers;
- earnings, cash flow, dividends and other expected financial results and conditions;
- fluctuations of exchange and interest rates;
- changes in general economic and industry conditions;
- political and governmental and social changes;
- changes in the legal and regulatory environment;
- environmental liabilities;
- access to funding; and
- legal proceedings.

Additional factors that could cause the Group's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under Section 2 "Risk Factors" and Section 12 "Operating and Financial Review". Prospective investors are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk Factors" and Section 12 "Operating and Financial Review" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Company.

These forward-looking statements speak only as of the date of this Prospectus. Save as required by Section 7-15 of the Norwegian Securities Trading Act or by other applicable law, the Company expressly disclaims any obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus. Accordingly, prospective investors are urged not to place undue reliance on any of the forward-looking statements herein.

## 5 THE COMPLETED PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING

*This Section provides information on the completed Private Placement and the Subsequent Offering. Please note that the New Shares issued in the Private Placement have already been subscribed, paid for and issued.*

### 5.1 Background for the completed Private Placement and the Subsequent Offering

The Company decided to conduct the Private Placement in order to, and the net proceeds from the Private Placement is consequently intended to be used to, finance required working capital and cash deposits as security for charter party guarantee for Normand Reach (with approximately NOK 60 million), provide equity financing of new ROV systems (with approximately NOK 15 million) and general corporate purposes (the remaining amount of the net proceeds).

The purpose of the Subsequent Offering is to enable the Eligible Shareholders to subscribe for Shares in the Company at the same price as in the Private Placement, thus limiting dilution of their shareholding. Eligible Shareholders are shareholders of the Company as of 3 May 2013 (as registered in the VPS on the Record Date) and who are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action, holding less than 85,500 Shares as of such date, except for shareholders being (i) employees or board members in the Group, (ii) companies controlled by employees or board members in the Group, or (iii) allocated New Shares in the Private Placement. The net proceeds from the Subsequent Offering will be used for the same purposes as the net proceeds from the Private Placement.

### 5.2 The Private Placement

#### 5.2.1 Overview of the Private Placement

At the extraordinary general meeting of the Company held on 29 May 2013 it was resolved to increase the share capital of the Company with NOK 31,737,500, through the issue of 31,737,500 New Shares, at a subscription price of NOK 3.20 per New Share in the Private Placement directed towards investors in Norway and other jurisdictions subject to applicable exemptions from registration, filing, prospectus and other requirements under applicable securities laws, (i) outside the United States in reliance on Regulation S under the U.S. Securities Act and (ii) in the United States to QIBs, as defined in Rule 144A under the U.S. Securities Act, in a transaction exempt from the registration requirements under the U.S. Securities Act, and who are “major U.S. institutional investors” as defined in Rule 15a-6 under the U.S. Exchange Act.

The Company and the Joint Lead Managers discussed the potential Private Placement with larger shareholders and other investors prior to announcing the contemplated transaction on 3 May 2013 in order to determine whether to launch the transaction and also to determine the terms of the transaction. The feed-back received in this pre-sounding indicated that investors were valuing the Company using other parameters than the Share price quoted on the Oslo Stock Exchange as the trading volumes had been low for a period of time because lock-up arrangements (cf Section 15.6 “Limitations on the right to own and transfer Shares”) had led to few Shares being available for trading. On the basis of the investor feed-back, it was decided that a substantial discount to the then quoted prices for the Shares on Oslo Børs would be required in order to complete the Private Placement. In consultation with the Joint Lead Managers, the Board of Directors resolved to set the subscription price at NOK 3.20 when launching the Private Placement. That subscription price was later unanimously approved by an extraordinary general meeting of the Company. The minimum subscription and allocation amount in the Private Placement was set to the NOK or share equivalent of EUR 100,000, provided, however, that the Company could decide to accept and make allocation under orders for less than the NOK or share equivalent of EUR 100,000 from employees of the Company and members of the Board of Directors, or companies controlled by such persons.

The New Shares issued in the Private Placement were placed by the Joint Lead Managers to selected investors in Norway in the application period from 09:00 hours (CET) on 3 May 2013 to 16:00 hours (CET) on 3 May 2013, and the Company and the Joint Lead Managers entered into application agreements with the investors pursuant to which the investors undertook to subscribe for the New Shares, subject to inter alia the approval of the Private Placement by the Company's extraordinary general meeting.

The successful completion of the Private Placement was announced through a stock exchange announcement on 6 May 2013.

### 5.2.2 Resolution relating to the Private Placement and the issue of the New Shares

On 29 May 2013, the extraordinary general meeting of the Company passed the following resolution to issue the New Shares and increase the share capital of the Company in connection with the Private Placement (translated from Norwegian):

- (i) *The share capital shall be increased by NOK 31,737,500 by the issuance of 31,737,500 new shares.*
- (ii) *The nominal value per new share shall be NOK 1.*
- (iii) *The new shares shall be subscribed for by any of Pareto Securities AS, Swedbank First Securities and SR-Bank Markets on behalf of, and pursuant to proxies from, investors that have ordered and been allocated shares in the Private Placement (pursuant to the allocation list which is enclosed to the Minutes), and may be subscribed for in the Minutes from the General Meeting or on a separate subscription form at the date of the General Meeting. The shareholders' preferential right to the new shares shall be deviated from, cf Section 10-5 of the Norwegian Public Limited Companies Act.*
- (iv) *The subscription price is NOK 3.20 per new share. Payment shall be made in cash.*
- (v) *Payment for the new shares shall be made no later than 30 May 2013. The payment shall be made to the Company's designated bank account for share capital increases.*
- (vi) *The new shares will give full shareholder rights in the Company, including the right to dividends, from the time the share capital increase is registered with the Norwegian Register of Business Enterprises.*
- (vii) *Section 2 of the articles of association is amended to read as follows:*  
*"The company's share capital is NOK 75,565,604, divided into 75,565,604 shares, each with a nominal value of NOK 1.00. The company's shares shall be registered in the Norwegian Central Securities Depository."*

In order to ensure the successful completion of the Private Placement, it was considered necessary to set aside the existing shareholders' preferential rights to the New Shares in accordance with Section 10-4 of the Norwegian Public Limited Companies Act to the benefit of the new investors. However, in order to facilitate the principle of equal treatment of the Company's shareholders, the extraordinary general meeting of the Company also passed a resolution to grant the Board of Directors an authorisation to implement the Subsequent Offering directed towards the Eligible Shareholders. See Section 5.3 "The Subsequent Offering" below for further details about the Subsequent Offering.

### 5.2.3 Participation of major existing shareholders and members of the Company's management, supervisory and administrative bodies in the Private Placement

The following major existing shareholders and members of the Company's management, supervisory or administrative bodies subscribed for, and were allocated, New Shares in the Private Placement:

- Accello Partners I AS (represented on the Board of Directors by Anders Onarheim) subscribed for, and was allocated, 7,812,500 New Shares.
- Joso Invest AS, a company owned by Kåre Johannes Lie (the CEO of the Company), subscribed for, and was allocated, 937,500 New Shares.
- A-Å Invest AS, a company 50% owned by Åge J. Nilsen (the Finance Manager of the Company), subscribed for, and was allocated, 468,750 New Shares.
- Hagland Invest AS, a company indirectly owned by Birgitte Wendelbo Johansen (the CFO of the Company) and her family, subscribed for, and was allocated, 625,000 New Shares.
- Morten R. Stranden (the COO of the Company), subscribed for, and was allocated, 109,375 New Shares.
- Døving Invest AS, a company owned by Bjørg Døving (the HR Manager of the Company), subscribed for, and was allocated, 62,500 New Shares.
- Consus AS, a company owned by Rune Lande (the Chairman of the Board of Directors of the Company), subscribed for, and was allocated, 625,000 New Shares.
- Kold Invest AS, a company owned by Martha Bakkevig (a member of the Board of Directors of the Company), subscribed for, and was allocated, 31,250 New Shares.
- Tyrihans Management AS, a company owned by Sverre Mikkelsen (a member of the Board of Directors of the Company), subscribed for, and was allocated, 156,250 New Shares.

The Company is not aware of any conflicting interests by any subscriber in the Subsequent Offering that is material to the Subsequent Offering.

#### 5.2.4 *Issuance, delivery and listing of the New Shares*

The share capital increase pertaining to the Private Placement was registered with the Norwegian Register of Business Enterprises on 10 June 2013. As a result of such registration, the Company's share capital was increased with NOK 31,737,500 to NOK 75,565,604, divided into 75,565,604 Shares, each with a nominal value of NOK 1.00.

The New Shares have been registered in the VPS under a separate securities number, ISIN NO 001 0682552, pending the publication of this Prospectus. Following the publication of this Prospectus, the New Shares will be registered under the same ISIN as the Company's other Shares (i.e. ISIN NO 000 3117202) and become listed and tradable on the Oslo Stock Exchange.

#### 5.2.5 *The rights conferred by the New Shares*

The New Shares issued in the Private Placement are ordinary Shares in the Company each having a nominal value of NOK 1.00. The New Shares are issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act. The Company's registrar in the VPS is DNB Bank ASA, Verdipapirservice, Stranden 21, N-0021 Oslo, Norway.

The New Shares rank *pari passu* in all respects with the Shares and carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Private Placement with the Norwegian Register of Business Enterprises. The New Shares are eligible for any dividends that the Company may declare after such registration. All Shares, including the New Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law. See Section 15 "Corporate information and description of the share capital" below for a more detailed description of the Shares.

### **5.3 The Subsequent Offering**

#### 5.3.1 *Overview*

The Subsequent Offering comprises an offer by the Company to issue up to 704,240 Offer Shares at a Subscription Price of NOK 3.20 per Offer Share, being equal to the subscription price in the Private Placement. Subject to all Offer Shares being issued, the Subsequent Offering will result in NOK 2.25 million in gross proceeds.

Eligible Shareholders will be granted non-tradable Subscription Rights that, subject to applicable laws, provide the right to subscribe for and be allocated Offer Shares in the Subsequent Offering. Over-subscription and subscription without Subscription Rights will not be permitted.

Subscription Rights and Offer Shares will not be issued or sold in certain jurisdictions or to residents of certain jurisdictions. For further information see Section 6 "Selling and Transfer Restrictions".

#### 5.3.2 *Resolution relating to the Subsequent Offering and the issue of the Offer Shares*

On 29 May 2013, the extraordinary general meeting of the Company passed the following resolution to grant the Board of Directors with an authorisation to increase the share capital by up to NOK 704,240 by the issuance of up to 704,240 Offer Shares in connection with the Subsequent Offering (translated from Norwegian):

- (i) *In accordance with Section 10-14 of the Norwegian Public Limited Companies Act, the Board of Directors is granted an authorisation to increase the Company's share capital by up to NOK 704,240 by the issuance of up to 704,240 new shares, each with a nominal value of NOK 1.00.*
- (ii) *The subscription price for the shares to be issued pursuant to the authorization shall be NOK 3.20 per new share.*
- (iii) *The shareholders' preferential right to the new shares pursuant to Section 10-4 of the Norwegian Public Limited Companies Act may be waived.*
- (iv) *The authorisation does not comprise share capital increase against contribution in kind other than cash etc, cf Section 10-2 of the Norwegian Public Limited Companies Act.*
- (v) *The authorisation does not comprise share capital increase in connection with mergers pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.*
- (vi) *The authorisation is valid until 31 July 2013.*

Based on this resolution, the Board of Directors passed on 25 June 2013 the following resolution to issue the Offer Shares and increase the share capital of the Company in connection with the Subsequent Offering (translated from Norwegian):

- 1 *The share capital is increased with minimum NOK 1 and maximum NOK 704,240 through the issue of minimum 1 and maximum 704,240 new shares.*
- 2 *The nominal value per share shall be NOK 1.*
- 3 *The shares may, subject to any restrictions in applicable securities legislation, be subscribed for by shareholders of the Company as of 3 May 2013 (as registered in the VPS as of the end of 8 May 2013, the "Record Date"), holding less than 85,500 Shares as of such date, except for shareholders being (i) employees or board members in the Group, (ii) companies controlled by employees or board members in the Group, or (iii) allocated new shares in the private placement (the "Eligible Shareholders"). Consequently, the existing shareholders' preferential rights to subscribe for the new shares pursuant is waived, cf Section 10-5 of the Norwegian Public Limited Companies Act.*
- 4 *Each Eligible Shareholder will be granted 0.5 non-tradable subscription rights for each share in the Company registered as held by such Eligible Shareholder as of the Record Date. The number of subscription rights will be rounded down to the nearest whole subscription right. Each subscription right will, subject to applicable securities laws, give the right to subscribe for, and be allocated, one share. Over-subscription and subscription without subscription rights are not allowed.*
- 5 *The Company shall publish a prospectus approved by the Financial Supervisory Authority of Norway in connection with the share capital increase. Unless the Board of Directors decides otherwise, the prospectus shall not be registered with, or approved by, any foreign prospectus authorities. The new shares cannot be subscribed for by investors in jurisdictions in which it is not permitted to offer new shares to the investors in question without the registration or approval of a prospectus (unless such registration or approval has taken place pursuant to a resolution by the board of directors).*
- 6 *The subscription price shall be NOK 3.20 per share. Payments shall be made in cash.*
- 7 *The subscription period is from and including 27 June 2013 to 11 July 2013 at 16:30 hours (CET). However, if the prospectus prepared in connection with the share capital increase is not approved by the Financial Supervisory Authority of Norway in time for the subscription period to commence on 27 June 2013, the subscription period shall commence on the first trading day after such approval has been obtained and end at 16:30 hours (CET) on the fourteenth day thereafter.*
- 8 *The due date for payment of the new shares is 16 July 2013, or on the third trading day on the Oslo Stock Exchange after expiry of the subscription period in accordance with item 7 above. When subscribing for new shares, subscribers resident in Norway grants Pareto Securities AS, Swedbank First Securities and SR-Bank Markets a one-time authorization to debit a specific bank account in Norway for the subscription amount equal to the amount of shares allotted. Upon allotment, the allotted amount will be debited the subscriber's account. The debit will take place on or around the due date of payment. For other subscribers, payment shall be made pursuant to the instruction in the subscription form.*
- 9 *The new shares will carry full shareholder rights in the Company, including the right to dividends, as from the registration of the share capital increase with the Norwegian Register of Business Enterprises.*
- 10 *Section 2 of the Articles of Association shall be amended to reflect the new share capital and the new number of shares following the share capital increase.*

The completion of the Subsequent Offering is not subject to any conditions.

### 5.3.3 Timetable

The timetable below provides certain indicative dates for the Subsequent Offering, subject to timely payment of the entire proceeds for the Offer Shares to the Company:

|  |              |
|--|--------------|
| Last day of trading in the Shares including Subscription Rights.....       | 3 May 2013   |
| Ex. rights trading in the Shares commenced on the Oslo Stock Exchange .... | 6 May 2013   |
| Record Date.....   | 8 May 2013   |
| Subscription Period commences .....  | 27 June 2013 |

|   |                                   |
|---|-----------------------------------|
| Subscription Period ends .....  | 11 July 2013 at 16:30 hours (CET) |
| Allocation of the Offer Shares (expected on or about) .....   | 12 July 2013                      |
| Distribution of allocation letters (expected on or about).....  | 12 July 2013                      |
| Payment Date .....  | 16 July 2013                      |
| Delivery date for the Offer Shares (expected on or about) .....   | 19 July 2013                      |
| Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange (expected on or about) ..... | 19 July 2013                      |

#### 5.3.4 *Subscription Rights*

Eligible Shareholders of the Company as of the end of 3 May 2013, as registered in the VPS on the Record Date, will be granted non-transferable Subscription Rights giving a preferential right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering. Each Eligible Shareholder will, subject to applicable securities laws, be granted 0.5 Subscription Right for each Share registered as held by such Eligible Shareholder on the Record Date, rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share.

The Subscription Rights will be credited to and registered on each Eligible Shareholder's VPS account on or about 27 June 2013 under ISIN NO 001 0683956. The Subscription Rights will be distributed free of charge to Eligible Shareholders. The Subscription Rights are non-transferable and will accordingly not be listed on any regulated market place.

The Subscription Rights may be used to subscribe for Offer Shares in the Subsequent Offering before the expiry of the Subscription Period on 11 July 2013 at 16:30 hours (CET).

**The Subscription Rights must be used to subscribe for Offer Shares before the end of the Subscription Period (i.e., 11 July 2013 at 16:30 hours (CET)). Subscription Rights which are not exercised before 11 July 2013 at 16:30 hours (CET) will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus. The Subscription Rights are non-transferable.**

Subscription Rights of Eligible Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares (the "**Ineligible Shareholders**") will initially be credited to such Ineligible Shareholders' VPS accounts. Such credit specifically does not constitute an offer to Ineligible Shareholders to subscribe for Offer Shares. The Company will instruct the Joint Lead Managers to withdraw the Subscription Rights from such Ineligible Shareholders' VPS accounts with no compensation to the holder.

#### 5.3.5 *Record Date*

The date for determining the Eligible Shareholders who receive Subscription Rights is 3 May 2013, as registered in the shareholders' register in VPS at the end of the Record Date, i.e. on 8 May 2013 (as appearing on the morning of 9 May 2013). On 3 May 2013, the Shares were traded on the Oslo Stock Exchange inclusive of the right to receive Subscription Rights. From the trading day following that day (6 May 2013), the existing Shares were traded exclusive of the right to receive Subscription Rights. Transactions in the existing Shares made on or before 3 May 2013, but which have not been registered in the VPS within the Record Date, will be disregarded for the purposes of determining the allocation of Subscription Rights.

#### 5.3.6 *Subscription Price*

The Subscription Price in the Subsequent Offering is NOK 3.20 per Offer Share, which is the same as the Subscription Price in the Private Placement.

#### 5.3.7 *Subscription Period*

The Subscription Period for the Subsequent Offering will commence on 27 June 2013 and end at 16:30 hours (CET) on 11 July 2013.

The Subsequent Offering may not be revoked, extended or closed prior to the end of the Subscription Period.



### 5.3.8 Subscription procedures

Subscriptions for Offer Shares must be made by submitting a correctly completed subscription form, attached hereto as Appendix A (the “Subscription Form”) to one of the Joint Lead Managers during the Subscription Period, or may, for Norwegian citizens, be made online as further described below.

Eligible Shareholders will receive an information letter that includes information about where the Prospectus and Subscription Form will be available, the number of Subscription Rights allocated to the Eligible Shareholders and certain other matters relating to their shareholding.

Subscribers who are Norwegian citizens may also subscribe for Offer Shares through the VPS online subscription system (or by following the link on [www.reachsubsea.com](http://www.reachsubsea.com), [www.paretosec.com](http://www.paretosec.com), [www.swedbank.no/first](http://www.swedbank.no/first) and [www.sr-bank.no/markets](http://www.sr-bank.no/markets), which will redirect the subscriber to the VPS online subscription system). All online subscribers must verify that they are Norwegian citizens by entering their national identity number (*Nw.: personnummer*).

Correctly completed Subscription Forms must be received by one of the Joint Lead Managers or, in the event of online subscription in the VPS, correctly completed subscriptions must be registered, no later than 16:30 hours (CET) on 11 July 2013 at the following addresses or fax numbers:

|  |                      |   |
|--|----------------------|---|
| Pareto Securities  | Swedbank First       | SR-Bank Markets   |
| P.O.Box 1411 Vika  | P.O. Box 1441 Vika   | P.O.Box 250   |
| N-0115 Oslo  | N-0115 Oslo          | N-4066 Stavanger  |
| Norway   | Norway               | Norway  |
| Tel: +47 22 87 87 00   | Tel: +47 23 23 80 00 | Tel: +47 91 50 20 08  |
| Fax: +47 22 83 43 09   | Fax: +47 23 23 80 11 | Fax: +47 51 91 68 59  |
| E-mail: <a href="mailto:tas@paretosec.com">tas@paretosec.com</a> |                      | Email: <a href="mailto:tegning@sr-bank.no">tegning@sr-bank.no</a> |

Subscriptions will not be treated differently based on which of the Joint Lead Managers they are submitted to.

None of the Company or the Joint Lead Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Joint Lead Managers. Subscription Forms received by the Joint Lead Managers, or subscriptions registered in the VPS, after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Joint Lead Managers without notice to the subscriber.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by one of the Joint Lead Managers or registered in the VPS. The subscriber is responsible for the correctness of the information filled into the Subscription Form or registered when subscribing online in the VPS. By signing and submitting a Subscription Form or submitting an online subscription in the VPS, each subscriber confirms and warrants to have read this Prospectus and to be eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Subsequent Offering must be made. Over-subscription (i.e. subscription for more Offer Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) and subscription without Subscription Rights will not be permitted.

Multiple subscriptions (i.e. subscriptions on more than one Subscription Form) are allowed. Please note, however, that each separate Subscription Form submitted by the same subscriber with the same number of Offer Shares subscribed for on both Subscription Forms will only be counted once, unless otherwise explicitly stated in one of the Subscription Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a Subscription Form and through the VPS online subscription system, all subscriptions will be counted.

### 5.3.9 Allocation of Offer Shares

Allocation of the Offer Shares is expected to take place on or about 12 July 2013.

Allocation of Offer Shares will be made in accordance with Subscription Rights exercised in the Subscription Period. One Subscription Right will give the right to subscribe for and be allocated one Offer Share. No fractional shares will be allocated.

Notifications of allocated Offer Shares in the Subsequent Offering and the corresponding amount to be paid by each subscriber will be set out in a letter from the VPS, which will be mailed on or about 12 July 2013. The Company expects to issue a stock exchange notification announcing the results of the Subsequent Offering prior to the opening of the Oslo Stock Exchange on or about 12 July 2013.

#### *5.3.10 Payment for the Offer Shares*

The Payment Date for the Offer Shares is 16 July 2013. When subscribing for Offer Shares, each subscriber with a Norwegian bank account must provide a one-time irrevocable authorisation to the Joint Lead Managers to debit a specified bank account with a Norwegian bank for the amount (in NOK) payable for the Offer Shares allocated to such subscriber. The amount is expected to be debited 16 July 2013 (the Payment Date) and an amount to cover payment for the allocated Offer Shares must be available on the specific bank account on that date. The Company and the Joint Lead Managers reserve the right to make up to three debit attempts within seven working days after the Payment Date if there are insufficient funds in the account on the first debiting date. The Company and the Joint Lead Managers further reserve the right to consider the payment overdue if there are not sufficient funds to cover full payment for the Offer Shares allocated on the account when an attempt to debit the account has been made on or after the Payment Date, or if it for other reasons is not possible to debit the bank account.

The subscriber furthermore authorises the Joint Lead Managers to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the indicated account as well as a confirmation that there are sufficient funds in the account to cover the payment.

Subscribers who do not have a Norwegian bank account must ensure that payment for the Offer Shares they subscribe for is made with cleared funds on or before 12:00 hours (CET) on 16 July 2013.

Overdue and late payment will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment on 17 December 1976 No. 100, currently 8.50% per annum. If the subscriber fails to comply with the terms of payment, the Offer Shares will not be delivered to the subscriber.

The Company and the Joint Lead Managers reserve the right to, at the cost and risk of the subscriber, cancel the allocation and to reallocate, sell, assume ownership of or otherwise dispose of all or parts of the allocated Offer Shares on such terms and in such manner as the Joint Lead Managers may decide in accordance with applicable Norwegian law and otherwise based on the Board of Directors' discretion without further notice to the subscriber in question in accordance with Section 10-12, fourth paragraph of the Norwegian Public Limited Companies Act if payment has not been received by the Payment Date. The subscriber will remain liable for payment for the Offer Shares together with any interest, costs, charges and expenses accrued, and the Joint Lead Managers may enforce payment of such amount outstanding in accordance with Norwegian law. The Company and/or the Joint Lead Managers may enforce payment of any amount outstanding in accordance with Norwegian law.

#### *5.3.11 Delivery and listing of the Offer Shares*

All subscribers subscribing for Offer Shares must have a valid VPS account (established or maintained by an investment bank or Norwegian bank that is entitled to operate VPS accounts) to receive Offer Shares.

Subject to timely payment by the subscribers, the Company expects that the share capital increase pertaining to the Subsequent Offering will be registered with the Norwegian Register of Business Enterprises on or about 19 July 2013 and that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about the same date. The final deadline for registration of the share capital increase pertaining to the Subsequent Offering with the Norwegian Register of Business Enterprises, and hence for the delivery of the Offer Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Subscription Period, i.e. on 11 October 2013. The Offer Shares will be listed on the Oslo Stock Exchange as soon as the share capital increase pertaining to the Subsequent Offering has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been registered in the VPS under ISIN NO 000 3117202, which the Company expects will take place on or about 19 July 2013.

The Offer Shares may not be traded on the Oslo Stock Exchange before they are fully paid and registered in the VPS.

### 5.3.12 *The rights conferred by the Offer Shares*

The Offer Shares to be issued in the Subsequent Offering will be ordinary Shares in the Company each having a nominal value of NOK 1.00. The Offer Shares will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act. The Company's registrar in the VPS is DNB Bank ASA, Verdpapirservice, Stranden 21, N-0021 Oslo, Norway.

The Offer Shares will rank *pari passu* in all respects with the Shares and carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Subsequent Offering with the Norwegian Register of Business Enterprises. The Offer Shares will be eligible for any dividends that the Company may declare after such registration. All Shares, including the Offer Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law. See Section 15 "Corporate information and description of the share capital" below for a more detailed description of the Shares.

### 5.3.13 *Participation of major existing shareholders and members of the Company's management, supervisory and administrative bodies in the Subsequent Offering*

No major existing shareholder or member of the Company's management, supervisory or administrative bodies is an Eligible Shareholder, and no such shareholder or member of the Company's management, supervisory or administrative bodies may accordingly subscribe for Offer Shares in the Subsequent Offering. The Company is not aware of if any persons intend to subscribe for more than 5% of the Offer Shares in the Subsequent Offering.

The Company is not aware of any conflicting interests by any subscriber in the Subsequent Offering that is material to the Subsequent Offering.

### 5.3.14 *Mandatory anti-money laundering procedure*

The Subsequent Offering is subject to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively, the "**Anti-Money Laundering Legislation**").

All subscribers who are not registered as existing customers with the Joint Lead Managers must verify their identity to the Joint Lead Managers in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers that have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, provided the aggregate subscription amount is less than NOK 100,000, unless verification of identity is requested by the Joint Lead Managers. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers who have not completed the required verification of identity to the satisfaction of the Joint Lead Managers will not be allocated Subsequent Shares.

Furthermore, participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian subscribers may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the NFSA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

### 5.3.15 *Financial intermediaries*

#### **General**

All persons or entities holding Shares or Subscription Rights through financial intermediaries (i.e., brokers, custodians and nominees) should read this Section. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

Neither the Company nor the Joint Lead Managers are liable for any action or failure to act by a financial intermediary through which Shares are held.

**Subscription Rights**

If an Eligible Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will customarily give the Eligible Shareholder details of the aggregate number of Subscription Rights to which it will be entitled. The relevant financial intermediary will customarily supply each Eligible Shareholder with this information in accordance with its usual customer relations procedures. Eligible Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Subsequent Offering.

Eligible Shareholders who hold their Shares through a financial intermediary and who are Ineligible Shareholders will not be entitled to exercise their Subscription Rights.

**Subscription Period**

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. Such deadline will depend on the financial intermediary. Eligible Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to the deadline.

**Subscription**

Any Eligible Shareholder who is not an Ineligible Shareholder and who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing the Joint Lead Managers of their exercise instructions.

**Method of payment**

Any Eligible Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Payment by the financial intermediary for the Offer Shares must be made to the Joint Lead Managers no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

**5.4 The Company's share capital following the Private Placement and the Subsequent Offering**

As of the date of this Prospectus, following the Private Placement, the Company's share capital is NOK 75,565,604, divided into 75,565,604 Shares, each with a nominal value of NOK 1.00.

The final number of Offer Shares to be issued in connection with the Subsequent Offering will depend on the number of Offer Shares subscribed for by the Eligible Shareholders. The maximum number of Offer Shares to be issued is 704,240 Offer Shares, all with a nominal value of NOK 1.00, which will give a further increase in the Company's total share capital from 75,565,604 to a maximum of NOK 76,269,844, divided into 76,269,844 Shares. See Section 15 "Corporate information and description of the share capital" below for a more detailed description of the Company's share capital.

**5.5 Net proceeds and expenses relating to the Private Placement and the Subsequent Offering**

The Company will bear the fees and expenses related to the Private Placement and the Subsequent Offering, which are estimated to amount to approximately NOK 4 million, of which approximately NOK 3 million are fees and expenses to the Joint Lead Managers assuming full subscription in the Subsequent Offering, and approximately NOK 1 million are other costs and expenses. No expenses or taxes will be charged by the Company or the Joint Lead Managers to the subscribers in the Private Placement and the Subsequent Offering.

Total net proceeds from the Private Placement and the Subsequent Offering are estimated to amount to approximately NOK 99.8 million, assuming that the Subsequent Offering is fully subscribed, and will be allocated to the Company's share capital and share premium reserve fund. For a description of the use of such proceeds, see Section 5.1 "Background for the Private Placement and the Subsequent Offering".

**5.6 Joint Lead Managers and advisors**

Pareto Securities, Swedbank First and SR-Bank Markets have acted as Joint Lead Managers for the Company in connection with the Private Placement and the Subsequent Offering.

Advokatfirmaet Thommessen AS (Norwegian law) is acting as legal adviser to the Company.

#### **5.7 Interests of natural and legal persons involved in the Private Placement and the Subsequent Offering**

The Joint Lead Managers and their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Joint Lead Managers, their employees and any affiliate may currently own Shares in the Company. The Joint Lead Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Further, in connection with the Subsequent Offering, the Joint Lead Managers, their employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Eligible Shareholders) and may exercise their right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares and any other securities issued by the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Subsequent Offering.

The Joint Lead Managers have received a commission in connection with the Private Placement, and will receive a further commission in the Subsequent Offering, and, as such, have an interest in the Private Placement and the Subsequent Offering, see Section 5.5 “Net proceeds and expenses relating to the Private Placement and the Subsequent Offering”.

#### **5.8 Dilution**

The issuance of the New Shares in the Private Placement resulted in an immediate dilution of approximately 42.0% for shareholders who did not participate in the Private Placement.

Assuming full subscription of the Subsequent Offering, the Subsequent Offering will result in an immediate dilution of approximately 42.5% for shareholders who do not participate in the Subsequent Offering. Further, assuming full subscription of the Subsequent Offering, the Subsequent Offering will result in an immediate dilution of approximately 14% for shareholders who participate in the Subsequent Offering, but did not participate in the Private Placement.

#### **5.9 Publication of information relating to the Private Placement and the Subsequent Offering**

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange's information system to publish information relating to the Private Placement and the Subsequent Offering.

#### **5.10 Governing law and jurisdiction**

This Prospectus, the Private Placement and the terms and conditions of the Subsequent Offering and the Subscription Form shall be governed by, and construed in accordance with, Norwegian law, and the New Shares have been, and the Offer Shares will be, issued, pursuant to, the Norwegian Public Limited Companies Act. Any dispute arising out of, or in connection with, this Prospectus, the Private Placement or the Subsequent Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.

## **6 SELLING AND TRANSFER RESTRICTIONS**

### **6.1 General**

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

### **6.2 United States shareholders**

The Subscription Rights and the Offer Shares have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States and are being offered and sold under an exemption to registration under the U.S. Securities Act. The Subscription Rights cannot be exercised for Offer Shares by U.S. persons except, under certain circumstances, by U.S. persons that are QIBs as defined under Rule 144 A under the U.S. Securities Act. The Offer Shares may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States.

The Subscription Rights and the Offer Shares will only be offered and sold in transactions not subject to the registration requirements (i) within the United States to existing U.S. shareholders that are QIBs, under certain circumstances, in reliance on an exemption from registration under the U.S. Securities Act, and (ii) outside the United States, in offshore transactions in reliance on Regulation S under the U.S. Securities Act. The Offer Shares acquired by existing U.S. shareholders will be “restricted securities” within the meaning of Rule 144 (a)(3) under the U.S. Securities Act. Restricted securities may be offered, sold, pledged or otherwise transferred, directly or indirectly, only pursuant to an exemption or exclusion from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The foregoing discussion is only a general overview of certain requirements of the U.S. Securities Act that are applicable to the exercise and resale of Subscription Rights received pursuant to the Subsequent Offering and resale of Offer Shares issuable upon exercise of the Subscription Rights. All shareholders who receive such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable United States securities laws.

The Company will provide the information required by Rule 144A(d)(4) under the U.S. Securities Act to holders and prospective purchasers, as applicable, for as long as the Offer Shares remain outstanding.

#### **Investor Representations and Restrictions on Resale in the U.S.:**

Each Eligible Shareholder, by exercising Subscription Rights for Offer Shares, will be deemed to have represented and agreed as follows:

1. it is acquiring the Offer Shares for its own account or for an account with respect to which it exercises sole investment discretion, and that it or such account, as the case may be, (a) is a QIB as defined under Rule 144A, and is aware that the sale to it is being made in reliance on an exemption from registration under the U.S. Securities Act, or (b) is not a “U.S. Person” and is acquiring the Offer shares in an offshore transaction, pursuant to Regulation S under the U.S. Securities Act;
2. it acknowledges that the Subscription Rights and the Offer Shares have not been registered under the U.S. Securities Act and may not be sold except as permitted below;

3. it understands and agrees that such Subscription Rights and Offer Shares are being offered only in a transaction not involving any public offering in the U.S. within the meaning of the U.S. Securities Act, and that (a) if in the future it decides to resell, pledge or otherwise transfer the such Offer Shares on which the legend set forth below is deemed to appear, such Offer Shares issued pursuant to the Subsequent Offering may be resold, pledged or transferred only (i) to the Company, (ii) in a transaction entitled to an exemption from registration provided by Rule 144 under the U.S. Securities Act, (iii) so long as such security is eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (iv) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the U.S. Securities Act, (v) in accordance with another applicable exemption from the registration requirements of the U.S. Securities Act (and based upon an opinion of counsel acceptable to us), or (vi) pursuant to an effective registration statement under the U.S. Securities Act and, in each case, in accordance with any applicable securities laws of any state of the United States. The purchaser of the restricted Offer Shares will, and each subsequent holder is required to, notify any purchaser of Offer Shares from it of the resale restrictions referred to in (a) above, if then applicable;

4. it understands that the Offer Shares issued to U.S. persons pursuant to an exemption from registration under the U.S. Securities Act shall be deemed to include the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAW. NO TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE SHALL BE VALID OR EFFECTIVE UNLESS (A) SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (B) THE HOLDER SHALL DELIVER TO THE COMPANY AN OPINION OF ITS COUNSEL, IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY AND REASONABLY CONCURRED IN BY THE COMPANY'S COUNSEL, THAT SUCH PROPOSED TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

5. it has received a copy of this prospectus and:

- a) has been afforded an opportunity to ask questions of and to request information from the Company, and has received all additional information it considers necessary in connection with its decision to purchase any of the Offer Shares and to verify the accuracy and completeness of the information contained or incorporated by reference herein;
- b) is relying on the information contained or incorporated by reference in this prospectus or on display in making its investment decision with respect to the Offer Shares and has not relied on any other person in connection with investigating the accuracy of such information or its investment decision;
- c) the Company nor any person representing or affiliated with the Company have made any representation to you with respect to the company or the Subsequent Offering, other than the representations of the company contained in this prospectus; and
- d) has read and agreed to the matters set forth in this section of the prospectus;

6. it (i) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Offer Shares, (ii) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment, and (iii) may be required to bear the financial risks of this investment for an indefinite period of time; and

7. it understands that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by it by its purchase of the Offer Shares are no longer accurate, it shall promptly notify the Company in writing. If it is acquiring the Offer Shares as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

### **6.3 United Kingdom**

The Joint Lead Managers have represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

This Prospectus and any other material in relation to the securities described herein is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

#### 6.4 European Economic Area

The Prospectus has been prepared on the basis that all offers of Shares (other than the offer contemplated in this Prospectus in Norway, once this Prospectus has been approved by the NFSA<sup>1</sup> and published in accordance with the Prospectus Directive as implemented in Norway) will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area (“**EEA**”), from the requirement to produce a prospectus for the offer of Shares. Accordingly, any person making or intending to make any offer within the EEA of Shares which are the subject of the Subsequent Offering contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Joint Lead Managers to produce a prospectus under the Prospectus Directive for such offer. Neither the Company nor the Joint Lead Managers have authorized, nor do they authorize, the making of any offer of Shares through any financial intermediary, other than offers made by Joint Lead Managers which constitute the final placement of Shares contemplated in this Prospectus.

In relation to each member state of the EEA, which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer to the public of any Offer Shares may not be made in that Relevant Member State (other than the offers contemplated in the Prospectus in Norway once the Prospectus has been approved by the NFSA<sup>2</sup>) and published in accordance with the Prospectus Directive as implemented in Norway, except that an offer to the public in that Relevant Member State of any of the Shares may be made at any time under the following exemptions from the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- by the Joint Lead Managers to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of Joint Lead Managers for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Shares shall result in a requirement for the publication by the Company or any Joint Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway who receives any communication in respect of, or who acquires any Offer

<sup>1</sup> See the Section entitled “Important Information” for further information regarding the control and approval by the NFSA of the Prospectus.

<sup>2</sup> See the Section entitled “Important Information” for further information regarding the control and approval by the NFSA of the Prospectus.



Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Joint Lead Managers and the Company that:

- it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- in the case of any Offer Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that (i) such Shares acquired by it in the offer have not been acquired on a discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Lead Managers has been given to each such offer or resale; or (ii) where such Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors or in circumstances which may give rise to an offer of Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined, the offer of those Shares to the public is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer to the public” in relation to any of the Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any of the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression “Prospectus Directive” means Directive 2003/71/EC (any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The Company, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Lead Managers of such fact in writing may, with the consent of the Joint Lead Managers, be permitted to purchase Shares.

## 7 MARKET OVERVIEW

The Group seeks to become a complete subsea services provider, and operate within the Norwegian subsea services sector.

### 7.1 Demand for subsea services

Subsea services include services such as subsea survey, inspection, maintenance and repair (“**IMR**”), construction support and subsea engineering. The demand for such services is mainly driven by oil and gas operators’ exploration and production (E&P) activity and spending, which in turn is influenced by factors including but not limited to the demand for- and price of oil, gas and related products, the financial positions of involved companies, government policies, political stability and other micro- and macroeconomic factors. Summarized, the demand for subsea services is mainly influenced by:

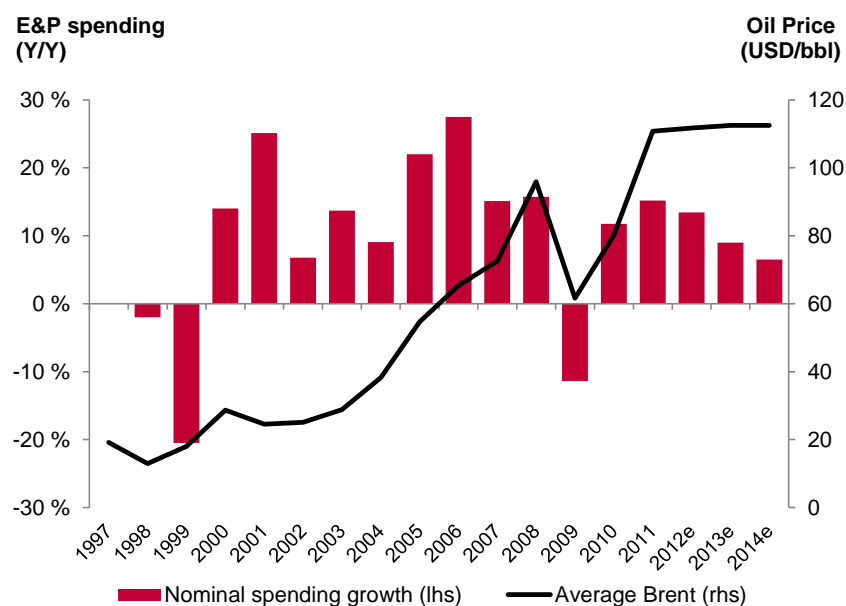
- The demand for oil and gas;
- The price of oil and gas; and
- Oil companies’ E&P spending.

### 7.2 Oil and offshore market in general

The U.S. Energy Information Administration (“**EIA**”) expects that global oil and gas production will grow by an average of 1% per annum over the next 20 years. Of the nearly 140 million barrels of oil equivalents (mmboe) (figures include approximately 55 mmboe gas) of current global petroleum production, approximately 45 mmboe (32%) comes from offshore locations (source: BP Statistical Review 2011, EIA International Energy Outlook 2011). By 2020, offshore production is expected to increase to 75 mmboe, an increase of approximately 67%. In order to achieve this, global E&P spending is expected to increase further.

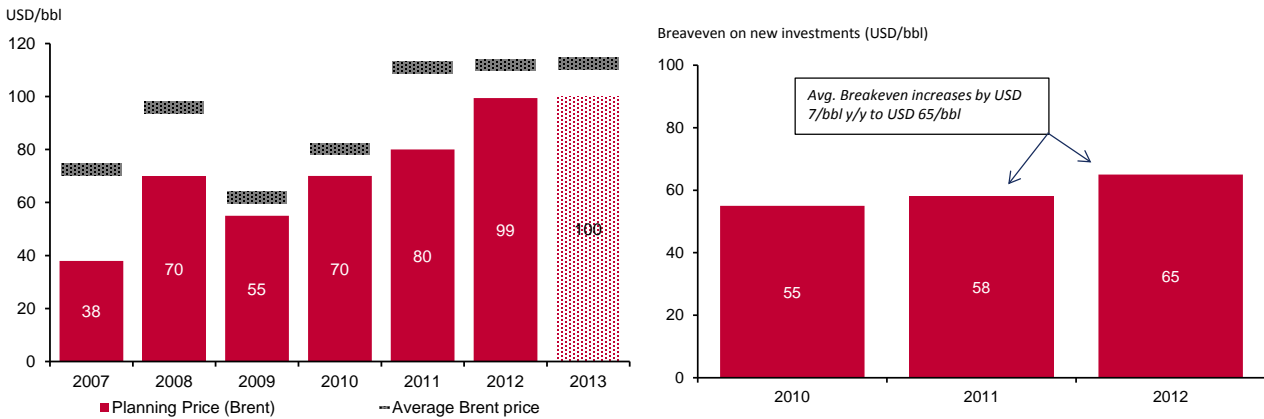
As shown in the chart below, E&P spending is closely related to the oil price. The financial crisis and the sharp drop in the oil price in 2008 had a significant impact on 2009 E&P spending which showed a year on year double-digit percentage decline. Following the improved economic outlook and increasing oil prices, 2011 E&P spending is expected to have shown a double digit percentage year on year growth, bouncing back from the retreat in 2009. Going forward it is expected that the current strong oil prices combined with a continued strengthening of the global economic outlook will provide support for further increase in E&P spending. This is among others driven by the fact that oil companies have a breakeven oil price for new investments well below current planning prices and current oil price.

#### E&P spending growth estimates



Source: Company filings, Pareto Research E&P Survey, SFS Research E&P Survey.

**Oil planning prices (left); Breakeven of new investments (right)**



Source: Company filings, Pareto Research E&P Survey, SFS Research E&P Survey.

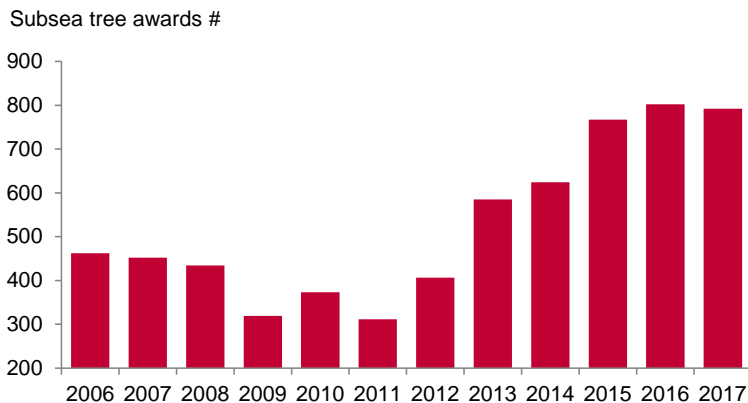
**7.3 Subsea market**

Reach Subsea ASA believes that the outlook for the subsea industry is promising. Subsea spending has experienced a strong increase over the last years, with West Africa and South America as the main growth contributors. With oil and gas companies currently struggling with falling oil and gas reserves and weak production growth after several years of massive underinvestment, the Company expects growth in the global subsea market far beyond 2012. The number of subsea production trees awarded to the industry is a leading indicator for subsea construction and market in general. The number of trees awarded to the subsea equipment companies increased by 31% to 406 trees in 2012, and is expected to increase by 44% in 2013 (source: Quest). Subsea equipment companies such as FMC Technologies, Cameron, Aker Solution and GE Oil & Gas are also very optimistic on awards.

The longer term subsea tree projections proposes a continued high activity going forward, with the level ranging from 625-800 trees in 2014-2016e. This development is supported by the strong growth of the ultra deepwater drilling fleet, which basically doubles from 2010 to 2015e with the current order book. While a large part of the ultra deepwater drilling fleet is currently employed in the exploration phase of projects (i.e. no short term subsea equipment/construction demand), it is likely to focus more on development over the next years due to the many drilling successes in deepwater recent years.

The largest number of tree awards is expected in Africa, with 170-250 tree awards annually, and South America with 100-200 tree awards annually going forward. Activity also expected to remain high in the North Sea with ~50-100 annual awards.

**Number of subsea tree awards**



Source: Quest Subsea Tree Awards.

Global subsea capex is estimated to increase from USD 35 billion in the 2006 to 2011 period to USD 72 billion in the 2012-2017 period (Source: Quest). This is an expected increase of approximately 100%. Key value drivers for the subsea market going forward will be:

- Robust oil and natural gas prices;

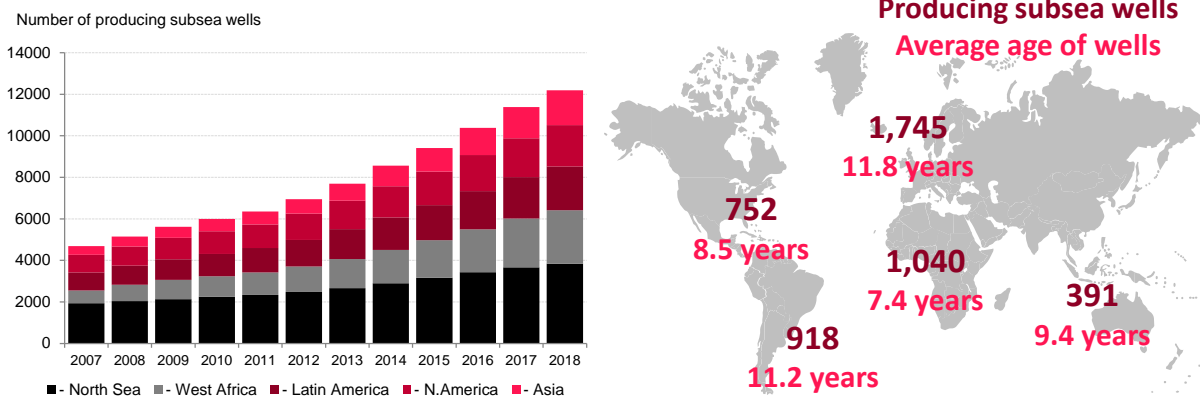
- Development and drilling activity in mid to deep water;
- New and existing subsea tie-backs to existing installations;
- Increased maintenance activity on ageing offshore oil and gas fields;
- New field development solutions; and
- New and existing subsea wells tied back to onshore production facilities.

7.3.1 Subsea IMR market

The subsea IMR market demand is driven by companies and governments with interest in subsea installations and/or operations. IMR is demanded from such companies as they continuously seek to assure safe and proper operation, and/or as they seek to upgrade or renew installations to increase operational capabilities and safety.

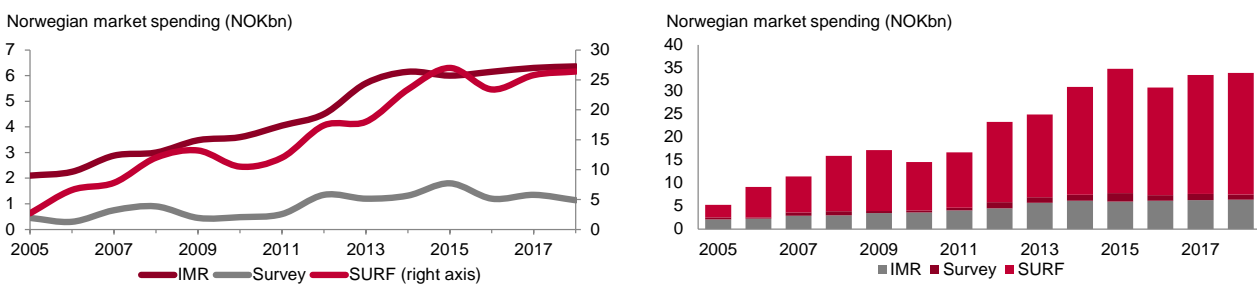
The demand for IMR services has grown and is expected to grow in line with an increasing number of subsea installations. Also, as the age of such installations increases, the need of IMR increases due to wear and tear. Currently there are approximately 7,000 producing subsea wells, all which require regular maintenance and service. The North Sea is one of the key IMR markets as almost one third of the producing subsea wells are here. A high growth in North Sea wells is also expected going forward.

Number of producing subsea wells (left); Producing wells and average age (right)



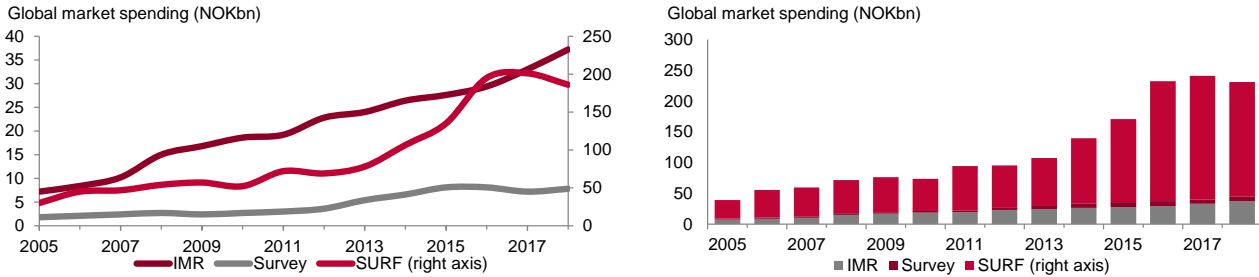
Source: Infield; Quest, Intsok, Rystad Energy.

Norwegian subsea market spending



Source: Intsok, Rystad Energy.

## Global subsea market spending



Source: Intsok, Rystad Energy.

### 7.3.2 Subsea vessel market

The oil and gas industry has been completing subsea wells since 1960 when subsea construction activities were initiated in the North Sea. Subsea completions allow operators to tie-in smaller oil and gas fields/satellites that are close to existing infrastructure. The subsea market consists of a number of different ships, barges (pipe and derrick laying barges) and crane and heavy-lift vessels. Disregarding the barges and crane vessels, there is still a variety of different offshore vessels/ships servicing the subsea market. These include standard construction vessels, pipelaying vessels, remotely operated vehicle (ROV) vessels, IMR vessels, survey vessels and diving support vessels (“DSV”).

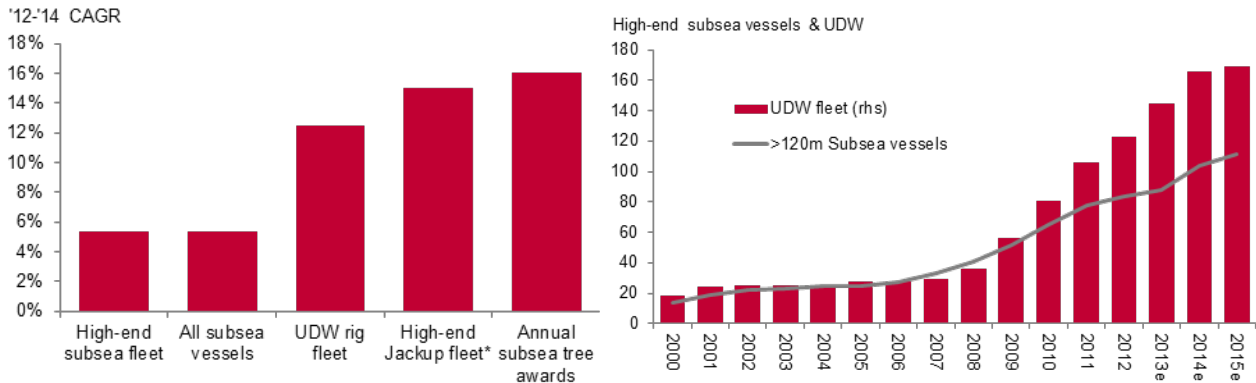
The majority of the offshore construction segment vessels are multi-purpose vessels or vessels with capabilities within several of the categories described below. They are thus involved in a wide range of subsea work such as pipeline inspection, general ROV intervention work and IMR. Vessels are today typically built with DP (dynamic positioning) capabilities.

- Construction vessels are used for, amongst other things, subsea installation of production facilities, pipelines and FPSO mooring installation. Such vessels are generally fitted with large engines, a large cargo deck, heave compensated cranes on deck with up to a 400 metric tonne lift capability, an A-frame crane as well as under-deck product carousels used for deployment of flexible pipe and cable products. Construction vessels are also generally equipped with one or two work class ROVs.
- Pipelay vessels are designed for laying pipelines, flexible pipe, flowlines, umbilicals and cables in all types of water depths. These vessels are generally fitted with flexible pipe and umbilical carousels or reels, as well as linear pipe and umbilical pipe tensioners. The vessels are also fitted with cranes and normally work class ROVs.
- ROV vessels (remotely operated vehicles) are offshore vessels fitted with up to five or six work-class ROVs that operate in water depths of up to 3,000 metres and can undertake construction and intervention, drill rig support and survey jobs with live video feedback to the vessel. These vessels also work as construction and installation support to larger construction and pipe lay vessels.
- DSVs (diving support vessels) assist in subsea construction work and are fitted with saturation diving systems for the divers. Newer DSVs are also generally fitted with a work class and observation class ROV, semi-large cranes and a helicopter deck for easy access.
- IMR vessels (inspection, maintenance and repair) are used for such activities on offshore subsea installations including subsea production facilities and pipelines. IMR vessels are generally equipped with observation/inspection class ROVs with sonar and video inspection capabilities.
- Survey vessels are involved in mapping the seabed prior to the installation of subsea equipment such as pipelines or to detect changes in the seabed in the years following the installation of such subsea equipment. Survey vessels are equipped with survey class ROVs generally with several cameras enabling high resolution colour live video feeds of the seabed, pipelines back to the vessel as well as navigation systems to ensure highly accurate and repeatable vehicle positioning.

There are two types of bottlenecks evolving within the engineering, procurement, installation and construction (EPIC) companies. One is access to engineers and project managers, which is also the issue in many other sectors at current with the booming activity levels. Although challenging, this human resources deficit is probably manageable. The second bottleneck is access to subsea vessels, which has been subject to an order drought for the past three years. Although there were several vessels ordered in 2012 and four vessels YTD 2013, there is still need for further vessels going forward. This is further illustrated by the Ultra Deepwater fleet growth which is expected to outpace the subsea

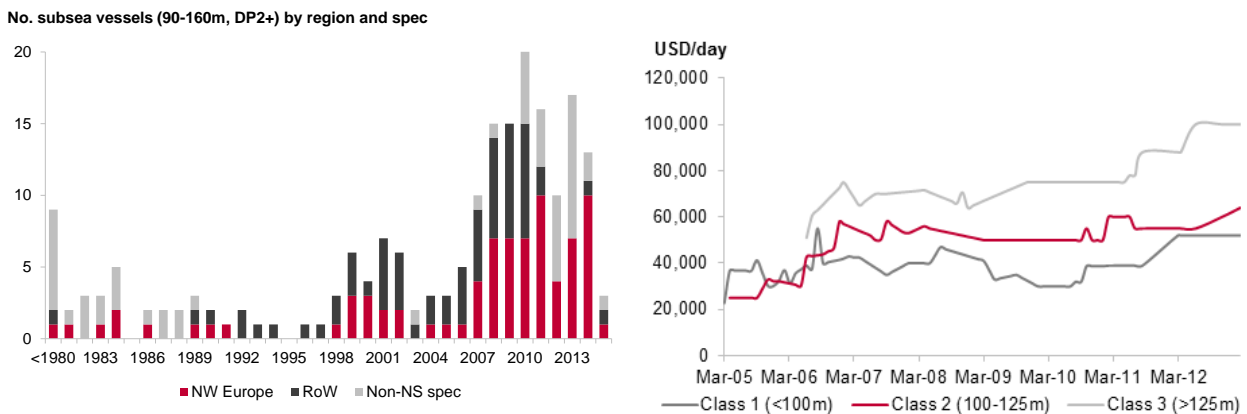
vessel growth despite the clear link between the two (see graphs below). This has also impacted dayrates in the high-end subsea segment, which have increased significantly the last two years. There is however less of a shortage for the medium sized vessels (90m-160m). This is the relevant market segment for the Group.

**Fleet supply growth (left); High end subsea fleet (right)**



Source: Quest, ODS, Technip, Pareto Securities.

**No. subsea vessels (90-160m, DP2+) by region and spec (left); Subsea dayrates (right)**



Source: ODS Petrodata, Joint Lead Managers.

**7.4 Competitors**

As the Group seeks to operate in the subsea services segment, positioned between vessel owners and subsea EPIC operators, the Company considers its main competitors to be; DeepOcean, Fugro, DOF Subsea, Oceaneering and Reef Subsea. The illustration below gives an overview of the current subsea industry composition.

|                                 | Vessel owners  | Subsea Services  | Subsea EPIC   |
|---------------------------------|--|--|---|
| <b>Business characteristics</b> | <ul style="list-style-type: none"> <li>Asset intensive</li> <li>Dayrate revenue model</li> <li>Demand growth</li> <li>Limited differentiation</li> <li>Low barriers to entry/fragmented</li> </ul> | <ul style="list-style-type: none"> <li>Less asset intensive</li> <li>Dayrate + spread revenue model</li> <li>High demand within capex and opex</li> <li>High barriers to entry for expertise</li> <li>Engineering/technology driven</li> </ul> | <ul style="list-style-type: none"> <li>Asset intensive</li> <li>Lump-sum turn-key risk</li> <li>Principally capex driven, more volatile</li> <li>Highly differentiated, engineering</li> <li>High barriers to entry, expertise and capital</li> </ul> |
| <b>Traditional players</b>      | <ul style="list-style-type: none"> <li>Several publicly traded companies and regional competitors</li> </ul>   |  |   |

Source: Reach Subsea AS.

## 8 BUSINESS OF THE GROUP

### 8.1 Introduction

In 2012, the Company made a substantial strategic shift in its business and operations. The Company has transformed from being a shipping company operating under the name “Green Reefers ASA” with a fleet of 20 owned and 12 chartered vessels with commercial operations in the reefer market through various joint ventures and pools, to expand into the subsea sector in the offshore industry by acquiring Reach Subsea AS in the Combination, a company providing certain ROV and engineering consultancy services to the oil industry.

In the first half of 2012, the Company restructured and divested substantially all of its former business related to logistics operations within the reefer market to its main shareholders Caiano AS and its affiliates, following which the Company had very limited operational activities. As a result thereof, the Company changed its name from “Green Reefers ASA” to “Transit Invest ASA”.

Thereafter, the Company conducted a strategic review of potential new business opportunities. After an evaluation of the various alternatives, the Board of Directors eventually resolved to expand into the subsea sector through the Combination.

In December 2012, the Company completed the Combination, pursuant to which it acquired Reach Subsea AS. In addition, a private placement with gross proceeds of NOK 42 million was completed simultaneously, securing the Company’s cash needs going forward. As from the Combination, the Company has based its business solely on the present strategy and operations in Reach Subsea AS. As a result thereof, the Company’s name was changed from “Transit Invest ASA” to “Reach Subsea ASA” in connection with the completion of the Combination.

In February 2013, the Group signed a long-time charter agreement of five years with extension options for 3x1 years with Solstad Offshore ASA for the vessel M/V “Normand Reach” with expected delivery in May 2014. See Section 8.11.3 “Agreement with Solstad Offshore ASA” for further information regarding the agreement.

### 8.2 History and important events

The Company has a long history as a legal entity. The table below provides an overview of key events in the history of the Company.

| Year           | Event   |
|----------------|---|
| 1909.....      | Incorporated as a ship owning limited liability company.  |
| 1995.....      | The Company opened up a new field of activity by acquiring 19 smaller and medium sized reefer vessels, and increased its focus on through-transportation logistics by investing in strategically located terminals. |
| 1998-2002..... | In the period from 1998 to 2002 the reefer market experienced historically low freight levels, forcing the Company to take various steps to secure necessary financing of its operations.                           |
| 2003.....      | The Company changed its name to Green Reefers ASA.  |
| 2003.....      | The Company was listed on the Oslo Stock Exchange.  |
| 2006.....      | The Company entered into agreements for the acquisition of 20 reefer vessels.   |
| 2007.....      | Consolidation after strong increase in fleet capacity entering 2007.  |
| 2009.....      | Restructuring of the Company’s operation, reduction in administration costs.  |
| 2010.....      | Completion of the movement of technical management head office in Bergen to a wholly-owned subsidiary in Poland.  |
| 2010.....      | The Company allocated commercial management of its vessels to various joint ventures and pools.   |
| 2011.....      | Sale of the terminal activities.  |
| 2012.....      | The Company restructured and divested its previous “Green Reefers ASA” shipping business related to provision of logistics services to the reefer market to its main shareholders Caiano AS and its affiliates.     |
| 2012.....      | The Company changed its name to Transit Invest ASA.   |
| 2012.....      | The Company made a strategic shift by expanding into the subsea sector through the Combination.   |
| 2012.....      | The Company changed its name to Reach Subsea ASA.   |
| 2013.....      | In February 2013, the Group signed a long-time charter agreement of five years with extension options for 3x1 years with Solstad Offshore ASA for the vessel M/V “Normand Reach”.                                   |

### 8.3 The Divestment

In the first half of 2012, the Company restructured and divested substantially all of its former business related to logistics operations within the reefer market, including a sale of the Company’s ownership interest (i.e. 100% of the shares) in the Company’s ship owning subsidiaries; Green Shipping AS, Green Shipping 2 AS, Green Shipping 3 AS and Green Management AS, to its main shareholders Caiano AS and its affiliates, following which the Company had very limited operational activities. The transferred companies in the Divestment contained mainly 32 reefer vessels, of which 20 were owned and 12 were chartered, and the management business related to these vessels. The vessels

conducted commercial operations through various pools and joint ventures. The Company also completed a restructuring whereby it transferred all of its shares in subsidiaries that carried out activities related to the operation of the Group's vessels to Green Shipping AS, Green Shipping 2 AS and/or Green Shipping 3 AS, thus including also these assets and operations as part of the business to be transferred to Caiano AS and its affiliates under the transaction.

The purpose and main effect of the Divestment was for the Company to be fully released and discharged from any and all obligations towards DNB Bank ASA and/or Caiano AS and its affiliates, as the case may be, under and in connection with various financing agreements.

The background for the Divestment was that the reefer market had been at historically low levels since end of 2011. Combined with a non-existing high season in 2012, the majority of the Company's vessels had as a consequence been trading at levels below operating expenses. The Company was thus dependent on further working capital financing in order to be able to continue its operation. The Company had negotiated with its banks regarding such financing, however without success. The Company had also explored financing options in the equity market, but with its negative market outlook for the industry, the prospects of succeeding in achieving financing at viable conditions, was regarded as unlikely. Sale of vessels had been considered as well, but with purchase prices at scrap levels and well below outstanding loans; such transactions would not provide the required capital. In order to secure continued operation, the Company entered into negotiations with its largest shareholder, Caiano AS and its affiliates, and succeeded in reaching an agreement. The agreement implied that operation in the subsidiaries of the Company continued under new ownership, and thus secures the position of the employees and creditors.

The Divestment was completed in November 2012. For information about the Divestment, including the background and main effect of the Divestment, see Section 9.3 "The Divestment of the former "Green Reefers ASA" shipping business to Caiano AS and affiliates" of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 "Incorporation by reference").

#### **8.4 Shift towards the subsea sector; the Combination**

In December 2012, the Company made a significant shift towards the subsea sector.

On 5 December 2012, the Company completed the Combination pursuant to which it acquired all the shares in Reach Subsea AS from the shareholders in Reach against consideration in the form of the 13,183,578 consideration shares issued by the Company. For further details regarding the Combination reference is made to Sections 5 "The Background for the Combination and the Private Placement" and 6 "The Combination" of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 "Incorporation by reference").

The business of Reach Subsea AS, which has been fully adopted by, and constitutes the sole business of, the Group as from the Combination, is further described in Sections 8.6.2 "Reach Subsea AS", 8.7 "Overview of the current business of the Group" and 8.10 "Expansion Plan" below.

On the same date as the completion of the Combination, the Company completed a private placement of NOK 42 million, securing the Company's cash needs going forward.

The decision to enter into the Combination was motivated by the fact that the Board of Directors believed that it will open for attractive new opportunities for the Company. Following the Combination, the Group has fully adopted the strategy of the acquired company Reach Subsea AS, which is to become a complete subsea services provider, by building on and benefiting from the extensive industry experience and competence of the management and employees in Reach Subsea AS headed by the CEO Kåre Johannes Lie. Furthermore, through the private placement completed in December 2012, the Company obtained an attractive shareholder base which is willing to support the Company's growth strategy. From the perspective of Reach Subsea AS and its shareholders, the Combination with the Company provided a stock exchange listed entity which swiftly may access the capital markets to finance the new strategy developed in Reach Subsea AS.

#### **8.5 Legal structure of the Group**

The Company is the holding company of the wholly-owned subsidiary Reach Subsea AS. The Company does not have ownership in any other subsidiaries or affiliated companies.

#### **8.6 Description of the companies in the Group**

##### *8.6.1 Reach Subsea ASA*

The Company merely serves as the holding company of its wholly-owned subsidiary Reach Subsea AS.



### 8.6.2 Reach Subsea AS

The Group's operations are carried out solely through Reach Subsea AS, which was acquired by the Company in the Combination.

Reach Subsea AS is a Norwegian private limited company organised under the laws of Norway in accordance with the Norwegian Private Limited Companies Act of 13 June 1997 No 44 (the "**Norwegian Private Limited Companies Act**") with registration number 993 252 263. The Company was incorporated on 14 October 2008 by JT Invest AS (registration number 992 271 965, Saudagatea 39, N-5521 Haugesund, Norway), Framnes Holding AS (registration number 988 686 212, Haga 104, N-5414 Stord, Norway), A-Å Invest AS (registration number 993 250 945, Viervegen 21, N-5535 Haugesund, Norway) and SMS Investering AS (registration number 993 251 380, Geitafjellet 34, N-5521 Haugesund, Norway), and registered in the Norwegian Register of Business Enterprises on 29 October 2008. The Company has its registered address at Skillebekkgata 1 B, N-5523 Haugesund, Norway, with telephone number +47 40 00 77 10. The current board of directors of Reach Subsea AS consists of Kåre Johannes Lie (chairman), Jostein Alendal, Åge J. Nilsen Jr, Sven M. Storesund and Inge Grutle. See Section 14.4.2 "Brief biographies of the members of the Management" below for further information about the members.

Reach Subsea AS was established in 2008 in Norway by four founders with extensive subsea experience. Since its incorporation, Reach Subsea AS has provided certain ROV and engineering consultancy services to the oil industry, including the development of a new survey ROV, the Surveyor. Its engineering department consists of highly skilled subsea and marine engineers, all with long experience in planning, management and execution of offshore and subsea operations.

The Group's business, consisting solely of Reach Subsea AS' past and current business, is two-folded:

1. Engineering consultancy services. The Group is involved with project management and engineering services for EPIC contractors involved in major field developments in Norway. The Group is also involved in engineering services and project administration services for the Pipeline Repair System (PRS) operated by Statoil.
2. Product development. The Group is developing the new ROV system, Surveyor, together with Kystdesign AS. Surveyor is a new design ROV with a hydrodynamic shape and designed to inspect the seabed and pipelines in a much higher speed and with a better quality of data than the existing Work ROV systems. This project is sponsored by Marin Mätteknik AB in Sweden and Innovasjon Norge.

The demand for the services of Reach Subsea AS has since the establishment in 2008 been solid and increasing, which has inter alia been reflected in the increasing revenues of the company the past three years. The investment decision to implement the expansion plan described in Section 8.10 "Expansion Plan" is based on the expectations of increased demand for subsea services in Norway and outside Norway and that there will be a deficit of qualified and experienced competence in the sector in the coming years.

### 8.7 Overview of the current business of the Group

Following the Combination, the business of the Group solely consists of the business in Reach Subsea AS. The Group has fully adopted the current business of Reach Subsea AS, as described under Section 8.6.2 "Reach Subsea AS" above.

Currently, the Group also offers MPSVs with ROV's and manned with its technical team and engineering staff.

Further, contracts for chartering of offshore construction vessels for 2013 operations and procurement of ROVs and relating equipment are under negotiations with relevant suppliers and subcontractors.

Currently, the Group has entered into an agreement with Kystdesign AS pursuant to which the Group shall purchase two work class ROVs, including necessary ROV equipment, to be delivered on 30 June 2013, and the Group has also invested in two Launch and Recovery system (LARS), see Section 12.8.1 "Principal investments in progress and planned principal investments".

Further, the Group is developing a new survey ROV, Surveyor, partially financed by Innovasjon Norge. Total cost (including costs related to production and engineering) for the project has been about NOK 6.3 million since the initial start in 2009 to 31 December 2012, of which Innovasjon Norge has financed a substantial amount. In 2012 the internal cost related to the project was approximately NOK 700,000. Planned cost (including costs related to production and engineering) in connection with remaining work on the project from 1 January 2013 to Surveyor is

completed and ready for delivery is estimated to approximately NOK 40 million. Innovasjon Norge will not finance any part of this planned remaining cost. See Section 8.11.4 “Joint venture with Marin Mätteknik AB” for further information about the joint venture with Marin Mätteknik AB with respect to Surveyor. As of the date of this Prospectus, Surveyor is still being developed and there have not been any orders for Surveyor.

## **8.8 The Group’s vision and business strategy**

The Group’s vision is to become a full subsea service provider of advanced subsea engineering services and vessel spreads in regards to quality, competence and HSE.

## **8.9 Competent and experienced Management**

The Group’s main asset and enabling factor in pursuing and realising its vision and strategy set out in Section 8.8 “The Group’s vision and strategy” above, including the expansion plan described in Section 8.10 “Expansion plan” below, is the extensive experience and competence of its Management. The Company desires to develop the Group based on the past extensive experience of the Management, of which several of the members founded and developed DeepOcean, one of the leading subsea IMR players today. The current CEO of Reach Subsea, Kåre Johannes Lie, founded, developed and functioned as the CEO of DeepOcean from 1999 to 2008. DeepOcean was listed on the Oslo Stock Exchange for a number of years until it was acquired by the U.S. company Trico Marine in 2008. The Group depend on the Management in entering into the key supply and customer contracts for realisation of its strategy and expansion plan. Reference is made to Section 14.4 “Management” for further information on the Management.

## **8.10 Expansion plan**

### *8.10.1 General*

Reach Subsea AS has since summer 2012 started to implement an expansion plan pursuant to which it shall realise its strategy and vision, and which through the Combination has been fully adopted by the Group. Going forward, the Group shall seek to offer IMR, ROV and survey, construction support and decommissioning services to technological demanding customers in need for engineering and equipment/spreads related to subsea operations. For provision of these services, the Group aims at having a fleet of both owned and chartered modern offshore vessels and an owned and hired resource pool of highly skilled and experienced people and technological advanced equipment.

The plan is to establish a foothold as IMR/light construction services provider in the North Sea market, and then gradually expand to other business lines and/or markets as the Group grows. The primary market will be the North Sea, but international markets where the Group will have advantages due to competence and assets/resource portfolio will be pursued. From its location in Haugesund, the Group will be well positioned to expand into the subsea market. The Haugesund region has long tradition and experience with the subsea market. Three of the six subsea services players currently operating in Norway are located in this area. Being located in this area provides the advantage of access to skilled workforce with relevant experience, which is a major enabling factor for any company aspiring growth in the subsea sector.

With strong home market as a foundation, global business opportunities shall be pursued, a combination of the professional network of the company’s key personnel and a systematic sales and marketing effort will be used to work the market.

Reach Subsea will enter the market with the vessel M/V “Bourbon Emerald” during the third quarter of 2013. The vessel will be equipped with the Group’s own ROV for operations in the North Sea and under the joint venture with Marin Mätteknik AB. Further, Reach Subsea has entered into a contract with Petromarker for electromagnetic survey work. Total contract value is approximately NOK 30 million. The work is expected commence in the third quarter of 2013.

The Group will enter into the market with at least one construction vessel mobilized for IMR and light construction work in May 2014, M/V “Normand Reach” (5 years + options time charter contract with Solstad Offshore ASA). The vessel is planned equipped with a 250Te offshore crane, moonpool, two work class ROV’s and one observation ROV. As of the date hereof, the order for these ROV’s has not been placed, but this is planned to be done in the fourth quarter of 2013. Total cost of the planned investments is estimated to about NOK 70 million. However, no binding commitments have been made for these investments. The Group will consider various financing sources for these investments, including leasing financing. However, as of the date hereof, no final agreement has been signed. All equipment will be brand new and the very best of available technology. The vessel will be manned with the Group’s own technical crew and will be supported by the company’s onshore organization.

Within the next 5 years, the goal is to create a new strong Norwegian player within the upcoming subsea service market and be recognized by all stakeholders as a flexible, competitive and high quality performer with own world class engineering, human resources and state of the art ROV's, subsea assets and support vessels.

### 8.10.2 Business segments

The Group plans to operate within the following four business segments:

#### I: Construction and installation (I&C)



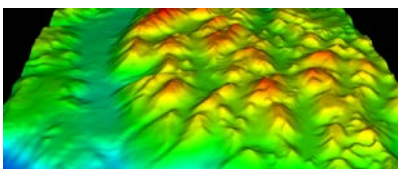
- Subcontractor to assist the main EPIC contractors. Assisting them in planning, engineering and providing a total vessel spread.
- These are typically complex projects with higher risk and better margins for all players
- Survey and ROV services are important parts of construction projects
- Growing market with few players, high entry barriers and need for more subcontractors
- Current capacity squeeze for existing players opens possibilities for subcontracting entire vessel spreads and/or engineering packages

#### II: Inspection, maintenance and repair (IMR)



- Provide Inspection of subsea infrastructure and related services to oil and gas companies
- Recurring activities to support the operability of existing infrastructure
- Maintenance and repair of subsea assets
- Module handling
- Light construction
- Well stimulation (scale squeeze)
- Often long term frame contracts on day-rate basis

#### III: Survey and pipeline inspection



- Provide 3D seabed mapping and pipeline inspection "In house" developed Surveyor ROV optimal for pipeline inspection
- Potential partnership with survey company
- Key elements: Data processing, quality of data and accuracy

#### IV: Decommissioning

- Decommissioning & Abandonment services, including removal of infrastructure at end of a well's life
- Similar assets and competence requirement as construction
- Growing, but still somewhat immature market

- Complementary market segment to IMR and I&C, as demand for decommissioning services is likely to increase with declining activity in IMR and I&C
- Typically project contracts

The strategy of the Group in a five year perspective, could be outlined as follows:

#### Strategy in the OPEX market

- Target IMR frame agreements
- Export of North Sea technology and standards to selected major deepwater areas in the world
- Provide new services in the segment
- Bid for seasonal contracts in key regions

#### Strategy in the CAPEX market

- The goal is to be a preferred subcontractor to the major EPIC contractors
- Securing the right assets will be key
- Gradually develop assets and resource base

#### International expansion

- Develop the international market in parallel with the North sea market when opportunities appear
- Seek international partners in selected areas like Australia, Mexico, Brazil and West Africa
- Develop a foothold in one new deepwater area

#### Asset base

- Invest in new assets
- Secure the right assets
- Mix of owned and hired equipment

#### 8.10.3 Business plan

The table below sets out the Group's business plan in rough figures for the period from 2013 to 2016:

|                         | 2013e | 2014e   | 2015e | 2016e |
|-------------------------|-------|---------|-------|-------|
| Employees .....         | 30-40 | 100-150 | 200   | 250   |
| Vessels.....            | 1-2   | 3       | 4     | 5     |
| ROV systems.....        | 3     | 7       | 12    | 12    |
| Engineering staff ..... | 20    | 40      | 60    | 80    |

The "first phase" of the business plan is herein defined as 2013. The business plan is primarily based on organic growth. However, if and when found appropriate, the Group may also pursue acquisitions opportunities to realize the business plan.

The number of ROV systems estimated for each year above indicates the total accumulated number of ROV systems of the Group in such year, and not the additional ROVs leased or acquired. The number of ROV systems estimated for 2013 above includes the two ROVs systems that have been ordered from Kystdesign AS, see Section 8.11.2 "Agreement with Kystdesign AS".

The number of vessels estimated for each year above indicates the total accumulated fleet of the Group in such year, and not additional vessels chartered or acquired. The vessels described in the table above will be high-end offshore vessels for use across all the four business segments described in Section 8.10.2 "Business segments" above. In a short term perspective, the plan is to time-charter the vessels on market terms, while the Group in a long term's perspective also desires to own vessels. The investments described in Section 12.8.1 "Principal investments in progress and planned principal investments" relate to the equipment for such vessels.

The number of employees estimated for each year above indicates the total accumulated number of employees of the Group in such year, and not the additional employees employed. The timing of employment of the new employees indicated in the table above is expected to coincide with increased revenues.

The number of heads in the engineering staff estimated for each year above indicates the total accumulated number of heads in the engineering staff of the Group in such year, and not the additional engineering staff employed.

The realisation of the Company's business plan is subject to a number of risks, please see Section 2 "Risk Factors" for further information.

#### 8.10.4 *Financing of expansion plan*

The financing of the Company's expansion plan and the Company's future capital structure are as of the date of the Prospectus not determined in detail. As of the date hereof, the Group's committed investments are limited to the purchase of the two ROVs under the agreement with Kystdesign AS described under Section 8.11.2 "Agreement with Kystdesign AS" below and the two lease agreements with a total amount of NOK 60 million entered into with suppliers for financing of the two ordered ROV systems including handling (i.e. LARS), cf Section 12.7 "Borrowings" below. However, the Group is currently considering and discussing other potential investments and contracts for realization of its expansion plan. The financing structure of such investments will depend on a number of factors, such as for example whether equipment is leased or purchased and whether a vessel is acquired or chartered, the amounts of the committed investments, the timing of the investments and the terms of the various available financing opportunities at the relevant point in time. The Company has a flexible approach to its potential investments and financing structure, and will upon the making of an investment commitment in each case consider what would be the suitable financing. If and when found appropriate or required, in order to finance investments, acquisitions of other businesses or for other reasons, the Company may obtain debt funding through banks or access the capital markets for additional equity and/or debt financing.

### 8.11 **Material contracts**

As of the date hereof, the Group has the following contracts which it deems as material:

#### 8.11.1 *Frame agreement with Technip Norge AS*

Pursuant to a frame agreement for consultancy services dated 26 October 2009 with Technip Norge AS, the Group shall, upon request by Technip Norge AS, provide consulting and engineering services to Technip Norge AS. Technip Norge AS shall, for each of the Group's personnel to be engaged under the agreement, issue an individual call-off order specifying the services, rates and other special conditions. Technip Norge AS shall pay the Group for the services rendered under the agreement on a unit rate basis. Each party may terminate the agreement upon giving 30 days' written notice to the other party.

#### 8.11.2 *Agreement with Kystdesign AS*

On 14 November 2012, the Group signed an agreement with Kystdesign AS pursuant to which the Group shall purchase two work class ROVs, including necessary ROV equipment. The contract includes complete equipment for two spreads of the model Supporter with delivery to the Group on 30 June 2013. The contract has a cost of NOK 22 million.



#### 8.11.3 *Agreement with Solstad Offshore ASA*

In February 2013, the Group signed a long-term charter with Solstad Offshore ASA for a Construction Support Vessel (CSV) of design OSCV 03. The vessel will be built by STX OSV AS and is due for delivery in the second quarter of 2014. The charter is for a five years firm period with extension options for 3x1 years. The charter has been concluded on market terms. Due to the length of the charter, hereunder the total investment amount under the agreement, the vessel will be a key asset for the Group. See Section 12.5 "Liquidity and capital resources" for description of the charter guarantee entered into in June 2013 by the Group with Solstad Shipping AS as beneficiary, securing an amount corresponding to six months hire for the construction support vessel (CSV).

#### 8.11.4 *Joint venture with Marin Mätteknik AB*

In May 2013, Reach Subsea AS and Marin Mätteknik AB (Gothenburg, Sweden), a Hydrographic Survey company, signed a letter of intent for the purpose of establishing a new joint venture within Offshore Survey Operations. The parties are, together with the engineering company Kystdesign AS, developing a new generation of high speed Survey ROV the "Surveyor", with the intention to build the first unit in 2013 and be ready for offshore operations in 2014. The

new entity will deliver subsea services such as general Offshore Survey, Lay Support, Seabed Mapping and Pipeline/Structure Inspections from a dedicated DP2 vessel to be chartered in by the joint venture. The new service will be more cost efficient, flexible and give the client even better high quality data, compared to existing solutions in the market.

#### 8.11.5 *Letter of intent award from COSL Offshore Management AS*

In May 2013, Reach Subsea AS received a letter from COSL Offshore Management AS stating that it is COSL intention to award Reach Subsea AS a frame agreement for ROV Services related to the accommodation rig COSL Rigmar presently working in the Ekofisk field. The frame agreement will be firm for 3 years with further 2x1 years as option. The Group will utilize one of its new Supporter ROV systems to be delivered on 30 June 2013 from Kystdesign AS under this agreement. The scope of work will consist of cleaning and inspection of the underwater structures of the Accommodation Unit. The offshore work is planned to start in July 2013.

#### 8.11.6 *Agreement with Bourbon*

In June 2013, the Group entered into a time charter party agreement with Bourbon for the MPSV “Bourbon Emerald” for 140 days + option. Reach Subsea will enter the market with “Bourbon Emerald” during the third quarter of 2013. The time charter party agreement is on regular market terms (including crew). The vessel will be equipped with the Group’s own ROV for operations in the North Sea and under the joint venture with Marin Mätteknik AB. The financing of the charter hire will mainly come from revenue under the contract with Petromarker as well as other potential sales.

#### 8.11.7 *Contract with Petromarker*

In June 2013, the Group entered into a contract with Petromarker for assistance in connection with electromagnetic survey work. The work under the contract will be done with the Group’s ROV and ROV pilots/personnel onboard “Bourbon Emerald”. Total contract value is approximately NOK 30 million. The work under the contract is expected commence in the third quarter of 2013.

### 8.12 **Facilities**

The Group leases its sole facility, consisting of 265 square meters of office and 202 square meters of workshop space, located on Killingøy Offshore Base at Skillebekkgata 1 B, N-5523 Haugesund, Norway. The current lease expires at 31 May 2017. However, the Group has an option to extensions of up to a total of 15 years.

From the facilities the Group can perform in-house engineering and project planning together with design and fabrication of subsea equipment. Along its quay it can mobilize and support large subsea support vessels. The workshop facilities can be used to storage, minor repair and maintenance of the Group’s own ROV systems and equipment.



The Group believes that its current facility will be sufficient for its needs for the foreseeable future, however, a need for expansion of the facilities may arise in the future in connection with the delivery of Normand Reach if the vessel does not receive a contract.

#### 8.13 **Dependency on contracts, patents, licenses etc.**

In the opinion of the Company the Group’s existing business or profitability is not materially dependent on patents or licenses, industrial, commercial or financial contracts, including the agreements described in Section 8.11 “Material contracts”.

**8.14 Contracts entered into outside the ordinary course of business**

Other than (i) the sale terminal activities in 2011 (as described in Section 18.2.2 “Related party transactions – 2011”), (ii) the sale and leaseback of 6 “Penguin-class” reefer vessels in 2011 (as described in Section 18.2.2 “Related party transactions – 2011”), (iii) the Divestment (as described in Section 9.3 “The Divestment of the former shipping business to Caiano AS and its affiliates” of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 “Incorporation by reference”)) and (iv) the Combination (as described in Section 6 “The Combination” of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 “Incorporation by reference”)), the Company has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus or any other contract entered into outside the ordinary course of business which contains any provision under which any member of the Group has any obligation or entitlement.

## **9 DIVIDENDS AND DIVIDEND POLICY**

### **9.1 Dividend policy**

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in the Norwegian Public Limited Companies Act (see Section 9.2 “Legal constraints on the distribution of dividends”), the Company’s capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that any credit agreements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

The Company is in an investment and expansion phase, and no dividends payments are therefore expected the next few years.

### **9.2 Legal constraints on the distribution of dividends**

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends:

- Unless the Company follows the procedures stipulated in the Norwegian Public Limited Companies Act in respect of reduction of share capital, dividends are payable only out of the distributable reserves of the Company. Section 8-1 of the Norwegian Public Limited Companies Act provides that distributable reserves consist of the profit for the prior fiscal year (as reflected in the income statement approved by the annual general meeting) and the retained profit from previous years (adjusted for any reclassification of equity), less (i) uncovered losses, (ii) the book value of research and development, goodwill and net deferred tax assets (as recorded in the balance sheet, as of the most recent fiscal year end, as approved by the annual general meeting), (iii) the total nominal value of treasury shares acquired for ownership or as security in previous fiscal years, and credit and security that, pursuant to Sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act, shall be limited to an aggregate amount equal to the distributable equity, and (iv) such part of the profit for the prior fiscal year which, by law or pursuant to the Company’s Articles of Association, must be allocated to the un-distributable reserves or cannot be distributed as a dividend.
- Dividends cannot be distributed if the Company’s equity amounts to less than 10% of its total assets unless the distribution is done in compliance with the procedures stipulated in the Norwegian Public Limited Companies Act for reduction of share capital.
- Dividends can only be distributed to the extent compatible with good and careful business practice, with due regard to any losses that may have been incurred since the balance sheet date (i.e. the prior fiscal year end) or that may be expected to be incurred.
- The amount of distributable dividends is calculated on the basis of the Company’s separate financial statements and not on the basis of the consolidated financial statements of the Company and its subsidiaries.
- Distribution of dividends is resolved by a majority vote at the general meeting, and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors.

At the date of this Prospectus, the Company’s does not have any distributable reserves.

The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 17 “Taxation”.

### **9.3 Dividend per share in Reach Subsea**

The Company has not paid any dividends in 2012, 2011 and 2010.



## 10 CAPITALISATION AND INDEBTEDNESS

### 10.1 Capitalisation

The tables below should be read in conjunction with the information included elsewhere in this Prospectus, including Section 11 “Selected consolidated financial data and other information” and the consolidated financial statements and related notes of the Company, as incorporated by reference herein, see Section 18.7 “Incorporation by reference”. The tables below should also be read in conjunction with Section 12.5 “Liquidity and capital resources” and Section 12.6 “Cash flows”.

The following table sets forth information about the Group’s consolidated capitalisation as of 31 March 2013 and adjustments for subsequent significant changes.

*In NOK thousands*

|   | <b>As of 31 March<br/>2013</b> | <b>Effect of the Private<br/>Placement (1)</b> | <b>Adjusted for the<br/>Private Placement (2)</b> |
|---|--------------------------------|--|---|
|   | Unaudited                      | Unaudited                                      | Unaudited   |
| <b>Indebtedness</b>                               |                                |  |   |
| Total current debt .....                          | 1,885                          |  | 1,885   |
| - Guaranteed .....                                | -                              | -  | -   |
| - Secured .....                                   | -                              | -  | -   |
| - Unguaranteed / unsecured.....                   | 1,885                          |  | 1,885   |
| Total non-current financial debt .....            | 0                              |  |   |
| - Guaranteed .....                                | -                              | -  | -   |
| - Secured .....                                   | -                              | -  | -   |
| - Unguaranteed / unsecured.....                   | -                              | -  | -   |
| <b>Total indebtedness .....</b>                   | <b>1,885</b>                   | <b>-</b>                                       | <b>1,885</b>                                      |
| Shareholders’ equity                              |                                |  |   |
| a. Share capital .....                            | 49,714                         | 101,000  | 150,714   |
| b. Equity reserves.....                           | (8,079)                        |  | (8,079)   |
| c. Non-controlling interests .....                | -                              |  |   |
| <b>Total equity .....</b>                         | <b>41,635</b>                  | <b>101,000</b>                                 | <b>142,635</b>                                    |
| <b>Total capitalisation and indebtedness.....</b> | <b>43,520</b>                  | <b>101,000</b>                                 | <b>142,635</b>                                    |

The following table sets forth information about the Group’s net indebtedness as of 31 March 2013 and adjustments for subsequent significant changes.

*In NOK thousand*

|   | <b>As of 31 March<br/>2013</b> | <b>Effect of the Private<br/>Placement (1)</b> | <b>Adjusted for the<br/>Private Placement (2)</b> |
|---|--------------------------------|--|---|
|   | Unaudited                      | Unaudited                                      | Unaudited   |
| Net indebtedness  |                                |  |   |
| (A) Cash.....   | 37,424                         | 101,000  | 138,424   |
| (B) Cash equivalents.....   |                                |  |   |
| (C) Interest bearing receivables .....                                  | 1,857                          |  | 1,857   |
| <b>(D) Liquidity (A) + (B) + (C) .....</b>                              | <b>39,281</b>                  | <b>101,000</b>                                 | <b>139,281</b>                                    |
| <b>(E) Current financial receivables .....</b>                          | <b>-</b>                       |  |   |
| (F) Current bank debt .....   | -                              |  |   |
| (G) Current portion of long-term debt .....                             | -                              |  |   |
| (H) Other current financial liabilities.....                            | 1,885                          |  | 1,885   |
| <b>(I) Current financial debt (F) + (G) + (H) .....</b>                 | <b>1,885</b>                   |  | <b>1,885</b>                                      |
| <b>(J) Net current financial indebtedness (I) - (E) - (D) ...</b>       | <b>37,396</b>                  |  | <b>137,396</b>                                    |
| (K) Long-term interest bearing debt.....                                | -                              | -  | -   |
| (L) Bonds issued.....   | -                              | -  | -   |
| (M) Other non-current financial liabilities .....                       | -                              | -  | -   |
| <b>(N) Non-current financial indebtedness<br/>(K) + (L) + (M) .....</b> | <b>-</b>                       | <b>-</b>                                       | <b>-</b>  |
| <b>(O) Net financial indebtedness (J) + (N) .....</b>                   | <b>37,396</b>                  |  | <b>137,396</b>                                    |

1 The columns related to “Effect of the Private Placement” are a result of the Private Placement as discussed under Section 5 “The Completed Private Placement and the Subsequent Offering”.

2 The columns related to “Adjusted for the Private Placement” are a result of the Private Placement as discussed under Section 5

“The Completed Private Placement and the Subsequent Offering”. Reference is also made to additional information included in Section 13 “Unaudited pro forma financial information”.

In addition to the amounts above, the Group is exposed to contingent indebtedness through a charter guarantee with Solstad Shipping AS, securing an amount corresponding to six months hire for the construction support vessel (CSV) “Normand Reach”. The charter guarantee contains standard securities and covenants, including with respect to free available liquidity, positive net working capital and requirements with respect to minimum percentage of booked total equity and is considered to have a fair value of NOK 66 million (see also Section 12.5 “Liquidity and capital resources” below).

## 10.2 Equity ratio

The table below provides unaudited information on the Company’s equity ratio as at 31 March 2013 and 2012, and as at 31 December 2012, 2011 and 2010, as well as an estimate of the equity ratio subsequent consummation of the Private Placement and the Subsequent Offering:

|                       | After consummation of<br>the Private Placement<br>and the Subsequent<br>Offering <sup>1</sup> (Estimated) | As at 31 March |       | As at 31 December |        |        |
|-----------------------|---|----------------|-------|-------------------|--------|--------|
|                       |   | 2013           | 2012  | 2012              | 2011   | 2010   |
| Equity ratio (%)..... | 96.1%   | 95.6%          | 81.2% | 87.2%             | 33.41% | 28.69% |

<sup>1</sup> The Company defines “Equity ratio” as the ratio between total shareholders’ equity and total assets.

## 10.3 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group’s present requirements, for the period covering at least 12 months from the date of this Prospectus.

## 10.4 Funding and treasury policies

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by its treasury function under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close co-operation with the operating units. The Board of Directors approves the principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity. As at the date of this Prospectus, there were no hedging instruments in use.

## **11 SELECTED CONSOLIDATED FINANCIAL DATA AND OTHER INFORMATION**

### **11.1 Introduction**

The following Section should be read in conjunction with the consolidated audited financial statements of the Company as of, and for the years ended, 31 December 2012, 2011 and 2010, the auditor's reports in respect of 2012, 2011 and 2010, the Company's unaudited interim consolidated financial statement as of, and for the three months ended, 31 March 2013 (with comparable figures as of, and for the three months ended, 31 March 2012), as incorporated by reference in this Prospectus, see Section 18.7 "Incorporation by reference" below.

### **11.2 Historical financial information and summary of accounting policies**

The Company's historical financial statements have been prepared in accordance with IFRS.

The Company's audited consolidated financial statements as of, and for the years ended, 31 December 2012, 2011 and 2010, including an overview of the Company's accounting policies, explanatory notes and auditor's statements, are incorporated by reference hereto, see Section 18.7 "Incorporation by reference" below.

PricewaterhouseCoopers AS audited the Company's consolidated financial statements as of, and for the year ended, 31 December 2012 without any qualifications or disclaimers. Deloitte AS audited the Company's consolidated financial statements as of, and for the years ended, 31 December 2011 and 2010 without any qualifications or disclaimers.

There is no other information in the Prospectus pertaining to the Group, which has been audited by the Group's current or previous auditor.

The Company's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2013 (with comparable figures as of, and for the three months ended, 31 March 2012) are incorporated by reference hereto (see Section 18.7 "Incorporation by reference" below).

### **11.3 No significant change**

Except for the Private Placement (see Section 5.2 "The Private Placement"), there have been no significant changes in the financial or trading position of the Group since 31 March 2013 to the date of this Prospectus.

### **11.4 Selected consolidated financial information**

The following tables present selected consolidated financial information for the Company as of, and for the years ended, 31 December 2012, 2011 and 2010, and as of, and for the three months ended, 31 March 2013 and 2012, which have been derived from the Company's audited consolidated financial statements as of, and for the years ended, 31 December 2012, 2011 and 2010, and from the Company's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2013 (with comparable figures as of, and for the three months ended, 31 March 2012).

This selected consolidated financial information should be read together with Section 4.2 "Presentation of financial and other information" and with Section 12 "Operating and financial review" as well as, the Company's consolidated financial statements and the related notes thereto, and other financial information included elsewhere in this Prospectus.

## 11.4.1 Condensed consolidated income statement

In the tables below, all amounts are presented in NOK for the years ended 31 December 2012 and 2011, and the three months ended, 31 March 2013 and 2012, while all amounts are shown in USD for the year 31 December 2010.

|   | As of, and for, the three months<br>ended 31 March |                                  | As of, and for, the year ended<br>31 December |                                |                                |
|---|--|----------------------------------|---|--------------------------------|--------------------------------|
|   | 2013   | 2012                             | 2012  | 2011                           | 2010 <sup>(1)</sup>            |
|   | Unaudited<br>In NOK<br>thousands                   | Unaudited<br>In NOK<br>thousands | Audited<br>In NOK<br>thousands                | Audited<br>In NOK<br>thousands | Audited<br>In USD<br>thousands |
| <b>Operating income</b>   |  |                                  |   |                                |                                |
| <b>Gross income</b>   |  |                                  |   |                                |                                |
| Gross freight income .....  |  |                                  |   |                                | 107,140                        |
| Net Pool income .....   |  |                                  |   |                                | 22,155                         |
| TC-Hire .....   |  |                                  |   |                                | 8,443                          |
| Other income .....  | 1,187  | 795                              | 3,560   | 6,213                          | 1,853                          |
| Net profit on sale of fixed assets .....                                    |  |                                  |   |                                | 1,082                          |
| <b>Total operating income .....</b>   | <b>1,187</b>                                       | <b>795</b>                       | <b>3,560</b>                                  | <b>6,213</b>                   | <b>140,673</b>                 |
| <b>Operating costs</b>  |  |                                  |   |                                |                                |
| Voyage related costs .....  |  |                                  |   |                                | (52,806)                       |
| Vessel operating costs .....  |  |                                  |   |                                | (67,256)                       |
| Tc-hire .....   |  |                                  |   |                                | (9,313)                        |
| Bareboat hire .....   |  |                                  |   |                                | (7,709)                        |
| Other operating costs .....   | (4,016)  | (1,041)                          | (9,187)                                       | (3,949)                        | (11,423)                       |
| <b>Total operating costs .....</b>  | <b>(4,016)</b>                                     | <b>(1,041)</b>                   | <b>(9,187)</b>                                | <b>(3,949)</b>                 | <b>(148,506)</b>               |
| <b>Operating result before depreciation<br/>(EBITDA) .....</b>              | <b>(2,829)</b>                                     | <b>(245)</b>                     | <b>(5,626)</b>                                | <b>2,265</b>                   | <b>(7,834)</b>                 |
| <b>Depreciation</b>   |  |                                  |   |                                |                                |
| Depreciation .....  |  |                                  |   | (34)                           | (26,793)                       |
| Write-downs/reversed write-downs .....                                      |  |                                  |   |                                | (12,490)                       |
| <b>Operating result (EBIT) .....</b>  | <b>(2,829)</b>                                     | <b>(245)</b>                     | <b>(5,626)</b>                                | <b>2,231</b>                   | <b>(47,116)</b>                |
| <b>Financial income and costs</b>   |  |                                  |   |                                |                                |
| Net profit on sale of financial assets .....                                |  |                                  |   |                                |                                |
| Profit and loss from associated companies ...                               |  |                                  |   |                                | (1,232)                        |
| Interest and other financial income .....                                   | 239  |                                  | 132   | 87                             | 482                            |
| Profit (loss) on exchange .....   |  |                                  |   |                                | 1,706                          |
| Unrealized gain (loss) on exchange .....                                    |  |                                  |   |                                | 1,088                          |
| Interest and other financial expenses .....                                 |  |                                  | (3)   |                                | (7,471)                        |
| <b>Total financial items .....</b>  | <b>239</b>   | <b>0</b>                         | <b>129</b>                                    | <b>87</b>                      | <b>(5,427)</b>                 |
| <b>Profit (loss) before taxes .....</b>                                     | <b>(2,590)</b>                                     | <b>(245)</b>                     | <b>(5,497)</b>                                | <b>2,318</b>                   | <b>(52,543)</b>                |
| Taxes .....   | 0  | 0                                | 0   | (649)                          | (59)                           |
| Profit (loss) from continued operation .....                                | (2,590)  | (245)                            | (5,497)                                       | 1,668                          | (52,601)                       |
| Profit (loss) for discontinued operation .....                              |  |                                  |   |                                | (320)                          |
| Profit on sale of discontinued operation .....                              | 0  | 0                                | 0   | 0                              | 0                              |
| <b>Profit (loss) for the period .....</b>                                   | <b>(2,590)</b>                                     | <b>(245)</b>                     | <b>(5,497)</b>                                | <b>1,668</b>                   | <b>(52,921)</b>                |
| Other comprehensive income .....  |  |                                  |   |                                |                                |
| Foreign currency translation .....  |  |                                  |   |                                | 340                            |
| <b>Comprehensive income .....</b>   | <b>(2,590)</b>                                     | <b>(245)</b>                     | <b>(5,497)</b>                                | <b>1,668</b>                   | <b>(52,581)</b>                |
| Result attributable to minority interest<br>(discontinued operations) ..... |  |                                  |   |                                | 57                             |
| Result attributable to majority interest<br>(discontinued operations) ..... | (2,590)  | (245)                            | (5,497)                                       | 1,668                          | (52,638)                       |
| Profit (loss) per Share .....   |  |                                  | (0.3493)                                      | 0.1266                         | (0.04)                         |
| Diluted profit (loss) per Share .....                                       |  |                                  | (0.3493)                                      | 0.1266                         | (0.04)                         |

(1) The 2010 accounts are derived from the Green Reefers Accounts, as 2011 and 2012 accounts are from the Company after the Combination (with reference to the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 "Incorporation by reference")). In accordance with IFRS 5, amounts for the year ended 31 December 2010 are represented in the 2011 Annual Report for Reach Subsea ASA as if the terminal activity was regarded as discontinued also for such period. As a consequence of this, the corresponding amounts in the 2010 Annual Report differ from those presented in the 2011 Annual Report and are presented excluding the terminal activity.

## 11.4.2 Condensed consolidated statement of financial position

In the tables below, all amounts are presented in NOK for the years ended 31 December 2012 and 2011, and the three months ended, 31 March 2013 and 2012, while all amounts are shown in USD for the year 31 December 2010.

|  | As of<br>31 March                                      |  | As of the year ended<br>31 December                  |  |  |
|--|--|--|--|--|--|
|  | 2013<br>Unaudited<br><i>In NOK</i><br><i>thousands</i> | 2012<br>Unaudited<br><i>In NOK</i><br><i>thousands</i> | 2012<br>Audited<br><i>In NOK</i><br><i>thousands</i> | 2011<br>Audited<br><i>In NOK</i><br><i>thousands</i> | 2010<br>Audited<br><i>In USD</i><br><i>thousands</i> |
| <b>Assets</b>  |  |  |  |  |  |
| <b>Non-current assets</b>                              |  |  |  |  |  |
| Vessels.....   |  |  |  |  | 181,514  |
| Terminals .....  |  |  |  |  | 4,592  |
| Other equipment .....                                  |  |  |  |  | 925  |
| Shares in associated and joint venture companies ..... |  |  |  |  | 2,078  |
| Other shares .....                                     |  |  |  |  | 37   |
| Other non-current assets.....                          | 4,239  | 8  | 4,238  | 8  | 12,006   |
| <b>Total non-current assets.....</b>                   | <b>4,239</b>   | <b>8</b>   | <b>4,238</b>   | <b>8</b>   | <b>201,152</b>                                       |
| <b>Current assets</b>                                  |  |  |  |  |  |
| Trade receivables.....                                 | 900  | 2,111  | 345  | 1,718  | 11,857   |
| Inventories .....                                      |  |  |  |  | 2,360  |
| Other current receivables.....                         | 958  |  | 511  | 700  | 7,252  |
| Cash and cash equivalents.....                         | 37,424   | 1,663  | 45,578   | 3,279  | 13,400   |
| <b>Total current assets.....</b>                       | <b>39,281</b>  | <b>3,773</b>   | <b>46,434</b>  | <b>5,697</b>   | <b>34,868</b>  |
| <b>Total assets.....</b>                               | <b>43,520</b>  | <b>3,781</b>   | <b>50,671</b>  | <b>5,705</b>   | <b>236,021</b>                                       |
| <b>Equity and liabilities</b>                          |  |  |  |  |  |
| <b>Equity</b>  |  |  |  |  |  |
| Paid up equity .....                                   | 43,828   | 485  | 43,828   | 485  | 67,638   |
| Own shares.....  |  |  |  |  | (180)  |
| Other equity.....                                      | (2,193)  | 2,586  | 397  | 4,616  |  |
| Non-controlling interest .....                         |  |  |  |  | 252  |
| <b>Total equity.....</b>                               | <b>41,635</b>  | <b>3,071</b>   | <b>44,224</b>  | <b>5,101</b>   | <b>67,710</b>  |
| <b>Non-current liabilities</b>                         |  |  |  |  |  |
| Deferred tax .....                                     |  |  |  |  | 88   |
| Mortgage loans.....                                    |  |  |  |  | 149,563  |
| Other non-current liabilities .....                    |  |  |  |  | 10   |
| <b>Total non-current liabilities.....</b>              | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>149,661</b>                                       |
| <b>Current liabilities</b>                             |  |  |  |  |  |
| First year payment on mortgage loans .....             |  |  | 0  | 0  | 0  |
| Suppliers .....  |  |  | 4,893  | 0  | 1,271  |
| Public duties a.o. ....                                |  |  | 958  | 379  | 3,115  |
| Shares in associated and joint venture companies ..... |  |  | 0  | 0  | 0  |
| Other current liabilities .....                        |  |  | 596  | 224  | 14,264   |
| <b>Total current liabilities.....</b>                  | <b>1,885</b>   | <b>710</b>   | <b>6,447</b>   | <b>604</b>   | <b>18,650</b>  |
| <b>Total equity and liabilities.....</b>               | <b>43,520</b>  | <b>3,781</b>   | <b>50,671</b>  | <b>5,705</b>   | <b>236,021</b>                                       |

## 11.4.3 Condensed consolidated statement of cash flow

In the tables below, all amounts are presented in NOK for the years ended 31 December 2012 and 2011, and the three months ended, 31 March 2013 and 2012, while all amounts are shown in USD for the year 31 December 2010.

|  | As of, and for, the three months<br>ended 31 March |  | As of, and for, the year ended<br>31 December |  |  |
|--|--|--|---|--|--|
|  | 2013   | 2012   | 2012  | 2011   | 2010   |
|  | Unaudited<br><i>In NOK</i><br><i>thousands</i>     | Unaudited<br><i>In NOK</i><br><i>thousands</i> | Audited<br><i>In NOK</i><br><i>thousands</i>  | Audited<br><i>In NOK</i><br><i>thousands</i> | Audited<br><i>In USD</i><br><i>thousands</i> |
| <b>Operating activities</b>                                      |  |  |   |  |  |
| Proceeds from operating revenue.....                             |  |  |   |  | 144,448                                      |
| Payments for operating costs .....                               |  |  |   |  | (111,680)                                    |
| Payments to employees and social<br>security .....               |  |  |   |  | (40,434)                                     |
| Payments from interest income .....                              |  |  |   |  | 481  |
| Payments of interest and other<br>financial costs .....          |  |  |   |  | (8,160)                                      |
| <b>Net cash flows operating activities<br/>(1) .....</b>         | <b>(8,154)</b>                                     | <b>169</b>                                     | <b>(1,609)</b>                                | <b>505</b>                                   | <b>(15,345)</b>                              |
| <b>Investing activities</b>                                      |  |  |   |  |  |
| Sale of vessels and equipment .....                              |  |  |   |  | 5,085  |
| Investment in equipment.....                                     |  |  |   | 6  | (7,138)                                      |
| Investments in joint ventures.....                               |  |  |   |  | (1,564)                                      |
| Investments in associated companies....                          |  |  |   |  | (17)   |
| Dividend .....   |  |  |   |  | 0  |
| Loans to associated companies.....                               |  |  |   |  | (770)  |
| Cash acquired in reversed takeover .....                         |  |  | 1,693   |  | 0  |
| Changes in other investments .....                               |  |  |   |  | 544  |
| <b>Net cash flows investing activities<br/>(2) .....</b>         | <b>0</b>   | <b>0</b>                                       | <b>1,693</b>                                  | <b>6</b>                                     | <b>(3,860)</b>                               |
| <b>Financing activities</b>                                      |  |  |   |  |  |
| Loans .....  |  | (1,785)  |   |  | 11,000                                       |
| Repayment of loans .....   |  |  |   |  | (15,986)                                     |
| Share issues .....   |  |  | 42,215  |  | 24,654                                       |
| Dividend .....   |  |  |   |  |  |
| <b>Net cash flows financing activities<br/>(3) .....</b>         | <b>0</b>   | <b>(1,785)</b>                                 | <b>42,215</b>                                 | <b>0</b>                                     | <b>19,668</b>                                |
| <b>Net cash flow for the period<br/>(1+2+3) .....</b>            | <b>(8,154)</b>                                     | <b>(1,616)</b>                                 | <b>42,299</b>                                 | <b>511</b>                                   | <b>463</b>                                   |
| Profit (loss) due to exchange rate<br>fluctuations on cash ..... |  |  |   |  | 646  |
| Cash and cash equivalents at 1<br>January .....                  | 45,578   | 3,279  | 3,279   | 2,769  | 12,292                                       |
| <b>Cash and cash equivalents at end<br/>of period .....</b>      | <b>37,424</b>                                      | <b>1,663</b>                                   | <b>45,578</b>                                 | <b>3,279</b>                                 | <b>13,400</b>                                |

## 11.4.4 Condensed consolidated statement of changes in equity

|   | Paid-up equity and<br>other reserves | Own shares   | Other equity   | Minority<br>interests | Total<br>equity |
|---|--------------------------------------|--------------|----------------|-----------------------|-----------------|
| <b>Equity 31 December 2009</b><br><b>(In USD thousands)</b> .....     | <b>94,649</b>                        | <b>(180)</b> | <b>(0)</b>     | <b>1,121</b>          | <b>95,590</b>   |
| Rights issue .....  | (49,948)                             |              | 49,948         |                       |                 |
| Non-controlling interest .....  | 24,644                               |              |                |                       | 24,644          |
| Other items .....   | (46)                                 |              | 1,032          | (926)                 | 60              |
| Profit (loss) to the<br>equity/comprehensive income .....             | (1,659)                              |              | (50,980)       | 57                    | (52,582)        |
| <b>Equity 31 December 2010</b><br><b>(1) (In USD thousands)</b> ..... | <b>67,638</b>                        | <b>(180)</b> | <b>(0)</b>     | <b>252</b>            | <b>67,710</b>   |
| <b>Equity 31 December 2010</b><br><b>(2) (In NOK thousands)</b> ..... | <b>485</b>                           | <b>0</b>     | <b>2,948</b>   | <b>0</b>              | <b>3,433</b>    |
| Comprehensive income .....  |                                      |              | 1,668          |                       | 1,668           |
| <b>Equity 31 December 2011</b><br><b>(In NOK thousands)</b> .....     | <b>485</b>                           |              | <b>4,616</b>   |                       | <b>5,101</b>    |
| Increase of capital .....   | 26,250                               |              | 11,781         |                       | 38,031          |
| Contribution in kind .....  | 17,093                               |              | (8,718)        |                       | 8,375           |
| Dividend not paid .....   |                                      |              | (1,785)        |                       | (1,785)         |
| Comprehensive income .....  |                                      |              | (5,497)        |                       | (5,497)         |
| <b>Equity 31 December 2012</b><br><b>(In NOK thousands)</b> .....     | <b>43,828</b>                        |              | <b>397</b>     |                       | <b>44,224</b>   |
| Comprehensive income .....  |                                      |              | (2,590)        |                       | (2,590)         |
| <b>Equity 31 March 2013 (In</b><br><b>NOK thousands)</b> .....        | <b>43,828</b>                        |              | <b>(2,193)</b> |                       | <b>41,635</b>   |

- (1) In 2012 the Company made a substantial strategic shift in its business and operations towards the subsea sector by acquiring Reach Subsea AS through the Combination completed in December 2012. See Section 8.4 "Shift towards the subsea sector; the Combination" above for further information about the Combination. During the acquisition, the presentation changed from USD to NOK on 31 December 2010. In December 2012, the Company made a significant shift towards the subsea sector. The drop in equity from thousand USD 67,710 to thousand NOK 3,433 in the transformation from USD to NOK is a result of the accounting treatment where the 2010 USD numbers are a roll forward equity from the Green Reefers ASA Financial Statements, and the 2010 NOK balance is an equity roll back from Reach Subsea ASA.
- (2) From 31 December 2010, the presentation shows Reach Subsea ASA with amounts presented in NOK. Refer to Footnote 1 of this table for further details. The change in equity at 31.12.2010 from USD to NOK is in connection with the change in presentation for the former Green Reefers ASA to Reach Subsea AS.

## 11.5 Segment information

Segment reporting shall be made based on management reporting. The Group only has one operating segment as defined in IFRS8 Operating Segments. The CEO is the chief operational decision-maker.

The Company's primary reporting format has been the business segments "Vessel" and "Terminal", and a further geographical segmentation has not been undertaken, as disclosed in the 2010 Annual Report for Reach Subsea ASA. The business segment division has been in conformity with the Group's legal organisation and the internal management reporting, thus the distribution of revenue, expenses, assets and liabilities to the business segments follows the Group's legal structure.

However, the terminal activity which formed the segment "Terminal" was sold in the first quarter of 2011, see Section 18.2.2 "Related party transactions – 2011". Furthermore, the vessels which formed the segment "Vessel" was sold in the second quarter of 2012, see Section 9.3 "The divestment of the former "Green Reefer ASA" shipping business to Caiano AS and its affiliates" of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 "Incorporation by reference"). As a consequence of the above mentioned, the Group had a single segment business from 2011.

As mentioned above, the Terminal activity was previously reported as own segment. The segment was sold in the first quarter of 2011 and the effect in the 2011 Annual Report for Reach Subsea ASA is shown as discontinued operations. For further details, see the table below:

| <i>In USD thousands</i>                          | <b>Year ended 2011</b> |
|--|------------------------|
|  | <u>Audited</u>         |
| <b>Income statement</b>                          |                        |
| Terminal income .....                            | 1,752                  |
| Terminal costs .....                             | (1,576)                |
| Depreciation .....                               | (137)                  |
| Profit & loss from associated companies .....    | 112                    |
| Interest and other financial costs .....         | (10)                   |
| Taxes .....                                      | 0                      |
| Profit (loss) from discontinued operations ..... | 141                    |

Below is an allocation of the main key figures to the business segments for the year 2010.

#### Key financial information – by business segment

| <i>In USD thousands</i>      | <u>Vessel</u> | <u>Terminal</u> | <u>Elimination</u> | <u>Total</u> |
|------------------------------|---------------|-----------------|--------------------|--------------|
| <b>2010</b>                  |               |                 |                    |              |
| Total Operating income ..... | 140,221       | 8,625           | (424)              | 148,422      |
| Profit (Loss) .....          | (53,904)      | 982             | 0                  | (52,921)     |
| Total Asset .....            | 239,077       | 8,205           | (11,261)           | 236,021      |
| Equity .....                 | 72,484        | (1,067)         | (3,707)            | 67,710       |
| Liabilities .....            | 166,593       | 9,272           | (7,554)            | 168,311      |

#### 11.6 Future financial reporting

The consolidated financial statements of the Company for the year ended 31 December 2012, 2011 and 2010 have been prepared in accordance with IFRS as adopted by the EU, and are incorporated by reference herein, see Section 18.7 "Incorporation by reference".



## 12 OPERATING AND FINANCIAL REVIEW

### 12.1 Overview

The Group has, until the Divestment in the first half of 2012, operated in the international reefer market with specialized refrigerated vessels. Historically, the Group was a fully integrated shipping group, with in-house departments handling chartering, operations, technical management and terminal activities. However, the Group reorganized in 2009 and became a supplier of tonnage to operators of specialized reefers. In 2011, the Group's terminal activity was sold, and operation and chartering for the majority of the ships were transferred to pools and joint ventures, and handled by companies in which the Group owned direct interests. The technical management was continuously handled through a wholly-owned subsidiary in Poland. However, the major shareholder of the Group, Caiano AS and its affiliates, acquired the ship owning companies as well as the management companies in the first half of 2012 in connection with the Divestment. Following the transfer to Caiano AS and its affiliates of the last company within the Group's former business activities in September 2012 and the remaining assets, rights and liabilities of the Company relating to the former business activities in November 2012, the Company does not own any assets, rights or liabilities pertaining to the former shipping business. Through the Combination and the private placement completed in December 2012, the Company has made a significant shift towards the subsea sector, and operates its new business solely through the acquired company Reach Subsea AS, as further described in Section 8 "The Business of the Group".

### 12.2 Presentation of financial information

The financial information contained in this Prospectus relating to the Company has been derived from the audited consolidated financial statements as of, and for the years ended, 31 December 2012, 2011 and 2010, and from the Company's unaudited consolidated financial statement as of, and for the three months ended, 31 March 2013 and 2012, as incorporated by reference in this Prospectus (see Section 18.7 "Incorporation by reference"). The financial statements for the Company as of, and for the years ended, 31 December 2012, 2011 and 2010, and as of, and for the three months ended, 31 March 2013 and 2012 have been prepared in accordance with IFRS as adopted by the EU. The financial statements as of, and for the year ended, 31 December 2012 have been audited by PricewaterhouseCoopers AS and the financial statements as of, and for the years ended, 31 December 2011 and 2010 have been audited by Deloitte AS. The Company's consolidated financial statement as of, and for the three months ended, 31 March 2013 and 2012 have not been audited.

For a presentation of the financial information, please see Section 11.4 "Selected Consolidated Financial Information".

### 12.3 Key drivers affecting the Company's business and results

The Group has until the Divestment in the first half of 2012 operated in the international reefer market with specialized refrigerated vessels. The main key drivers affecting the Group's business and results have been related to the refrigerated and frozen goods to be transported by specialized refrigerated vessels.

As explained above, the Group started a reorganization process in 2009. Also, the Group made a substantial strategic shift in its business and operations in 2012 as a result of the Divestment and the Combination. See also Section 8 "Business of the Group" for further information. The key drivers for the subsea market include offshore activity worldwide and the oil price. See Section 7 "Market Overview" above for further information about the subsea market.

### 12.4 Financial review

#### 12.4.1 Comparison for the three months periods ended 31 March 2013 and 2012

The following table sets out certain consolidated financial information of the Company as of, and for the three months ended, 31 March 2013 and 2012.

| <i>In NOK thousands</i>   | <b>As of, and for, the three months ended<br/>31 March</b> |                           |
|---|--|---------------------------|
|   | <b>2013<br/>Unaudited</b>                                  | <b>2012<br/>Unaudited</b> |
| Total operating income .....  | 1,187  | 795                       |
| Total operating expenses .....  | (4,016)  | (1,041)                   |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) ..... | (2,829)  | (245)                     |
| EBIT .....  | (2,829)  | (245)                     |
| Net financial items .....   | 239  | 0                         |
| Profit/(loss) before tax .....  | (2,590)  | (245)                     |
| Net profit/(loss) to equity holders of the parent .....                     | (2,590)  | (245)                     |

| <i>In NOK thousands</i>                          | <b>As of, and for, the three months ended<br/>31 March</b> |                          |
|--|--|--------------------------|
|  | <b>2013</b><br>Unaudited                                   | <b>2012</b><br>Unaudited |
| Total non-current assets .....                   | 4,239  | 8                        |
| Total current assets .....                       | 39,281   | 3,773                    |
| Total assets .....                               | 43,520   | 3,781                    |
| Total equity .....                               | 41,635   | 3,071                    |
| Total current liabilities .....                  | 1,885  | 710                      |
| Net cash flows operating activities .....        | (8,154)  | 169                      |
| Net cash flows investing activities .....        | 0  | 0                        |
| Net cash flows financing activities .....        | 0  | (1,785)                  |
| Cash and cash equivalents at end of period ..... | 37,424   | 1,663                    |

*Total operating income*

Total operating income as of the three months ended 31 March 2013 was NOK 1,187,000, an increase of NOK 392,000 compared to the same period in 2012. The increase from the same period last year is primarily the result of sales consulting services under existing frame agreements.

*Total operating expenses*

Total operating expenses for the three months ended 31 March 2013 was NOK 4,016,000, an increase of NOK 2,975,000 compared to the same period in 2012. The increase from the same period last year is primarily due to an increase in the number of employees during 2012 and the first quarter of 2013.

*Operating margin*

Operating result before depreciation or EBITDA as of the three months ended 31 March 2013 was negative with NOK 2,829,000, a decrease of NOK 2,584,000 compared to the same period in 2012. The decrease from the same period last year is primarily due to an increased activity in the Company during 2012 and the first quarter of 2013.

Operating result or EBIT as of the three months ended 31 March 2013 was negative with NOK 2,829,000, a decrease of NOK 2,584,000 compared to the same period in 2012.

*Net financial items*

Net financial items as of 31 March 2013 were NOK 239,000, an increase of NOK 239,000 compared to the same period in 2012. The increase in net financial items from the same period last year is primarily due to an increased interest from cash in the first quarter of 2013.

*Profit before/after tax*

Loss before tax as of the three months ended 31 March 2013 was negative with NOK 2,590,000, a decrease of NOK 2,345,000 compared to the same period in 2012.

Loss for the period as of 31 March 2013 was NOK 2,590,000, a decrease of NOK 2,345,000 compared to the same period in 2012. The main reason for the decrease is related to the cost of building the organization, and marketing the ROV systems. For further information, please see the Company's report for the first quarter of 2013 (Reach Subsea – First Quarter Financial Statement 2013), as incorporated by reference in this Prospectus (see Section 18.7 "Incorporation by reference").

*Assets*

Total assets as of 31 March 2013 were NOK 43,520,000, an increase of NOK 39,739,000 compared to the same period in 2012. The main reason for this is the private placement completed in December 2012.

*Equity and liabilities*

Equity as of 31 March 2013 was NOK 41,635,000, an increase of NOK 38,564,000 compared to the same period in 2012. The reason for the increase is related to the private placement completed in December 2012.

*Cash flow*

Net cash flow used in operations as of the three months ended 31 March 2013 was negative with NOK 8,154,000, a decrease of NOK 7,985,000 compared to the same period in 2012. The main reason for this change is related to cost with building the organization in accordance with the business plan. The Company has focused on developing an

organization that meets the requirements of customers and the market in general as well as building a good corporate culture.

Net cash flow used in investments as of three months ended 31 March 2013 was NOK 0, and the net cash flow from investments was NOK 0 as of the three months ended 31 March 2012.

Net cash flow from financing activities as of the three months ended 31 March 2013 was NOK 0, while net cash flow used in financing activities was negative with NOK 1,785,000 as of and for the three months ended 31 March 2012. The main reason for this change is related to repayment of debt in 2012.

The main reasons for changes in cash flows are related to the reorganisation of the Group as explained above.

#### 12.4.2 Comparison for the financial years ended 31 December 2012, 2011 and 2010

The following table sets out certain financial information of the Group as of, and for the years ended, 31 December 2012, 2011 and 2010. The amounts for 2012 and 2011 are in NOK and the amounts for 2010 are in USD.

|   | As of, and for, the year ended |                         |                         |
|---|--------------------------------|-------------------------|-------------------------|
|   | 31 December                    |                         |                         |
|   | 2012                           | 2011                    | 2010 <sup>(1)</sup>     |
|   | Audited                        | Audited                 | Audited                 |
|   | <i>In NOK thousands</i>        | <i>In NOK thousands</i> | <i>In USD thousands</i> |
| Total operating income .....  | 3,560                          | 6,213                   | 140,673                 |
| Total operating costs .....   | (9,187)                        | (3,949)                 | (148,506)               |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) ..... | (5,626)                        | 2,264                   | (7,834)                 |
| EBIT .....  | (5,626)                        | 2,231                   | (47,116)                |
| Net financial items .....   | 129                            | 87                      | (5,247)                 |
| Profit/(loss) before tax .....  | (5,497)                        | 2,318                   | (52,543)                |
| Net profit/(loss) to equity holders of the parent .....                     | (5,497)                        | 2,318                   | (52,921)                |
| Total non-current assets .....  | 4,238                          | 8                       | 201,152                 |
| Total current assets .....  | 46,434                         | 5,697                   | 34,868                  |
| Total assets .....  | 50,671                         | 5,705                   | 236,021                 |
| Total equity .....  | 44,224                         | 5,101                   | 67,710                  |
| Total current liabilities .....   | 6,447                          | 604                     | 18,650                  |
| Net cash flows operating activities .....                                   | (1,609)                        | 505                     | (15,345)                |
| Net cash flows investing activities .....                                   | 1,693                          | 6                       | (3,860)                 |
| Net cash flows financing activities .....                                   | 42,215                         | 0                       | 19,668                  |
| Cash and cash equivalents at end of period .....                            | 45,578                         | 3,279                   | 13,400                  |

(1) The 2010 accounts are derived from the Green Reefers Accounts, as 2011 and 2012 accounts are from the Company after the combination (with reference to the Prospectus dated 17 December 2012).

#### *Total operating income*

Total operating income for 2010 is not comparable to total operating income for 2011 and 2012, since the figures for 2010 are in USD and belong to Green Reefers ASA. Total operating income in 2012 decreased by NOK 2,653,000 from NOK 6,213,000 in 2011 to NOK 3,560,000 in 2012. Decrease in operating income relates to the Company's substantial strategic shift in its business and operations. The Company has transformed from being a shipping company operating to be a company providing certain ROV and engineering consultancy services to the oil industry. In the first half of 2012, the Company restructured and divested substantially all of its former business related to logistics operations within the reefer market to its main shareholders Caiano AS and its affiliates, following which the Company had very limited operational activities.

#### *Total operating costs*

Total operating cost for 2010 is not comparable to total operating cost for 2011 and 2012, since the figures for 2010 figures are in USD and belong to Green Reefers ASA. Total operating costs in 2012 increased by NOK 5,238,000 from NOK 3,949,000 in 2011 to NOK 9,187,000 in 2012. Increase in operating cost from same period previous year is mainly due to costs related to a private placement completed in December 2012. Salary increases are due to an increase in the number of employees.

#### *Depreciation and write-downs*

Depreciation and write-downs for 2010 is not comparable to depreciation and write-downs for 2011 and 2012, since the figures for 2010 are in USD and belong to Green Reefers ASA. There was no depreciation and write-downs in 2012. In 2011 there was depreciation of NOK 34,000.

#### *Operating margin*

Operating result before depreciation, or EBITDA, for 2010 is not comparable to EBITDA for 2011 and 2012, since the figures for 2010 are in USD and belong to Green Reefers ASA. EBITDA decreased by NOK 7,890,000 in 2012 compared to 2011. In 2011, EBITDA was positive with NOK 2,264,000, while the EBITDA for 2012 was negative with NOK 5,626,000.

The reason for this change is explained by the reduction in total operating income and the increase in total operating costs as explained above.

Operating result, or EBIT, for 2010 is not comparable to EBIT for 2011 and 2012, since the figures for 2010 are in USD and belong to Green Reefers ASA. EBIT decreased by NOK 7,857,000 in 2012 compared to 2011. The EBIT was positive with NOK 2,231,000 in 2011 and negative with NOK 5,626,000 in 2012.

The reason for this change is explained by the reduction in total operating income, the increase in total operating costs and the changes in depreciation and write-downs as explained above.

#### *Total financial items*

Total financial items for 2010 is not comparable to total financial items for 2011 and 2012, since figures for 2010 are in USD and belong to Green Reefers ASA. Total financial items increased by NOK 42,000 from NOK 87,000 (profit) in 2011 to NOK 129,000 (profit) in 2012.

#### *Tax*

Tax for 2010 is not comparable to tax for 2011 and 2012, since the figures for 2010 are in USD and belong to Green Reefers ASA. There was no tax expense either in 2011 or 2012.

#### *Profit (Loss) for the year*

Loss for 2010 is not comparable to profit (loss) for 2011 and 2012, since the figures for 2010 are in USD and belong to Green Reefers ASA. The Group showed a loss for the year of NOK 5,497,000 in 2012 compared to a profit for the year of NOK 2,318,000 in 2011.

#### *Assets*

Total assets for 2010 is not comparable to total assets in 2011 and 2012, since the figures for 2010 are in USD and belong to Green Reefers ASA. Total assets in 2012 increased by NOK 44,966,000 from NOK 5,705,000 in 2011 to NOK 50,671,000 in 2012.

The main reason for this increase is related to an increase in cash and cash equivalents of NOK 42,299,000 in 2012 compared to 2011, mainly due to an increase in share capital in 2012.

#### *Total equity*

Total equity for 2010 is not comparable to total equity in 2011 and 2012, since figures for 2010 are in USD and belong to Green Reefers ASA. Total equity in 2012 increased by NOK 39,123,000 from NOK 5,101,000 in 2011 to NOK 44,224,000 in 2012.

The reason for this change is related to a share capital increase of NOK 38,031,000 and contribution in kind of NOK 8,375,000. Dividends not paid and comprehensive loss of NOK 7,282,000 in total partially offset this increase.

#### *Total non-current liabilities*

Total non-current liabilities for 2010 are not comparable to total non-current liabilities in 2011 and 2012, since the figures for 2010 are in USD and belong to Green Reefers ASA. There were no non-current liabilities either in 2011 or 2012.

*Total current liabilities*

Total current liabilities for 2010 are not comparable to total current liabilities in 2011 and 2012, since the figures for 2010 are in USD and belong to Green Reefers ASA. Total current liabilities in 2012 increased by NOK 5,843,000 from NOK 604,000 in 2011 to NOK 6,447,000 in 2012. The main reason for this increase is related to an increase in account payables of NOK 4,893,000. The remaining movement is due to an increase in public duties and other current liabilities of NOK 950,000 in total.

**12.5 Liquidity and capital resources**

The Group's principal sources of funding are cash from the operations and proceeds from the Private Placement. See Section 5 "The completed Private Placement and the Subsequent Offering" for further information. As of the date of the Prospectus, the Group has approximately NOK 135 million of liquid resources, of which approximately NOK 76 million is considered as restricted cash equivalence.

In June 2013, the Group entered into a charter guarantee with Solstad Shipping AS as beneficiary, securing an amount corresponding to six months hire for the construction support vessel (CSV) "Normand Reach", for which the Group and Solstad Shipping AS has entered into a long time charter party for five years (see Section 8.11.3 "Agreement with Solstad Offshore ASA" for further information about the agreement). The charter guarantee contains standard securities and covenants, including with respect to free available liquidity, positive net working capital and requirements with respect to minimum percentage of booked total equity.

Except for the above-mentioned charter guarantee and the financial lease agreements described in Section 12.7 "Borrowings" below, the Group has as of the date of this Prospectus no lines of credit or loan agreements, and therefore is not bound by any requirements to meet specific assets coverage covenants, minimum liquidity covenants nor any equity ratio covenants or other financing restrictions.

The Company believes that the Group's available financial resources, including the net proceeds received by the Company from the Private Placement and the Subsequent Offering (assuming full subscription in the Subsequent Offering) of approximately NOK 99.8 million, should be sufficient to fund its investments in connection with all the key elements of its strategy for the foreseeable future. The principal available liquid funds of the Group as at the date of this Prospectus are liquid funds available at short notice without penalty. These amounts are held in NOK with reputable Norwegian banks.

For a discussion related to cash inflows and outflows for the Group for the year ended 31 December 2012 and for the three months period ended 31 March 2013, please see Section 12.6 "Cash flows" and Section 12.4.1 "Comparison for the three months periods ended 31 March 2013 and 2012" and Section 12.4 Financial Review", respectively.

For further details related to the funding, see also Section 10 "Capitalisation and indebtedness".

There are no material legal or economic restrictions on the ability of subsidiaries to transfer funds to the Company in the form of dividend, loans or advances.

Cash and cash equivalents are mainly held in local currency being NOK. As of 31 March 2013, neither the Group nor Reach Subsea AS has substantial interest bearing debt outstanding.

**12.6 Cash flows**

The table and description below sets out the cash flow for the Company for the years 2012, 2011 and 2010.

For a description related to the cash flows for the Group for the three months period ended 31 March 2013, please see Section 12.4.1 "Comparison for the three months periods ended 31 March 2013 and 2012". In the following table, amounts for 2012 and 2011 are in NOK and amounts for 2010 are in USD.

|   | <b>As of, and for, the year ended</b> |                         |                         |
|---|---------------------------------------|-------------------------|-------------------------|
|   | <b>31 December</b>                    |                         |                         |
|   | <b>2012</b>                           | <b>2011</b>             | <b>2010</b>             |
|   | Audited                               | Audited                 | Audited                 |
|   | <i>In NOK thousands</i>               | <i>In NOK thousands</i> | <i>In USD thousands</i> |
| Net cash flow from / (used in) operations .....               | (1,609)                               | 505                     | (15,345)                |
| Net cash flow from / (used in) investments .....              | 1,693                                 | 6                       | (3,860)                 |
| Net cash flow from / (used in) financing activities .....     | 42,215                                | 0                       | 19,668                  |
| Net cash flow from / (used in) the year .....                 | 42,299                                | 511                     | 463                     |
| Profit (loss) due to exchange rate fluctuations on cash ..... | 0                                     | 0                       | 646                     |
| Cash and cash equivalents at the end of the period.....       | 45,578                                | 3,279                   | 13,400                  |

#### *Net cash flow used in the year*

Net cash flow of USD 463,000 in the year of 2010, compared to a net cash flow of NOK 511,000 in the year of 2011 and a net cash flow of NOK 42,299,000 in 2012. Cash and cash equivalents was USD 13,400,000 in 2010, NOK 3,279,000 in 2011 and NOK 45,578,000 in 2012. The main reasons of those changes are explained below.

#### *Net cash flow from operations*

Net cash flow used in operations was USD -15,345,000 for 2010 compared to the NOK 505,000 generated in 2011. The difference in 2011 compared to 2010 is due to the lower operational activity in 2011.

In 2012, net cash flow generated in operations was NOK -1,609,000, which is NOK 2,114,000 greater than the NOK -505,000 used in 2011. The main reason for the difference is due to accrued cost in relation with the reversed take-over.

#### *Net cash flow from investments*

Net cash flow used for investments was USD -3,860,000 in 2010 compared to a net cash inflow from investments of NOK 6,000 in 2011. The reduced amounts of cash used for investments in 2011 compared to 2010 is mainly related to lower activity and reduced investment in long term assets.

In 2012, net cash flow from investments was NOK 1,693,000, which is an increase of NOK 1,687,000 compared to 2011. The main reason for this increase is related to the cash acquired as a result of the reverse takeover undertaken in 2012.

#### *Net cash flow used in financing activities*

Net cash inflow from financing activities was USD 19,668,000 in 2010 compared to a net cash flow from financing activities of NOK 0 in 2011. The decreased inflow in 2011 compared to 2010 is mainly due to the loan taken out in 2010 and limited financing activity in 2011 due to lower activity in 2011. In 2012, net cash inflow from financing activities was NOK 42,215,000, which is an increase of NOK 42,215,000 compared to 2011. The main reason for this increase is related to the private placement completed in December 2012. The private placement in December 2012 gave a positive liquidity effect of NOK 42.2 million.

## **12.7 Borrowings**

The Company had no outstanding borrowing as of 31 March 2013. However, during the first quarter of 2013, the Company entered into two financial lease agreements with a total amount of NOK 60 million with suppliers for financing of the two ordered ROV systems including handling (i.e. LARS). As of the date of this Prospectus, approximately NOK 56 million has been drawn on the lease agreements. The financial leasing agreements are obtained with SR Finans (NOK 40 million) and Brage Finans (NOK 20 million) at market terms usual for this type of transaction. This includes on average 8 years annuity downpayment schedule.

## **12.8 Investments**

### *12.8.1 Principal investments in progress and planned principal investments*

On 14 November 2012, Reach Subsea AS signed an agreement with Kystdesign AS, pursuant to which the Group shall purchase two work class ROVs, including necessary ROV equipment. The ROVs and the equipment shall be delivered on 30 June 2013. See Section 8.11.2 "Agreement with Kystdesign AS" for further information about the agreement with Kystdesign AS. Total cost of the investments in the two ROVs, including necessary ROV equipment is estimated to about NOK 40 million.

In addition to the investments in the above-mentioned ROVs, the Group has invested in two Launch and Recovery system (LARS). Total cost of the investments in the two LARS-systems is estimated to about NOK 20 million. Total cost of the investments in the two ROVs, including necessary ROV equipment, and the two LARS-systems is estimated to about NOK 60 million and is meant for worldwide offshore operations. The above-mentioned investments are financed through the lease agreements entered into with suppliers during the first quarter of 2013, see Section 12.7 “Borrowings” above.

In February 2013, the Group entered into a five year time charter agreement with extension options for 3x1 years with Solstad Offshore ASA for the vessel M/V “Normand Reach” (a Construction Support Vessel (CSV) of design OSCV 03), cf Section 8.11.3 “Agreement with Solstad Offshore ASA” above. The charter has been concluded on market terms and the vessel is due for delivery in May 2014. The Group must provide Solstad Offshore ASA with a six months charter party payment guarantee 1 year before delivery (which is already established, cf Section 12.5 “Liquidity and capital resources” above) and a two months rolling charter party payment guarantee (to be established before delivery). Further, “Normand Reach” is planned equipped with a 250Te offshore crane, moonpool, two work class ROV’s and one observation ROV. As of the date hereof, the order for these ROV’s has not been placed, but this is planned to be done in the fourth quarter of 2013. Total cost of the planned investments is estimated to about NOK 70 million. However, no binding commitments have been made for these investments. The Group will consider various financing sources for these investments, including leasing financing. However, as of the date hereof, no final agreement has been signed.

In May 2013, the Company received a letter of intent reward from COSL Offshore Management AS with respect to a frame agreement for ROV Services and signed a letter of intent with Marin Mätteknik AB for the purpose of establishing a new joint venture within Offshore Survey Operations, cf Sections 8.11.4 “Joint venture with Marin Mätteknik AB” and 8.11.5 “Letter of intent award from COSL Offshore Management AS” above. There are no required investments related to the contracts.

In June 2013, the Group entered into a charter party agreement with Bourbon for the MPSV “Bourbon Emerald” and a contract with Petromarker for electromagnetic survey work, cf Sections 8.11.6 “Agreement with Bourbon” and 8.11.7 “Contract with Petromarker” above. There are no required investments related to the contracts.

#### 12.8.2 *Historical investments*

##### *Reach Subsea ASA*

The principal investments that took place from 2010 to 2011 were related to dry-docking of the vessels with corresponding amount of USD 6,417,000 for 2010 and USD 6,283,000 for 2011. In 2012 and in the period from 1 January 2013 up to the date of the Private Placement, no significant investments took place.

##### *Reach Subsea AS*

Reach Subsea AS does not have any historical investments for 2010 and 2011. See Section 12.8.1 “Principal investments in progress and planned principal investments” above for a description of the investments in 2012.

### **12.9 Off-balance sheet arrangements**

The Group is exposed to contingent indebtedness through a charter guarantee with Solstad Shipping AS, securing an amount corresponding to six months hire for the construction support vessel (CSV) “Normand Reach”. The charter guarantee contains standard securities and covenants, including with respect to free available liquidity, positive net working capital and requirements with respect to minimum percentage of booked total equity and is considered to have a fair value of NOK 66 million (see also Section 12.5 “Liquidity and capital resources” below).

Except for the above-mentioned charter guarantee, the Group has not entered into and is not party to any off-balance sheet arrangements.

### **12.10 Trend information and other factors that may affect the operations of the Group**

The Company believes that the outlook for the subsea industry is very promising driven by strong energy fundamentals (see Section 7 “Market Overview” for further details regarding the subsea market). There are, however, many uncertainties inherent in the subsea sector of the offshore industry in various countries that could have material adverse effects on the Group’s business. See Section 2 “Risk Factors” for further particulars. Further, the Group is not aware of any governmental, economic, fiscal, monetary or political policies or factors that may materially affect the operations of the Group, other than those described in Section 2 “Risk Factors”.

## **13 UNAUDITED PRO FORMA FINANCIAL INFORMATION**

### **13.1 The Combination - a reverse takeover of Reach Subsea ASA (the issuer) by Reach Subsea AS (the accounting acquirer)**

As discussed in Section 9.4 “Shift towards the subsea sector; the Combination and the Private Placement” of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 “Incorporation by reference”), the Company announced on 5 December 2012 that it had, inter alia, completed the acquisition of all the shares in Reach Subsea AS against consideration in the form of issuance of new shares to the shareholders in Reach Subsea AS. As a result of the Combination, Reach Subsea AS became a wholly-owned subsidiary of the Company.

As discussed in Section 13.5 “Unaudited pro forma financial information” below, the pro forma financial information adjustments are made to illustrate what the financial results of the Company might have been had it acquired Reach Subsea AS as a result of the Combination occurring at an earlier point in time. The results of Reach Subsea AS have therefore been pro forma adjusted in to the financial results of the Company. Further, the Company has performed an evaluation of the Combination and has determined that, with reference to relevant accounting considerations, this transaction constituted a reverse acquisition under IFRS. As such, in accordance with IFRS 3, Reach Subsea AS comprised the accounting acquirer and the Company comprised the accounting acquiree. Reference is also made to the discussion included in Section 6.11 “Accounting for the Combination as a reverse acquisition” of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 “Incorporation by reference”).

Accordingly, the presentation of the Company’s financial statements was adjusted retrospectively to reflect the legal capital of the legal parent the accounting acquiree Reach Subsea ASA. The 2012 annual report of the Company was prepared under IFRS and as if the Reach Subsea AS (the accounting acquirer) had acquired the Company (the accounting acquiree) upon the date of the Combination. Comparative financial information was also retrospectively adjusted to reflect the continuation of the accounting acquirer’s financial statements.

### **13.2 The Divestment of the former reefer business**

In May 2012, the Company carried out the Divestment through which substantially all of its former reefer business, which comprised its last remaining operating segment, and which within the shipping market operated under the name “Green Reefers ASA”, was transferred and sold to its main shareholder Caiano AS and its affiliates, following which the Company had very limited operational activities. The transferred companies in the Divestment contained mainly 32 reefer vessels, of which 20 were owned and 12 were chartered, and the management business related to these vessels. The vessels conducted commercial operations through various pools and joint ventures. See Section 9.3 “The Divestment of the former “Green Reefers ASA” shipping business to Caiano AS and its affiliates” of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 “Incorporation by reference”) for a more thorough discussion of the Divestment.

In accordance with IFRS 5, the amounts related to the reefer business were in 2012 required to be reclassified as if the reefer business was regarded as discontinued. Therefore, in the annual report of the Company for the year ended 31 December 2012, these amounts were shown as discontinued operations.

Consequently, after adjusting the presentation of those formerly continuing operations into discontinued operations pursuant to IFRS 5, which is further discussed in Section 13.8 “Source of audited historical information and description of footnotes” and below in “Explanation to footnote 2: Representation for Discontinued Operation – Reach Subsea ASA’s sales reefer business”, the Company has made no other adjustment to the pro forma financial information in respect of the Divestment in 2012.

### **13.3 General information and purpose of the unaudited pro forma financial information**

The unaudited pro forma financial information has been prepared for illustrative purposes only. Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company’s or Reach Subsea AS’ actual financial position or results.

The unaudited pro forma financial information is based on certain management assumptions and adjustments made to illustrate what the financial results of Reach Subsea AS might have been had it acquired the Company as a result of the proposed Combination occurring at an earlier point in time. The results of Reach Subsea AS have therefore been pro forma adjusted in to the financial results of the Company.

The Combination was completed in December 2012. As a result of the Combination, Reach Subsea AS became a wholly-owned subsidiary of the Company.



The Combination was based on an exchange ratio of 1:3 between the Company and Reach Subsea AS, entailing that, following the Combination but prior to completion of the private placement completed simultaneously, the shareholders in the Company retained ownership to 25% of the combined group, while the shareholders in Reach Subsea AS became the owner of 75% of the combined group.

The completion of the Combination was subject to certain the conditions which were all either satisfied or waived upon completion of the Combination.

The unaudited pro forma financial information shows how the Combination as presented in Section 6 “The Combination” of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 “Incorporation by reference”) might have affected (i) the Company’s income statement for the year end 31 December 2012 as if the Company had acquired Reach Subsea AS through the Combination at 1 January 2012.

The unaudited pro forma financial information is based on and derived from, and should be read in conjunction with the audited consolidated financial statements for the Company for the year ended 31 December 2012, which has been incorporated herein by reference, see 18.7 “Incorporated by reference”, and the audited financial statements of Reach Subsea AS for the years ended 31 December 2012.

The unaudited pro forma financial information addresses a hypothetical situation, and therefore, does not represent either the Company’s or Reach Subsea AS’ actual financial position or results as they would have been had the Combination in fact occurred at an earlier date, and is not representative of the results of operations for any future periods. It should be noted that greater uncertainty is attached to the unaudited pro forma financial information than ordinary historical accounting information. Investors are cautioned against placing undue confidence on this unaudited pro forma financial information.

It should be noted that the unaudited pro forma financial information was not prepared in connection with an offering registered with the U.S. Securities and Exchange Commission (“SEC”) under the U.S. Securities Act and consequently is not compliant with the SEC’s rules on presentation of pro forma financial information. As such, a U.S. investor should not place reliance on the unaudited pro forma financial information included in this prospectus.

The assumptions underlying the pro forma adjustments and IFRS adjustments applied to the historical audited financial statements of Reach Subsea AS and the Company included elsewhere in this Prospectus, for purpose of deriving the unaudited pro forma financial information, are described in the notes to the unaudited pro forma financial information. Neither these adjustments nor the resulting unaudited pro forma financial information have been audited in accordance with Norwegian or United States generally accepted auditing standards, and the unaudited pro forma financial information have not been prepared in accordance with the requirements of Regulation S-X of the SEC or generally accepted practice in the United States. In evaluating the unaudited pro forma financial information, each reader should carefully consider the audited historical financial statements and the notes thereto and the notes to the unaudited pro forma financial information.

#### **13.4 Basis for preparation**

The consolidated financial statements of the Company were prepared on a basis consistent with IFRS. The accounting principles applied for the Company were in accordance with those accounting principles outlined in note 1 to the Company’s financial statements for the year ended 31 December 2012, incorporated herein by reference, see Section 18.7 “Incorporated by reference”.

The unaudited pro forma financial information giving effect to the Combination is prepared in accordance with the recognition and measurement principles that are consistent with IFRS. The unaudited pro forma financial information does not include all information required for financial statements under IFRS.

The unaudited pro forma financial information is based on and derived from the Company’s audited consolidated financial statements for the year ended 31 December 2012 and the audited financial statements for the year ended 31 December 2012 for Reach Subsea AS.

The financial statements for Reach Subsea AS have been prepared in accordance with Accounting Standards Generally Accepted in Norway (“NGAAP”) as discussed in Section 13.8 “Source of audited historical information and description of footnotes” below. The financial statements for the Company have been prepared in accordance with IFRS.

### 13.5 Unaudited pro forma financial information

#### 13.5.1 Unaudited pro forma income statement information for the year ended 31 December 2012

The table below sets out the unaudited pro forma income statement information for the year ended 31 December 2012, as if the Combination had taken place at 1 January 2012.

|  | Reach Subsea<br>ASA<br>(Issuer)<br>IFRS<br>NOK thousands<br>(audited) <sup>2</sup> | Reach Subsea<br>AS<br>(Acquirer)<br>NGAAP<br>NOK thousands<br>(audited) <sup>1</sup> | Basis for Pro<br>Forma Financial<br>Information<br>NOK thousands<br>(unaudited) | Pro forma<br>Adjustments for<br>the<br>Combination<br>NOK thousands<br>(unaudited) | Pro Forma<br>NOK<br>thousands<br>(unaudited) | Note      |
|--|--|--|---|--|--|-----------|
| Operating income, in total                               | 7,723  | 3,590  | 11,313  | 0  | 11,313                                       |           |
| Operating costs, in total                                | (24,077)   | (5,988)  | (30,065)  | 0  | (30,065)                                     |           |
| <b>Operating result before<br/>depreciation (EBITDA)</b> | <b>(16,354)</b>  | <b>(2,398)</b>   | <b>(18,752)</b>   | <b>0</b>   | <b>(18,752)</b>                              |           |
| <b>Operating result (EBIT)</b>                           | <b>(17,547)</b>  | <b>(2,398)</b>   | <b>(19,945)</b>   | <b>0</b>   | <b>(19,945)</b>                              |           |
| Financial items in total                                 | (16,238)   | 104  | (16,134)  | (2,611)  | (18,745)                                     | 1)        |
| <b>Profit (loss) before tax</b>                          | <b>(33,785)</b>  | <b>(2,295)</b>   | <b>(36,080)</b>   | <b>(2,611)</b>   | <b>(38,691)</b>                              | <b>1)</b> |
| Profit (loss) from continued<br>operations               | (33,785)   | (2,295)  | (36,080)  | (2,611)  | (38,691)                                     | 1)        |
| Profit (loss) from discontinued<br>operations            | (252,309)  | 0  | (252,309)   | 0  | (252,309)                                    |           |
| Profit on sale of discontinued<br>operations             | 6,186  | 0  | 6,186   | 0  | 6,186  |           |
| <b>Profit (loss) for the period</b>                      | <b>(279,908)</b>   | <b>(2,295)</b>   | <b>(282,203)</b>  | <b>(2,611)</b>   | <b>(284,814)</b>                             | <b>1)</b> |

1. No differences have been identified between the audited NGAAP numbers and IFRS for purposes of the pro forma information. Reference is made to Section 13.8 "Source of audited historical financial information and description of footnotes below for further details.
2. Reach Subsea ASA has been acquired by Reach Subsea AS. After the acquisition the Company divested substantially all of its former business related to logistics operations within the reefer market, therefore the operations of Reach Subsea ASA has been discontinued, see Section 8.3 "The Divestment" above for further details.

### 13.6 Description of the pro forma adjustments

As discussed above and elsewhere in this Prospectus, the Company had, as of the date of the Combination, limited continuing operations, and the acquisition is to be accounted for as a reverse takeover.

The pro forma adjustments will give effect to the acquisition. Primarily this will involve a purchase price allocation of the acquired entity for inclusion in the balance sheet of the acquiring entity.

#### **Adjustments related to unaudited pro forma income statement information for the year ended 31 December 2012**

##### *Adjustment 1 (ref. note 1):*

The Company has performed an evaluation of the Combination and has determined that, with reference to relevant accounting considerations, this transaction will constitute a reverse acquisition under IFRS. As such, in accordance with IFRS 3, Reach Subsea AS will comprise the accounting acquirer and the Company will comprise the accounting acquiree. The following adjustments are made to record the impact of the acquisition adjustments as if that acquisition had occurred at an earlier date, as explained above in Section 13.3 "General information and purpose of the unaudited pro forma financial information" above.

The pro forma adjustments relate to the difference in the fair value of the shares deemed to have been issued by the accounting acquirer (the "Consideration") and the fair value of the accounting acquiree's identifiable net assets. This difference of NOK 2,611,000 represents the fair value of the service received by the accounting acquirer which does not qualify for capitalization, and which has been presented as an increase of finance cost.

This pro forma adjustment is regarded as a non-recurring adjustment.

Please see the following table for a reconciliation of the pro forma adjustment of NOK 2,611,000.

|   |               |
|---|---------------|
| Fair value of the Consideration *   | NOK 7,031,000 |
| Fair value of the Company's identifiable net assets **  | NOK 4,420,000 |
| Fair value of residual assets and liabilities not qualifying for capitalisation, expensed as a finance cost | NOK 2,611,000 |

\* The fair value of the Consideration corresponds to the issuance by the Company of 13,183,578 Shares at a subscription price of NOK 1.60 to the shareholders of Reach Subsea AS, based on an exchange ratio of 1:3 between the Company and Reach Subsea AS, as follows:

|   |                |
|---|----------------|
| Issuance of 13,183,578 shares (ratio 3:3)   | NOK 21,094,000 |
| Grossed up to a 4:3 ratio                   | NOK 28,125,000 |
| Fair value of the Consideration (ratio 1:3) | NOK 7,031,000  |

The use of the calculated fair value consideration of NOK 7,031,000 is based on the interpretation of the accounting rules as discussed in Section 13.1 "The Combination – a reverse takeover of Reach Subsea ASA (the issuer) by Reach Subsea AS (the accounting acquirer) above and accounted for as a reverse takeover.

\*\* The fair value of the Company's identifiable net assets corresponds to the net amount of (i) a portion of the unrecognized deferred tax assets of the Company that management believes can be capitalized following the Combination and (ii) the Company's booked equity, as follows:

|   |               |
|---|---------------|
| Estimated value of deferred tax assets              | NOK 4,000,000 |
| Booked equity in the Company                        | NOK 420,000   |
| Fair value of the Company's identifiable net assets | NOK 4,420,000 |

This pro forma adjustment is regarded as a non-recurring adjustment.

### 13.7 Auditor's assurance report on the unaudited pro forma financial information

PricewaterhouseCoopers AS has issued an Independent Assurance Report on the unaudited pro forma financial information herein for the financial year 2012. The report is included in Appendix C to this Prospectus.

### 13.8 Source of audited historical information and description of footnotes

The audited financial statements as of, and for the year, ended 31 December 2012 for the Company are included in this Prospectus, as discussed in Section 11 "Selected financial data and other information", and are also incorporated by reference hereto, see Section 18.7 "Incorporation by reference" below. The audited financial statements as of, and for the year ended, 31 December 2012 for Reach Subsea AS are included in Appendix D this Prospectus.

The amounts included in those financial statements have been adjusted for inclusion in Section 13.5 "Unaudited pro forma financial information", as discussed below:

#### *Explanation to footnote 1: IFRS adjustments – Reach Subsea AS*

Since the audited financial statements for Reach Subsea AS have been prepared in accordance with NGAAP, the Management has assessed whether any necessary adjustments should be performed in order to reflect the accounts in accordance with IFRS for use in Section 13.5 "Unaudited pro forma financial information" above.

Management has reached the conclusion that no adjustments are necessary in order for the amount included in the audited Reach Subsea AS financial statements to be stated in accordance with IFRS and for use in Section 13.5 "Unaudited pro forma financial information" above.

#### *Explanation to footnote 2: Representation for Discontinued Operation – the Company's sales reefer business*

In the first half of 2012, the Company carried out the Divestment through which substantially all of its former reefer business within the reefer market was transferred and sold to its main shareholder Caiano AS and its affiliates, following which the Company had very limited operational activities.

In accordance with IFRS 5, these amounts were in 2012 required to be reclassified as if the reefer business was regarded as discontinued. Therefore, in the income statements of the Company for the year ended 31 December 2012 these amounts were shown in discontinued operations.

## 14 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

### 14.1 Introduction

The general meeting is the highest authority of the Company. All shareholders in the Company are entitled to attend and vote at general meetings of the Company and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of Reach Subsea is vested in the Company's Board of Directors and Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's chief executive officer, or the CEO, is responsible for keeping Reach Subsea's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must according to Norwegian law brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of once a month.

### 14.2 Board of Directors

#### 14.2.1 Overview of the Board of Directors

The Company's Articles of Association provide that the Board of Directors shall consist of a minimum of three and a maximum of six members.

The composition of the Board of Directors is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance dated 23 October 2012 (the "**Corporate Governance Code**"), meaning that (i) the majority of the shareholder elected members of the Board of Directors should be independent of the Management and material business contacts, (ii) at least two of the shareholder elected board members should be independent of the Company's main shareholders, and (iii) no members of the Management should serve on the Board of Directors.

The Company's registered business address, Reach Subsea ASA, Skillebekkgata 1 B, N-5523 Haugesund, Norway, serves as c/o address for the members of the Board of Directors in relation to their directorship of the Company.

#### 14.2.2 The Board of Directors

The names and positions of the current members of the Board of Directors are set out in the table below.

| Name                      | Position     | Served since     | Term expires <sup>3</sup> |
|---------------------------|--------------|------------------|---------------------------|
| Rune Lande.....           | Chairman     | 28 November 2012 | 2014                      |
| Sverre B. Mikkelsen ..... | Board member | 28 November 2012 | 2014                      |
| Martha Kold Bakkevig..... | Board member | 28 November 2012 | 2014                      |
| Anders Onarheim.....      | Board member | 28 November 2012 | 2014                      |
| Merete Haugli.....        | Board member | 28 November 2012 | 2014                      |

The current members of the Board of Directors have been nominated to their positions pursuant to an agreed arrangement between the parties in the contribution agreement regarding the Combination and the subscription agreement regarding the private placement completed in December 2012, which following completion of the said transactions together own the majority of the Shares in the Company.

#### 14.2.3 Brief biographies of the members of the Board of Directors

Set out below are brief biographies of the Board members, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside Reach Subsea and names of companies and partnerships of which a Board member is or has been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

<sup>3</sup> In accordance with Section 6-6 of the Norwegian Public Limited Companies Act and related secondary legislation, the term in office of the Company's shareholder-elected and employee-elected board members expires at the conclusion of the ordinary general meeting in the year of which the period in office expires.

**Rune Lande (born 1960), Chairman**

Mr. Lande has a law degree from the University of Bergen and is also a State Authorized Auditor from Norges Handelshøyskole in Bergen. He is a partner in the law firm Eikesdal, Nygård, Lande and Sveinal in Haugesund and is member of the board of directors in a number of companies. From 2005 to 2007 he was the chairman of the board of directors in Deepocean ASA. Prior to this he worked 7 years in Arthur Andersen. Lande is a Norwegian citizen, and resides in Haugesund, Norway. Mr. Lande holds 710,925 Shares in the Company (equal to 0.94% of the Shares) through his wholly-owned company Consus AS. Mr. Lande has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of one year after 31 October 2012.

*Current directorships and senior management positions* ..... Advokatfirmaet Rune Lande EPF (owner), Apply AS (member of the board of directors), Apply Subsea AS (member of the board of directors), Aritech AS (member of the board of directors), AS Stordøy (member of the board of directors), Benhaug AS (member of the board of directors), Cns. Holding AS (chairman of the board of directors), Con Invest AS (chairman of the board of directors), Conseptor AS (chairman of the board of directors), Consus AS (chairman of the board of directors), Haraldsgaten 100 AS (member of the board of directors), Haraldsgaten 118 AS (member of the board of directors), Haraldsgaten 121 AS (member of the board of directors), Haraldsgaten Forretningsbygg AS (member of the board of directors), Hauglaw Administrasjon AS (member of the board of directors), Helganes 2020 AS (chairman of the board of directors), Karmsund Invest AS (member of the board of directors), Karmsundsgaten Mediahus AS (member of the board of directors), Karmsundsgaten Næringspark AS (member of the board of directors), Karmsundsgaten Parkering AS (member of the board of directors), Lande Invest AS (member of the board of directors), Math Lande Møbler AS (member of the board of directors), Math. Lande AS (chairman of the board of directors), Noreveien 28 AS (chairman of the board of directors), Parthenon AS (member of the board of directors), Produksjonsbygg AS (member of the board of directors), Sameiet Rossabø Havn (member of the board of directors), Sentrum Invest AS (member of the board of directors), Sentrum Invest Parkering AS (member of the board of directors), Smedasundet 49 AS (member of the board of directors), Smedasundet 89 AS (member of the board of directors), Smedasundet 91 AS (member of the board of directors), Smedasundet Invest AS (member of the board of directors), Smedasundet Eiendom AS (member of the board of directors), Strandgaten 96 AS (member of the board of directors), Strandlinjen 40 AS (member of the board of directors), Sundgaten Eiendom AS (member of the board of directors), Torasa V AS (chairman of the board of directors), Torggaten 2 AS (member of the board of directors), Våra Forretningsbygg AS (member of the board of directors), Westcon Group AS (chairman of the board of directors), Westcon Invest AS (chairman of the board of directors), Westcon Yard AS (chairman of the board of directors) and X-Yachts Norge Vest AS (chairman of the board of directors).

*Previous directorships and senior management positions last five years* ..... Active Brands AS (member of the board of directors) and Raglamyrveien 20 AS (member of the board of directors).

**Sverre B. Mikkelsen (born 1951), Board member**

Mr. Mikkelsen has worked within the offshore oil and gas industry for 25 years, holding various senior management positions and consulting engagements with BP Norge AS, Remoquip AS, Hallstrom Holding Pte Ltd, Singapore, Seaway Offshore Ltd, Subsea Norge AS, IMC Diving AS and Stolt Comex Seaway AS/Acergy/Subsea7. Mikkelsen has extensive experience in advising owners, senior management and boards of companies on running international businesses in respect to risks, risk mitigation, contractual matters, development of strategies, acquisitions and joint venture analysis. Mikkelsen holds a degree in Business and Administration from Molde University College, Norway and an Advanced Commercial College from the Directorate from Oslo, Norway. Sverre B. Mikkelsen is a Norwegian citizen, and resides in Stavanger, Norway. Mikkelsen holds 85,925 Shares in the Company personally and 156,250 Shares in the Company through his wholly-owned company Tyrihans Management AS (equal to 0.32% of the Shares). Mr. Mikkelsen has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of one year after 31 October 2012.

*Current directorships and senior management positions* ..... Tyrihans Management AS (chairman of the board of directors) and Fabrikkeveien 29 A (member of the board of directors).

*Previous directorships and senior management positions last five years* ..... None.

#### **Martha Kold Bakkevig (born 1963), Board member**

Bakkevig has broad experience in management, strategy and R&D within technology and business development from companies such as DeepWell, Kold and Allmedia. Bakkevig is currently the CEO of DeepWell in Haugesund. In addition she also holds the position as Professor II at Stord/Haugesund University College. Her board experience is wide-ranging and she has held board positions in over 15 different offshore and knowledge based firms from 2000 till today. She holds a Master of Science from The University of Trondheim, a PhD (dr.scient.) from The Norwegian School of Science and Technology (1995) and a PhD (dr.oecon.) from The Norwegian Business School BI (2007). Martha Kold Bakkevig is a Norwegian citizen, and resides in Haugesund, Norway. Bakkevig holds 117,175 Shares in the Company (equal to 0.15% of the Shares) through her wholly-owned company Kold Invest AS. Mrs. Bakkevig has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting her from selling, pledging or otherwise disposing of her directly or indirectly owned Shares for a period of one year after 31 October 2012.

*Current directorships and senior management positions* ..... DeepWell (CEO), Innovasjon Norge (member of the board of directors), Scana Industrier ASA (member of the board of directors), Mera AS (member of the board of directors), Sim Tankrenovasjon AS (member of the board of directors), Polytec (member of the board of directors) and Prekubator TTO (member of the board of directors).

*Previous directorships and senior management positions last five years* ..... Sim Næring (member of the board of directors) and Innovasjon Forum (member of the board of directors).

#### **Anders Onarheim (born 1959), Board member**

Anders Onarheim has extensive knowledge within management, business development and capital markets after holding the position of managing director in companies within the investment bank Carnegie Group for more than 16 years. He has previously worked internationally with Goldman Sachs and Merrill Lynch. He has held numerous board memberships within different investment firms. Anders Onarheim is a Norwegian citizen, and resides in Bærum, Norway. Onarheim owns 75,000 shares (18.75%) in Accello Partners I AS, which owns 31.03% of the Shares in the Company. Accello Partners I AS has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting it from selling, pledging or otherwise disposing of its directly or indirectly owned Shares for a period of two years after 31 October 2012.

*Current directorships and senior management positions* ..... AB Investment AS (chairman of the board of directors), Spitsbergen AS (Managing Partner), Accello I Partners AS (member of the board of directors), LY Forsikring AS (member of the board of directors), OE Eiendom AS (chairman of the board of directors) and Spitsbergen AS (member of the board of directors).

*Previous directorships and senior management positions last five years* ..... Carnegie ASA (Managing Director) and Carnegie Investment Bank AB (Group Managing Director).

#### **Merete Haugli (born 1964), Board member**

Merete Haugli is currently managing partner of Bertrand AS and associated partner of First House AS and she also holds a number of board positions. Haugli has previously held several leading positions at SEB (Skandinaviska Enskilda Banken), Formuesforvaltning AS, ABG Sundal Collier Norge ASA and First Securities ASA. She has also held the position as Assistant Chief of Police in Oslo Police District for economic and environmental crime. Haugli has her educational background from the Norwegian College of Banking and the Norwegian School of Management (Handelshøyskolen BI). Merete Haugli is a Norwegian citizen, and resides in Oslo, Norway. Haugli does not own any Shares in the Company.

*Current directorships and senior management positions* ..... Bertrand AS (managing partner), First House AS (associated partner), RS Platou ASA (member of the board of directors), Agasti Holding ASA (chair of the board of directors), Comrod ASA (member of the board of directors), Folketrygdfondet (deputy member of the board of directors) and Marine Harvest ASA (member of the nomination committee).

*Previous directorships and senior management positions last five years* ..... SEB (Skandinaviska Enskilda Banken) (Head of Private Banking,

Norway), Aktiv Kapital ASA (member of the board of directors), ABG Sundal Collier ASA (member of the board of directors), Crew Minerals ASA, Formuesforvaltning AS (managing director and member of the board of directors), SEB ASA (member of the board of directors), Europa Infraskstruktur AS (chair of the board of directors), Floatel International Ltd, Rosenlund ASA (member of the board of directors), Høyres Kvinneforum (member of the board of directors), Global Infrastruktur I AS (member of the board of directors), Global Infrastruktur I AB, Global Infrastruktur 2007 AS (member of the board of directors), Global Infrastruktur II AS, Global Infrastruktur II AB, Global Infrastruktur 2009 AS, Fornybar Energi I AS (member of the board of directors), Fornyelsesbar Energi I AB, Renewable Energy 2009 AS (member of the board of directors), RS Platou Markets AS (member of the board of directors) and CaM AS (member of the board of directors).

#### 14.2.4 Remuneration and benefits upon termination

The remuneration paid to the Board of Directors in 2012 was a total of NOK 600,000. The table below sets out the total remuneration paid to the members of the Board of Directors in 2012 (in NOK).

| Name                        | Position                   | Served since | Remuneration for 2012 |
|-----------------------------|----------------------------|--------------|-----------------------|
| Kristian Eidesvik .....     | Chairman (resigned)        | 2008         | 0                     |
| Aage Thoen.....             | Deputy chairman (resigned) | 2008         | 150,000               |
| Eivind Eidesvik .....       | Board member (resigned)    | 2006         | 150,000               |
| Birthe Cecilie Lepsøe ..... | Board member (resigned)    | 2008         | 150,000               |
| Anne-Sofie Utne .....       | Board member (resigned)    | 2009         | 150,000               |

At the annual general meeting of the Company held on 29 April 2013 it was resolved that a remuneration of a total of NOK 455,000 was to be paid to the members of the Board of Directors for the period from 28 November 2012 to the annual general meeting in 2013 (i.e. the current members of the Board of Directors elected from completion of the Combination), as further set out in the table below (in NOK).

| Name                      | Position     | Served since | Remuneration |
|---------------------------|--------------|--------------|--------------|
| Rune Lande.....           | Chairman     | 2012         | 175,000      |
| Sverre B. Mikkelsen ..... | Board member | 2012         | 70,000       |
| Martha Kold Bakkevig..... | Board member | 2012         | 70,000       |
| Anders Onarheim.....      | Board member | 2012         | 70,000       |
| Merete Haugli.....        | Board member | 2012         | 70,000       |

None of the members of the Board of Directors has entered into any agreement with the Group, providing benefits upon termination of their employment.

#### 14.2.5 Board committees

##### *Audit Committee*

The Company does not operate with an audit committee as a sub-committee of the Board of Directors. The Company's audit committee consists of the Board of Directors as such, cf. the last paragraph of Section 3 of the Articles of Association. The audit committee meets the Norwegian law requirements regarding independence and competence.

##### *Remuneration Committee*

The Company does not operate with a remuneration committee as a sub-committee of the Board of Directors. The Company's remuneration committee consists of the Board of Directors as such.

### 14.3 Nomination committee

The Company's Articles of Association provide for a nomination committee composed of three members elected by the general meeting for a period of two years. The nomination committee is responsible for nominating the shareholder-elected members of the Board of Directors and make recommendations for remuneration to the members of the Board of Directors. The nomination committee currently consists of the following members: Harald Eikesdal (chair), Mads Ansgar Ellefsen and Helen Leversund.

## 14.4 Management

### 14.4.1 Overview

The current Management of the Company is comprised of seven individuals. The following table sets out the name and position for each of the members of the Management as the date of this Prospectus, followed by bibliographical information.

| Name                             | Current position within the Group | Employed with the Group since |
|----------------------------------|-----------------------------------|-------------------------------|
| Kåre Johannes Lie.....           | Chief Executive Officer           | 2012                          |
| Birgitte Wendelbo Johansen ..... | Chief Financial Officer           | 2012                          |
| Jostein Alendal .....            | Business Development Manager      | 2008                          |
| Morten R. Stranden.....          | Chief Operating Officer           | 2013                          |
| Sven M. Storesund.....           | Technical Manager                 | 2008                          |
| Inge Grutle .....                | Engineering Manager               | 2012                          |
| Åge J. Nilsen jr .....           | Financial Manager                 | 2008                          |
| Björg Mathisen Døving .....      | HR and Quality Manager            | 2012                          |

The Company's registered business address, Reach Subsea ASA, Skillebekkgata 1 B, N-5523 Haugesund, Norway, serves as c/o address for the members of the Management in relation to their employment with the Company.

Kåre Johannes Lie was appointed as the CEO of the Company pursuant to the contribution agreement regarding the Combination.

### 14.4.2 Brief biographies of the members of the Management

Set out below are brief biographies of the members of Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside Reach Subsea ASA and names of companies and partnerships of which a member of Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

#### **Kåre Johannes Lie (born 1946), Chief Executive Officer**

Mr. Lie has been with Reach Subsea AS since July 2012 and has been in charge of developing Reach Subsea AS's new business strategy. Mr. Lie was the founder and CEO of DeepOcean AS from 1999 to 2011 when the company was sold to the American company Trico. Prior to this he has been working as Director in different positions for DSND, Seateam, Interrov AS, Stolt Comex Seaway AS and Stolt-Nielsen Seaway AS for 17 years. The last 2 years he has worked for DeepOcean as Senior Advisor for Business Development. Mr. Lie holds a M.Sc. in Naval Architecture & Marine Engineering from the Technical University of Trondheim, and with a specialization in ship project engineering. Mr. Lie is a Norwegian citizen with residence in Haugesund, Norway. Lie owns 6,864,589 Shares in the Company (equal to 9.08% of the Shares) through his wholly-owned company Joso Invest AS. Mr. Lie has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of two years after 31 October 2012.

*Current directorships and senior management positions .....* Joso Invest AS (Owner), TechnoDive (member of the board of directors), Polytec (member of the board of directors), Simsea (member of the board of directors), Haugesund Stadion AS (chairman of the board of directors) and FKH AS (member of the board of directors).

*Previous directorships and senior management positions last five years .....* DeepOcean AS (Project Director and Business Development Manager) and DeepOcean ASA (Co-founder, CEO and member of the board of directors).

#### **Birgitte Wendelbo Johansen (born 1976), Chief Financial Officer**

Mrs. Johansen has 13 years of experience within banking, marine insurance and investment analysis through positions held at BNP Paribas, Oceanlink Management AS and SpareBank 1 SR-Bank ASA. She holds a Master of Business and Economics with specialisation within Shipping Management from the Norwegian School of Management, Sandvika and is currently pursuing an Executive MBA in Shipping and Logistics (the Blue MBA) from Copenhagen Business School. Mrs. Johansen is a Norwegian citizen with residence in Haugesund, Norway. Johansen owns 85,925 Shares in the Company (equal to 0.11% of the Shares). Further, Hagland Invest AS, a company indirectly owned by Mrs. Johansen



and her family, owns 625,000 Shares in the Company (equal to 0.82% of the Shares). Mrs. Johansen has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting her from selling, pledging or otherwise disposing of her directly or indirectly owned Shares for a period of two years after 31 October 2012.

*Current directorships and senior management positions* ..... Grefsen Alle 12 A Holding AS (deputy member of the board of directors).

*Previous directorships and senior management positions last five years* ..... SpareBank 1 SR-Bank ASA (Vice President Energy and Maritime).

#### **Jostein Alendal (born 1966), Business Development Manager**

Mr. Alendal is a co-founder of Reach Subsea AS. Mr. Alendal co-founded, and has worked as Technical Manager in DeepOcean ASA since 1999 with group responsibility of all ROV operations. Prior to this he has worked in Stolt Comex Seaway AS and Seateam AS within remote operated submarine technology and with the responsibility for operation and maintenance of equipment and ROV systems. Mr. Alendal holds a degree within Automation from the Engineering college in Haugesund (Høyskolen i Haugesund). Mr. Alendal is a Norwegian citizen with residence in Haugesund, Norway. Alendal owns 5,301,539 Shares in the Company (equal to 7.01% of the Shares) through his partly owned company JT Invest AS. Mr. Alendal has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of two years after 31 October 2012.

*Current directorships and senior management positions* ..... JT Invest AS (co-founder, managing director and chairman of the board of directors).

*Previous directorships and senior management positions last five years* ..... DeepOcean AS (co-founder and technical manager).

#### **Morten R. Stranden (born 1972), Chief Operating Officer**

Mr. Stranden has broad experience in the areas of engineering and project management, project execution, contract administration and offshore operations within the subsea and pipeline industry. He has previously been employed with Coflexip Stena Offshore/Technip and Statoil, both in Norway and internationally. Mr. Stranden is educated as a Master of Science in Marine Technology from NTNU in Trondheim. He has worked within the subsea industry since 1995. Mr. Stranden is a Norwegian citizen with residence in Karmøy, Norway. Mr. Stranden owns 109,375 Shares in the Company (equal to 0.14% of the Shares).

*Current directorships and senior management positions* ..... Marinal AS (member of the board of directors).

*Previous directorships and senior management positions last five years* ..... Shokman Development AG (Subsea Production Systems, technical lead) and Statoil ASA (Company Representative, Pipeline Repair System, Frame Contract with Technip).

#### **Sven M. Storesund (born 1959), Technical Manager**

Mr. Storesund has worked as Technical Inspector in DeepOcean since 2000. Prior to this he worked in Stolt Comex Seaway AS with planning, preparing and mobilization of survey and ROV equipment. From 1991 to 1993, Mr. Storesund worked as Seismic Observer in Geco Prakla AS. In addition, he has experience within electronics, telecom and IT. Mr. Storesund holds a degree from Stavanger Ingeniør Høyskole. Mr. Storesund is a Norwegian citizen with residence in Haugesund, Norway. Storesund owns 1,652,366 Shares (equal to 2.18% of the Shares) through his wholly-owned company SMS Investering AS. Mr. Storesund has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of one year after 31 October 2012.

*Current directorships and senior management positions* ..... SMS Investering AS (owner, managing director and chairman of the board of directors).

*Previous directorships and senior management positions last five years* ..... N/A.

#### **Inge Grutle (born 1981), Engineering Manager**

Mr. Grutle has worked within engineering and business development in DeepOcean since 2006 latterly holding the position as IMR Engineering Manager, and has experience in planning and execution of offshore and subsea operations. In addition, he has experience within recruiting, resource management and evaluation of business opportunities. Mr. Grutle holds a Master of Science degree in Offshore Technology – Subsea engineering from the University of Stavanger and a Bachelor in Engineering, Marine technology/Naval Architecture from Bergen University

College. Mr. Grutle is a Norwegian citizen with residence in Haugesund, Norway. Grutle owns 909,179 Shares in the Company (equal to 1.20% of the Shares) through his wholly-owned company Invicta Invest AS. Mr. Grutle has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of two years after 31 October 2012.

*Current directorships and senior management positions* ..... Invicta Invest (owner, managing director and chairman of the board of directors).

*Previous directorships and senior management positions last five years* ..... DeepOcean (IMR Engineering Manager).

#### **Åge J. Nilsen Jr (born 1968), Financial Manager**

Mr. Nilsen has 13 years of experience as an auditor in KPMG and PricewaterhouseCoopers. From 2006 to 2008 he was employed as Financial Manager in a nationwide textile chain. He holds a degree in Economy and Administration from Stord/Haugesund University College and a degree within Audit from Telemark University College. Mr. Nilsen is a Norwegian citizen with residence in Haugesund, Norway. Nilsen owns 3,749,949 Shares in the Company (equal to 4.96% of the Shares) through his partly owned-company A-Å Invest AS. Mr. Nilsen Jr has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of one year after 31 October 2012.

*Current directorships and senior management positions* ..... A-Å Invest AS (co-owner and managing director) and Bruvik Time AS (member of the board of directors).

*Previous directorships and senior management positions last five years* ..... N/A.

#### **Björg Mathisen Døving (born 1978), Human Resources and Quality Manager**

Mrs. Døving has 10 years experience from DeepOcean as Project Manager for Business Systems, Offshore Projects and HSE Manager. Prior to this she was employed with BP. Her expertise is widely ranged, and also includes experience with business applications and contractual matters, process management and IT infrastructure. Mrs. Døving has a Preparing Course for College from Stavanger Technical School and is a QHSE Engineer from Stord/Haugesund University College of Engineering. Mrs. Døving is a Norwegian citizen with residence in Haugesund, Norway. Døving owns 584,008 Shares in the Company (equal to 0.77% of the Shares) through her partly owned company Døving Invest AS. Mrs. Døving has in connection with the private placement completed on 5 December 2012 provided a lock-up undertaking to the benefit of the Company restricting her from selling, pledging or otherwise disposing of her directly or indirectly owned Shares for a period of one year after 31 October 2012.

*Current directorships and senior management positions* ..... Døving Invest AS (chair of the board of directors).

*Previous directorships and senior management positions last five years* ..... DeepOcean Management AS (HSE Manager).

#### **14.4.3 Remuneration and benefits upon termination**

The remuneration paid to the members of the Management in 2011 was a total of NOK 2,766,870. The table below sets out the total remuneration paid to the members of the Management (to the CEO and the other members of Management, respectively) in 2011 (in NOK). Members of the Management who were appointed after 31 December 2011, i.e. all the members of the current Management, are not included in the table.

| Name   | Employed |           | Bonus | Other benefits | Pensions benefits | Total remuneration |
|--|----------|-----------|-------|----------------|-------------------|--------------------|
|  | since    | Salary    |       |                |                   |                    |
| Toril Eidesvik (CEO) (resigned).....             | 2008     | 1,236,841 | N/A   | 20,820         | 70,787            | 1,328,448          |
| Øystein Disch Olsrød (CFO) (resigned) .....      | 2009     | 1,103,632 | N/A   | 16,626         | 73,720            | 1,193,978          |
| Irek Kuligowski (Technical Manager) (resigned) . | 2010     | 234,445   | N/A   | 9,999          | -                 | 244,444            |

In 2012, the remuneration paid to the CEO (from June 2012), the CFO (from June 2012) and the Technical Manager was NOK 1,398,098 in total. The annual remuneration to the current members of the Management is NOK 7,432,000 in total. The table below sets out the current annual remuneration to the current members of the Management (in NOK).

| Name   | Salary    | Bonus | Other benefits | Pensions benefits | Total remuneration |
|--|-----------|-------|----------------|-------------------|--------------------|
| Kåre Johannes Lie (CEO) .....                      | 1,100,000 | N/A   | 6,000          | 44,000            | 1,150,000          |
| Birgitte Wendelbo Johansen (CFO) .....             | 800,000   | N/A   | 6,000          | 32,000            | 838,000            |
| Jostein Alendal (Business Development Manager) ... | 1,100,000 | N/A   | 6,000          | 44,000            | 1,150,000          |
| Morten R. Stranden (Chief Operating Officer) ..... | 900,000   | N/A   | 6,000          | 36,000            | 942,000            |
| Sven M. Storesund (Technical Manager) .....        | 800,000   | N/A   | 6,000          | 32,000            | 838,000            |
| Inge Grutle (Engineering Manager) .....            | 800,000   | N/A   | 6,000          | 32,000            | 838,000            |
| Åge J. Nilsen jr (Financial Manager) .....         | 800,000   | N/A   | 6,000          | 32,000            | 838,000            |
| Björg Mathisen Døving (HR and Quality Manager) ... | 800,000   | N/A   | 6,000          | 32,000            | 838,000            |

None of the members of the Management has entered into any agreement with the Group, providing benefits upon termination of their employment.

#### 14.5 Shares acquired by members of the Board of Directors and the Management

Except for the subscription of the shares at a subscription price of NOK 1.60 per share in the private placement completed in December 2012 and New Shares in the Private Placement, no current member of the Board of Directors and the Management has acquired any Shares during the last year.

#### 14.6 Pensions

Currently, the Group has a contribution based pension plan for all its employees. For the year ended 31 December 2012, the costs of pensions in the Group amounted to NOK 83,791, of which NOK 75,445.98 was related to members of the Management.

#### 14.7 Conflicts of interests etc.

During the last five years preceding the date of this Prospectus, none of the members of the Board of Directors or Management has:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions<sup>4</sup> by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, director or senior manager of a company (except for Merete Haugli (member of the Board of Directors) who was a member of the board of directors in Rosenlund ASA at the time of bankruptcy of such company).

There are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Board of Directors and the Management, including any family relationships between such persons.

#### 14.8 Employees

As of the date of this Prospectus, the Group has 30 employees in Norway. Except for the CEO and the CFO, which is employed with the Company, all employees are employed with Reach Subsea AS.

The table below shows the development in the numbers of full-time employees over the last three years. The significant reduction of the employees was caused by the Divestment. All the former employees of the Group related to the former shipping business were transferred to Caiano AS and its affiliates as a part of the Divestment.

<sup>4</sup> In April 2012, the NFSA withdrew the licences to offer investment services granted to Acta Asset Management AS, a subsidiary of Agasti Holding ASA (previously Acta Holding ASA), a company where Merete Haugli (member of the Board of Directors) is the chair of the board of directors. This decision has been appealed to the Norwegian Ministry of Finance, but the appeal has yet not been considered.

|                                    | Year ended 31 December |            |            |
|------------------------------------|------------------------|------------|------------|
|                                    | 2012                   | 2011       | 2010       |
| <b>Total Group</b> .....           | <b>9</b>               | <b>857</b> | <b>998</b> |
| By geographic region:              |                        |            |            |
| - Norway .....                     | 9                      | 23         | 42         |
| - Europe (other than Norway) ..... | 0                      | 834        | 951        |
| - Americas/South America .....     | 0                      | 0          | 5          |

#### 14.9 Corporate governance

The Company endeavours to be in compliance with the Norwegian corporate governance regime, as detailed in the Corporate Governance Code. As of the date of this Prospectus, the Company is in compliance with the Corporate Governance Code, except for as specified below:

- The Company does currently not operate with an audit committee as a separate sub-committee of the board of directors.
- The Company does currently not operate with a compensation committee as a separate sub-committee of the board of directors. The Company will, however, before year-end 2013, establish a compensation committee to be appointed by the Board of Directors.
- The Company has no defence mechanisms in the Articles of Association to prevent take-overs. If any offer is presented, the Board of Directors will work to inform the shareholders and allow time to decide on the offer, and issue a statement that assesses the offer, and a recommendation to shareholders whether to accept the offer or not.

The Company has, and will continue to, on an annual basis provide statements on its compliance with the Corporate Governance Code. See the section entitled “Corporate governance and management” on page 7 in the Company’s financial statements for 2012 (incorporated by reference hereto, see Section 18.7 “Incorporation by reference” below) for further information regarding the Company’s corporate governance policy.

## 15 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association and applicable law.

### 15.1 Company corporate information

Reach Subsea ASA is a Norwegian public limited company incorporated and operating under the laws of Norway, including the Norwegian Public Limited Companies Act. Reach Subsea was incorporated on 19 August 1909 and registered with the Norwegian Register of Business Enterprises on 18 October 1988. The Company is registered with the Norwegian Register of Business Enterprises under organisation number 922 493 626. The Company's registered address is at Skillebekkgata 1 B, N-5523 Haugesund, Norway, with telephone number +47 40 00 77 10. The Company's website address is [www.reachsubsea.com](http://www.reachsubsea.com).

### 15.2 Stock exchange listing

The Shares have been listed on the Oslo Stock Exchange since 2003, and trades under the ticker code "REACH". The Shares are not listed on any other stock exchange or regulated market, and no application for such listing has been made.

### 15.3 Share capital

As of the date of this Prospectus, and following the issuance of the New Shares, the Company's registered share capital is NOK 75,565,604, divided into 75,565,604 Shares, each with a nominal value of NOK 1.00. All the Shares are authorised, issued and fully paid in compliance with the Norwegian Public Limited Companies Act. The Shares (except for the New Shares) are registered in the VPS under ISIN NO 000 3117202. The New Shares are registered in the VPS under a separate securities number, ISIN NO 001 0682552, pending the publication of this Prospectus. The Company's registrar in the VPS is DNB Bank ASA, Verdipapirservice, Stranden 21, N-0021 Oslo, Norway.

The Company holds 1,305 Shares in treasury as of the date of this Prospectus. As per 31 December 2012, the Company held 1,305 Shares in treasury, with an accumulated cost of NOK 185,000, comprised of NOK 50,000 in share capital and NOK 135,000 in retained earnings. The cost of the Shares held in treasury by the Company is deducted from equity.

### 15.4 Share capital history

The table below shows the development in the Company's share capital for the period between 1 January 2010 and the date of this Prospectus:<sup>5</sup>

| Date of resolution | Type of change                           | Change in share capital (NOK) | Nominal value (NOK) | New number of Shares | Total number of Shares following change | New share capital (NOK) |
|--------------------|--|-------------------------------|---------------------|----------------------|---|-------------------------|
| 1 January 2010     | -  | -                             | 1.00                | -                    | 313,505,389                             | 313,505,389.00          |
| 8 April 2010       | Share capital reduction <sup>6</sup>     | 157,810,368.50                | 0.50                | -                    | -                                       | 157,810,368.50          |
| 4 August 2010      | Share capital reduction <sup>7</sup>     | 142,029,331.65                | 0.05                | -                    | -                                       | 15,781,036.85           |
| 4 August 2010      | Rights issue                             | 160,000,000                   | 0.05                | 3,200,000,000        | 3,515,620,737                           | 175,781,036.85          |
| 24 March 2011      | Private placement                        | 1.15                          | 0.05                | 23                   | 3,515,620,760                           | 175,781,038.00          |
| 29 April 2011      | Share consolidation (40:1)               | -                             | 2.00                | -                    | 87,890,519                              | -                       |
| 18 April 2012      | Share capital reduction <sup>8</sup>     | 171,386,512.05                | 0.05                | -                    | -                                       | 4,394,525.95            |
| 28 November 2012   | Private placement                        | 0.05                          | 0.05                | 1                    | 87,890,520                              | 4,394,526.00            |
| 28 November 2012   | Share consolidation (20:1)               | -                             | 1.00                | -                    | 4,394,526                               | -                       |
| 28 November 2012   | Private placement <sup>9</sup>           | 13,183,578                    | 1.00                | 4,394,526            | 17,578,104                              | 17,578,104.00           |
| 28 November 2012   | Private placement <sup>10</sup>          | 26,250,000                    | 1.00                | 26,250,000           | 43,828,104                              | 43,828,104.00           |
| 29 May 2013        | Issuance of the New Shares <sup>11</sup> | 31,737,500                    | 1.00                | 31,737,500           | 75,565,604                              | 75,565,604              |

<sup>5</sup> Please see Section 11.4.4 "Condensed consolidated statement of changes in equity" for changes in the Company's equity for the period (in USD).

<sup>6</sup> The reason for the reduction of the share capital was to secure the Company with financial liberty to act and the reduction amount was allocated/transferred to a fund to be at the disposal of the general meeting.

<sup>7</sup> The reason for the reduction of the share capital (by reduction of the nominal value of the Shares from NOK 0.50 to NOK 0.05) was that the proposed rights issue in the Company was going to be carried out at a subscription price which was lower than the current nominal value of the Shares of NOK 0.50, and pursuant to the Norwegian Public Limited Companies Act, subscriptions at a lower price than the nominal value of the shares are not allowed.

<sup>8</sup> The reduction of the share capital (by reduction of the nominal value of the Shares from NOK 2.00 to NOK 0.05) was to facilitate and prepare for a possible rights issue in the Company, including to arrange for full flexibility in connection with subscription of new shares. The background was that the possible rights issue was going to be carried out at a subscription price which was lower than the current nominal value of the Shares of NOK 2.00, and pursuant to the Norwegian Public Limited Companies Act, subscriptions at a lower price than the nominal value of the shares are not allowed.

<sup>9</sup> The issuance of the shares in connection with the Combination.

<sup>10</sup> The issuance of the shares in connection with the private placement completed on 5 December 2012.

Apart from this, there have not been any changes in the Company's share capital since 1 January 2010 until the date of this Prospectus (i.e. in the period covered by the historical financial information included in this Prospectus).

In the period from 1 January 2010 to the date of this Prospectus, NOK 13,183,578 (being the share capital increase pertaining to the Combination) of the share capital has been paid for with assets other than cash (corresponding to approximately 17% of the current share capital).

### 15.5 Major shareholders

As of 20 June 2013, the Company had approximately 2,000 shareholders. Approximately 99.8% of the Shares were held by Norwegian citizens and approximately 0.2% were held by foreign citizens. The Company's 10 largest shareholders as of 20 June 2013 are shown in the table below.

| Shareholder                              | No of Shares      | % of Total  |
|--|-------------------|-------------|
| Accello Partners I AS <sup>1</sup> ..... | 23,444,254        | 31.03%      |
| Joso Invest AS <sup>2</sup> .....        | 6,864,589         | 9.08%       |
| Swedbank Norge.....                      | 6,308,730         | 8.34%       |
| JT Invest AS <sup>3</sup> .....          | 5,301,539         | 7.01%       |
| A-Å Invest AS <sup>4</sup> .....         | 3,749,949         | 4.96%       |
| GSE Sandvik AS.....                      | 3,437,500         | 4.54%       |
| Caiano AS <sup>5</sup> .....             | 2,281,881         | 3.01%       |
| Thermotech Invest AS.....                | 1,795,840         | 2.37%       |
| SMS Investerings AS.....                 | 1,652,366         | 2.18%       |
| AS Spectra.....                          | 1,250,000         | 1.65%       |
| Other.....                               | 19,478,956        | 25.83%      |
| <b>Total.....</b>                        | <b>75,565,604</b> | <b>100%</b> |

1 Owned by a group of investors.

2 Owned by Kåre Johannes Lie, Chairman of the Board of Directors.

3 Owned by Jostein Alendal, Business Development Manager in the Company.

4 Owned by Åge J. Nilsen Jr, Financial Manager in the Company.

5 Ultimately owned by the Eidesvik family.

There are no differences in voting rights between the Shareholders.

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 16.7 "Disclosure Obligations" below for a description of the disclosure obligations under the Norwegian Securities Trading Act. As of 20 June 2013 (i.e. following the issuance of the New Shares), Accello Partners I AS, Joso Invest AS, Swedbank Norge, JT Invest AS owned 31.03%, 9.08%, 8.34% and 7.01%, respectively, of the Shares. The Company is not aware of any other persons or entities who, directly or indirectly, have an interest in 5% or more of the Shares.

The Company's Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change of control of the Company.

The Shares have not been subject to any public takeover bids during 2012 or 2013, except for the unconditional mandatory offer made by Accello Partners I AS pursuant to Section 6-1 of the Norwegian Securities Trading Act announced on 7 December 2012. In the mandatory offer, Accello Partners I AS offered NOK 1.60 per Share for all the issued and outstanding Shares not already owned by it. Following the expiration of the offer period on 7 January 2013, Accello Partners I AS had received acceptances under the offer representing a total of 6,754 Shares in the Company.

### 15.6 Limitations on the right to own and transfer Shares

The Shares are freely transferable. The Company's Articles of Association do not contain any provisions imposing limitations on the ownership of the Shares and there are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the Shares.

However, in connection with the Combination and the private placement completed on 5 December 2012, Shareholders who currently own approximately 74.1% of the Shares provided lock-up undertakings to the sole benefit

<sup>11</sup> The issuance of the New Shares in connection with the Private Placement completed on 10 June 2013 (see Section 5.2 "The Private Placement").

of the Company (which may be waived by the Company) restricting them from selling, pledging or otherwise disposing of such Shares. Approximately 23.2% of the Shares are subject to a lock-up period of one year, while approximately 50.9% of the Shares are subject to a lock-up period of two years. Notwithstanding the foregoing, the Shares subject to such lock-up undertakings may be tendered into a voluntary offer, mandatory offer and/or compulsory acquisition.

## **15.7 Outstanding authorisations**

### *15.7.1 Authorisation to increase the share capital and to issue Shares*

On 29 May 2013, the extraordinary general meeting of the Company resolved to grant the Board of Directors with an authorisation to increase the Company's share capital by up to NOK 704,240 in connection with the Subsequent Offering. The authorisation is valid until 31 July 2013. See Section 5.3.2 "Resolution relating to the Subsequent Offering and the issue of the Offer Shares" above.

On 29 May 2013, the extraordinary general meeting of the Company also resolved to grant the Board of Directors with an authorisation to increase the Company's share capital by up to NOK 3,191,404 in connection with the potential establishment of a new share option based incentive program for employees in the Group. The authorisation is valid until the Company's annual general meeting in 2014, but no longer than to 30 June 2014.

### *15.7.2 Authorisation to acquire treasury Shares*

As of the date of this Prospectus, the Board of Directors holds no authorisation to acquire treasury Shares.

## **15.8 Other financial instruments**

Neither the Company nor its subsidiary has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Furthermore, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company.

## **15.9 Shareholder rights**

The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each of the Company's Shares carries one vote. The rights attaching to the Shares are described in Section 15.10 "The Articles of Association and certain aspects of Norwegian law".

## **15.10 The Articles of Association and certain aspects of Norwegian law**

### *15.10.1 The Articles of Association*

The Company's Articles of Association are set out in Appendix A to this Prospectus. Below is a summary of provisions of the Articles of Association.

#### *Objective of the Company*

The objective of the Company is to engage in engineering, construction and service activities for the offshore energy industry, shipping and other transportation activities through ownership and/or management, participation in other companies involved in the above activities, and any business relating thereto. The Company's objective can be found in Section 1, second paragraph of the Articles of Association.

#### *Registered office*

The Company's registered office is in the municipality of Haugesund, Norway.

#### *Share capital and nominal value*

The Company's share capital is NOK 75,565,604, divided into 75,565,604 Shares, each Share with a nominal value of NOK 1.00. The Shares are registered with the Norwegian Central Securities Depository (VPS).

#### *Board of Directors*

The Company's Board of Directors shall consist of a minimum of three and a maximum of six members.

#### *Restrictions on transfer of Shares*

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board of Directors.

*General meetings*

Documents relating to matters to be dealt with by the Company's general meeting, including documents which by law shall be included in or enclosed to the notice of the general meeting, do not need to be sent to the shareholders provided that such documents have been made available on the Company's internet site.

Shareholders wishing to attend the general meeting must give notice to the Company within three days prior to the general meeting. The Shareholders, who do not comply with the above-mentioned time limit, may be refused to attend the general meeting.

*Nomination committee*

The Company shall have a nomination committee consisting of three members elected by the general meeting for a period of two years. See Section 14.3 "Nomination committee" for further information.

*Audit committee*

The Company's audit committee consists of the Board of Directors as such. See Section 14.2.5 "Board committees" for further information.

*15.10.2 Certain aspects of Norwegian corporate law**General meetings*

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than 21 days before the annual general meeting of Norwegian public limited liability company listed on stock exchange or regulated market shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings, without any requirement of pre-registration. The Company's Articles of Association do however include a provision requiring shareholders to pre-register in order to participate at general meetings.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor who audits the company's annual accounts or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

*Voting rights—amendments to the Articles of Association*

Each of the Company's Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or The Company's Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the Board of Directors to purchase the Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority



required for amending the Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account (NOM-account). A shareholder must, in order to be eligible to register, meet and vote for such Shares at the general meeting, transfer the Shares from such NOM-account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest at the date of the general meeting.

There are no quorum requirements that apply to the general meetings.

#### *Additional issuances and preferential rights*

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to approve amending the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the Articles of Association, authorise the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be effected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company.

#### *Minority rights*

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Company's Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

*Rights of redemption and repurchase of Shares*

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting of the Company's shareholders cannot be granted for a period exceeding 18 months.

*Shareholder vote on certain reorganisations*

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the company's website, at least one month prior to the general meeting to pass upon the matter.

*Liability of Directors*

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Company's directors from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Company's Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's directors from liability or not to pursue claims against the Company's directors is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

*Indemnification of Directors*

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Company's directors against certain liabilities that they may incur in their capacity as such.

*Distribution of assets on liquidation*

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

*15.10.3 Shareholder agreements*

There are no shareholders' agreements related to the Shares.

## **16 SECURITIES TRADING IN NORWAY**

### **16.1 Introduction**

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As of 31 March 2013, the total capitalisation of companies listed on the Oslo Stock Exchange amounted to approximately NOK 1,743 billion. Shareholdings of non-Norwegian investors as a percentage of total market capitalisation on 31 March 2013 amounted to approximately 35.9%.

The Oslo Stock Exchange has entered into a strategic cooperation with the London Stock Exchange group with regards to, *inter alia*, trading systems for equities, fixed income and derivatives.

### **16.2 Trading and settlement**

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system Millennium Exchange. This trading system was developed by the London Stock Exchange and is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on the Oslo Stock Exchange takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on the Oslo Stock Exchange is three trading days (T+3).

Oslo Clearing ASA, a wholly-owned subsidiary of Oslo Børs VPS Holding ASA, has a license from the NFSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on the Oslo Stock Exchange.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the NFSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

### **16.3 Information, control and surveillance**

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The NFSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

#### **16.4 The VPS and transfer of shares**

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's Bye-laws or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the NFSA on an ongoing basis, as well as any information that the NFSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

#### **16.5 Shareholder register – Norwegian law**

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the NFSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

#### **16.6 Foreign investment in shares listed in Norway**

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

#### **16.7 Disclosure obligations**

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which is the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

#### **16.8 Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

### **16.9 Mandatory offer requirement**

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-months period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

### **16.10 Compulsory acquisition**

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged

to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

#### **16.11 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the NFSA have electronic access to the data in this register.

## 17 TAXATION

Set out below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of the Shares. The statement below is based on the laws in force in Norway as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The summary does not address foreign tax laws.

The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

### 17.1 Norwegian taxation

#### 17.1.1 Norwegian shareholders

##### 17.1.1.1 Taxation of dividends

###### *Norwegian Personal Shareholders*

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income for such shareholders at a flat rate of 28% to the extent the dividend exceeds a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (*Nw.*: "statskasseveksler") with three months maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year. Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("*excess allowance*") may be carried forward and set off against future dividends received on the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share the following years.

###### *Norwegian Corporate Shareholders*

Dividends distributed from the Company to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of 0.84% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of 28%).

##### 17.1.1.2 Taxation of capital gains on realisation of shares

###### *Norwegian Personal Shareholders*

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of disposal. Ordinary income is taxable at a rate of 28%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. See Section 17.1.1.1 "Norwegian Personal Shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

#### *Norwegian Corporate Shareholders*

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of shares qualifying for participation exemption. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

#### 17.1.1.3 Taxation of subscription rights

##### *Norwegian Personal Shareholders*

A Norwegian Personal Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for shares will be added to the cost price of the shares.

##### *Norwegian Corporate Shareholders*

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

#### 17.1.1.4 Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 1.1% of the value assessed. The value for assessment purposes for shares listed on the Oslo Stock Exchange is equal to the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

#### 17.1.2 *Non-Norwegian shareholders*

##### 17.1.2.1 Taxation of dividends

##### *Non-Norwegian Personal Shareholders*

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (see above).

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

##### *Non-Norwegian Corporate Shareholders*

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.



If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

#### 17.1.2.2 Capital gains tax

##### *Non-Norwegian Personal Shareholders*

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

##### *Non-Norwegian Corporate Shareholders*

Capital gains derived by the sale or other realisation of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

#### 17.1.2.3 Taxation of subscription rights

##### *Non-Norwegian Personal Shareholders*

A Non-Norwegian Personal Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

##### *Non-Norwegian Corporate Shareholders*

A Non-Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

#### 17.1.2.4 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

#### 17.1.3 Inheritance Tax

When shares are transferred by way of inheritance or gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the shares are effectively connected with a business carried out through a permanent establishment in Norway. However, in the case of inheritance tax, if the decedent was a citizen but not a resident of Norway, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the decedent's country of residence. Irrespective of residence or citizenship, Norwegian inheritance tax may be levied if the shares are held in connection with the conduct of a trade or business in Norway.

Inheritance tax will be applicable to gifts if the donor is a citizen of Norway at the time the gift was given. However, for taxes paid in the donor's country of residence a credit will be given in the Norwegian gift taxes.

The basis for the computation of inheritance tax is the market value at the time the transfer takes place. The rate is progressive from 0 to 15%. For inheritance and gifts from parents to children, the maximum rate is 10%.

#### 17.1.4 Duties on transfer of shares

No VAT, stamp or similar duties are currently imposed in Norway on the transfer of shares in Norwegian companies.

## **18 ADDITIONAL INFORMATION**

### **18.1 Name, incorporation and registered office**

The Company's legal and commercial name is Reach Subsea ASA. Reach Subsea is a Norwegian public limited company organised under the laws of Norway in accordance with the Norwegian Public Limited Companies Act with registration number 922 493 626. The Company was incorporated as a Norwegian limited liability company on 19 August 1909 and converted into a public limited liability company on 24 April 1996.

The Company has its registered address at Skillebekkgata 1 B, N-5523 Haugesund, Norway, with telephone number +47 40 00 77 10.

### **18.2 Related party transactions**

The following is an overview of the related party transactions entered into by the Group in the period from 1 January 2010 to the date of this Prospectus.

#### *18.2.1 2010*

The Group did not carry out any related party transactions in 2010.

#### *18.2.2 2011*

The Group carried out the following related party transactions in 2011:

- In March 2011, the Group entered into an agreement with its major shareholder Caiano AS and its affiliates for the sale of its terminal activities for a total consideration of USD 12.5 million. The agreement consisted of a sale of 100% of the shares in Green Terminals AS, which was the parent company for all the terminal activities. The terminal activities consisted of 2 wholly-owned terminals, 3 partly owned terminals and 2 forwarding companies. The purpose of the transaction was to repay debt.
- In September 2011, the Group entered into an agreement with its major shareholder Caiano AS and its affiliates for the sale and leaseback of 6 of its "Penguin-class" reefer vessels for a total consideration of USD 36 million. The vessels were chartered back on bare-boat agreements with duration of 7 years. Hence, the transaction entailed no change in the operations of the vessels. The purpose of the transaction was to strengthen the Company's financial position in a weak reefer market, including repaying debt.

#### *18.2.3 2012*

Other than the Divestment described in Section 9.3 "The Divestment of the former "Green Reefers ASA" shipping business to Caiano AS and its affiliates" of the prospectus dated 17 December 2012 (incorporated by reference hereto, cf Section 18.7 "Incorporation by reference"), the Group did not carry out any related party transactions in 2012.

#### *18.2.4 2013*

The Group has not carried out any related party transactions in 2013.

### **18.3 Material contracts**

Other than (i) the material contracts described in Section 8.11 "Material contracts" above, (ii) the related party transactions described in Section 18.2 "Related party transactions" above and (iii) the agreements entered into in the ordinary course of business, no material contract has been entered into by any member of the Group during the two years immediately preceding the date of this Prospectus, and no contract containing obligations or entitlements that are, or may be, material to the Group as of the date of this Prospectus has been entered into by any member of the Group.

### **18.4 Litigation and disputes**

From time to time, the Company is involved in litigation, disputes and other legal proceedings arising in the normal course of its business. Neither the Company nor any other company in the Group are, nor have been during the course of the preceding twelve months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

### **18.5 Auditor and advisors**

The Company's statutory auditor is PricewaterhouseCoopers AS with registration number 987 009 713, and business address Dronning Eufemias gate 8, N-0191 Oslo, Norway. PricewaterhouseCoopers AS is a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants). PricewaterhouseCoopers AS was elected as the Company's auditor in the extraordinary general meeting held on 18 December 2012 as a consequence of the Combination and audited the Company's financial statements for the year ended 31 December 2012.

Previously, the Company's auditor was Deloitte AS with registration number 980 211 282, and business address Karenslyst Allé 20, N-0278 Oslo, Norway. Deloitte AS is a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants). Deloitte AS audited the historical financial for the Company for the years ended 31 December 2011 and 2010.

Pareto Securities, Swedbank First and SR-Bank Markets are acting as Joint Lead Managers and Joint Bookrunners for the Private Placement and the Subsequent Offering.

Advokatfirmaet Thommessen AS (Haakon VII's gate 10, N-0116 Oslo, Norway) is acting as legal advisor to the Company.

### **18.6 Documents on display**

Copies of the following documents will be available for inspection on the Company's website [www.reachsubsea.com](http://www.reachsubsea.com) and at the Company's registered office at Skillebekkgata 1 B, N-5523 Haugesund, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of 12 months from the date of this Prospectus:

- (i) the Company's Articles of Association;
- (ii) the Company's Certificate of Registration;
- (iii) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
- (iv) the consolidated audited financial statements of the Company as of, and for the years ended, 31 December 2012, 2011 and 2010 and the Company's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2013 and 2012;
- (v) the audited financial statements of Reach Subsea AS as of, and for the years ended, 31 December 2011 and 2010;
- (vi) historical financial information for the Company's significant subsidiaries; and
- (vii) this Prospectus.

### **18.7 Incorporation by reference**

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list set out in the table below. Except as provided in this Section, no information is incorporated by reference in this Prospectus.

The Company incorporates by reference the Company's audited consolidated financial statements as of, and for the years ended, 31 December 2012, 2011 and 2010, and the Company's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2013 and 2012 and the prospectus dated 17 December 2012, as well as certain other documents specified below.

| Section in the Prospectus                                    | Disclosure requirements of the Prospectus  | Reference document and link   | Page (P) in reference document <sup>12</sup> |
|--|--|---|--|
| Sections 8.1, 8.3, 8.13, 11.5.1, 13.1, 13.2, 13.3 and 18.2.3 | <b>Reach Subsea – prospectus dated 17 December 2012</b><br><br><a href="http://reachsubsea.com/investor-relations/prospectus">http://reachsubsea.com/investor-relations/prospectus</a> | <b>Reach Subsea – prospectus dated 17 December 2012:</b><br><a href="http://reachsubsea.com/investor-relations/prospectus">http://reachsubsea.com/investor-relations/prospectus</a>   | P26-30,<br>P40-P41                           |
| Sections 13, 14  | Audited historical financial information (Annex I, Section 20.1)   | <b>Reach Subsea ASA – Financial Statements 2012:</b><br><a href="http://www.newsweb.no/newsweb/search.do?messageId=326682">http://www.newsweb.no/newsweb/search.do?messageId=326682</a><br><br><b>Reach Subsea ASA – Financial Statements 2011:</b><br><a href="http://www.newsweb.no/newsweb/search.do?messageId=301640">http://www.newsweb.no/newsweb/search.do?messageId=301640</a><br><br><b>Reach Subsea ASA – Financial Statements 2010:</b><br><a href="http://www.newsweb.no/newsweb/search.do?messageId=277872">http://www.newsweb.no/newsweb/search.do?messageId=277872</a> | P24-P75<br><br>P16-P65<br><br>P16-P63        |
| Sections 13, 14  | Audit report (Annex I, Section 20.4.1)   | <b>Reach Subsea ASA – Auditor's Report 2012:</b><br><a href="http://www.newsweb.no/newsweb/search.do?messageId=326682">http://www.newsweb.no/newsweb/search.do?messageId=326682</a><br><br><b>Reach Subsea ASA – Auditor's Report 2011:</b><br><a href="http://www.newsweb.no/newsweb/search.do?messageId=301640">http://www.newsweb.no/newsweb/search.do?messageId=301640</a><br><br><b>Reach Subsea ASA – Auditor's Report 2010:</b><br><a href="http://www.newsweb.no/newsweb/search.do?messageId=277872">http://www.newsweb.no/newsweb/search.do?messageId=277872</a>             | P76-P7<br><br>P66-69<br><br>P64-67           |
| Section 11.2   | Accounting policies (Annex I, Section 20.1)  | <b>Reach Subsea ASA – Accounting Principles:</b><br><a href="http://www.newsweb.no/newsweb/search.do?messageId=326682">http://www.newsweb.no/newsweb/search.do?messageId=326682</a>   | P62-P65                                      |
| Sections 13, 14  | Interim financial information (Annex I, Section 20.6.1)  | <b>Reach Subsea ASA – First Quarter Financial Statement 2013:</b><br><a href="http://www.newsweb.no/newsweb/search.do?messageId=326691">http://www.newsweb.no/newsweb/search.do?messageId=326691</a><br><br><b>Reach Subsea ASA – First Quarter Financial Statement 2012:</b><br><a href="http://www.newsweb.no/newsweb/search.do?messageId=306629">http://www.newsweb.no/newsweb/search.do?messageId=306629</a>  | P8-P14<br><br>P1-P4                          |

<sup>12</sup> The original page number as stated in the reference document.

## 19 DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

|   |  |
|---|--|
| 2010 PD Amending Directive.....           | Directive 2010/73/EU amending the EU Prospectus Directive.   |
| Anti-Money Laundering Legislation..       | Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302, collectively.   |
| Articles of Association.....              | The Company's articles of association attached as Appendix A of this Prospectus.   |
| Board of Directors.....                   | The Board of Directors of the Company.   |
| CET.....                                  | Central European Time.   |
| Combination .....                         | The acquisition of all the shares in Reach Subsea AS by the Company against issuance of the new shares completed on 5 December 2012.   |
| Company .....                             | Reach Subsea ASA.  |
| Corporate Governance Code.....            | The Norwegian Code of Practice for Corporate Governance dated 23 October 2012.   |
| Divestment .....                          | The Group's divestment of substantially all of its former shipping business to Caiano AS and its affiliates in the first half of 2012, and the remaining assets, rights and liabilities of this business in November 2012.   |
| DSV .....                                 | Diving support vessel.   |
| EBITDA .....                              | Earnings before interest, tax, depreciation and amortisation.  |
| EEA.....                                  | The European Economic Area.  |
| EIA .....                                 | U.S. Energy Information Administration.  |
| Eligible Shareholders.....                | The shareholders of the Company as of 3 May 2013 (and being registered as such in VPS on the Record Date), holding less than 85,500 Shares as of such date, except for shareholders being (i) employees or board members in the Group, (ii) companies controlled by employees or board members in the Group or (iii) allocated New Shares in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action. |
| EPIC.....                                 | Engineering, procurement, installation and construction.   |
| E&P.....                                  | Exploration and production.  |
| EU .....                                  | The European Union.  |
| EUR .....                                 | The lawful currency of the participating member states in the European Union.  |
| EU Prospectus Directive .....             | Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State.  |
| FSMA .....                                | The UK Financial Services and Markets Act 2000.  |
| Group.....                                | The Company taken together with its consolidated subsidiaries (at the relevant point in time).   |
| IFRS .....                                | International Financial Reporting Standards as adopted by the EU.  |
| IMR.....                                  | Inspection, maintenance and repair.  |
| Ineligible Shareholders .....             | Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares.  |
| Joint Lead Managers .....                 | Pareto Securities, Swedbank First and SR-Bank Markets.   |
| Management .....                          | The senior management team of the Company.   |
| MPSV .....                                | Multi purposes support vessel.   |
| New Shares .....                          | The 31,737,500 new shares in the Company issued in connection with the Private Placement.  |
| NGAAP .....                               | Accounting Standards Generally Accepted in Norway.   |
| NFSA.....                                 | The Financial Supervisory Authority of Norway ( <i>Nw.: Finanstilsynet</i> ).  |
| NOK.....                                  | Norwegian Kroner, the lawful currency of Norway.   |
| Non-Norwegian Corporate Shareholders..... | Shareholders who are limited liability companies and certain similar corporate entities not resident in Norway for tax purposes.   |
| Non-Norwegian Personal Shareholders.....  | Shareholders who are individuals not resident in Norway for tax purposes.  |
| Norwegian Corporate Shareholders .        | Shareholders who are limited liability companies and certain similar corporate entities resident in Norway for tax purposes.   |
| Norwegian Personal Shareholder.....       | Shareholders who are individuals resident in Norway for tax purposes.  |
| Norwegian Private Limited                 |  |

|  |  |
|--|--|
| Companies Act .....                          | Norwegian Private Limited Companies Act of 13 June 1997 No 44 ( <i>Nw.: aksjeloven</i> ).  |
| Norwegian Public Limited Companies Act ..... | Norwegian Public Limited Companies Act of 13 June 1997 No 45 ( <i>Nw.: allmennaksjeloven</i> ).  |
| Norwegian Securities Trading Act....         | The Norwegian Securities Trading Act of 28 June 2007 No 75 ( <i>Nw.: verdipapirhandelloven</i> ).  |
| Offer Shares .....                           | Up to 704,240 new shares in the Company to be issued in connection with the Subsequent Offering.   |
| OPEC .....                                   | Organization of Petroleum Exporting Countries.   |
| Order .....                                  | The UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.   |
| Oslo Stock Exchange.....                     | Oslo Børs ASA, or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.  |
| Pareto Securities .....                      | Pareto Securities AS.  |
| Payment Date .....                           | 16 July 2013.  |
| Private Placement .....                      | The private placement of 31,737,500 New Shares completed on 10 June 2013.  |
| Prospectus .....                             | This Prospectus dated 26 June 2013.  |
| QIBs .....                                   | Qualified institutional buyers as defined in Rule 144A.  |
| PRS.....                                     | Pipeline Repair System.  |
| Reach Subsea .....                           | The Company.   |
| Record Date.....                             | 8 May 2013.  |
| Regulation S .....                           | Regulation S under the U.S. Securities Act.  |
| Relevant Member State .....                  | Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.   |
| Relevant Persons .....                       | Persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order. |
| ROV .....                                    | Remotely operated vehicle.   |
| Rule 144A .....                              | Rule 144A under the U.S. Securities Act.   |
| SEC .....                                    | U.S. Securities and Exchange Commission.   |
| Share(s) .....                               | Means the shares of the Company, each with a nominal value of NOK 1.00, or any one of them, including the New Shares.  |
| SR-Bank Markets .....                        | SpareBank 1 SR-Bank ASA, Markets.  |
| Subsequent Offering .....                    | The offering of up to 704,240 Offer Shares on the terms and conditions set out in this Prospectus.   |
| Subscription Form.....                       | The form for subscription of Offer Shares attached hereto as Appendix B.   |
| Subscription Period .....                    | From 27 June 2013 to 16:30 hours (CET) on 11 July 2013.  |
| Subscription Price .....                     | The subscription price for the Offer Shares, being NOK 3.20.   |
| Subscription Rights .....                    | Non-transferable subscription rights that, subject to applicable law, provide the right to subscribe for and to be allocated Offer Shares at the Subscription Price.   |
| Swedbank First.....                          | Swedbank First Securities.   |
| U.S. or United States .....                  | The United States of America.  |
| U.S. Exchange Act .....                      | The United States Exchange Act of 1934, as amended.  |
| U.S. Securities Act .....                    | The United States Securities Act of 1933, as amended.  |
| USD .....                                    | United States Dollars, the lawful currency of the United States of America.  |
| VPS.....                                     | The Norwegian Central Securities Depository ( <i>Nw.: Verdipapirsentralen</i> ).   |

**APPENDIX A:**  
**ARTICLES OF ASSOCIATION**

**ARTICLES OF ASSOCIATION**  
**OF**  
**REACH SUBSEA ASA**

*As of 29 May 2013*

§ 1

The company's name is Reach Subsea ASA. The company is a public limited liability company.

The Company's objective is to engage in engineering, construction and service activities for the offshore energy industry, shipping and other transportation activities through ownership and/or management, participation in other companies involved in the above activities, and any business relating thereto.

The company's registered office is in Haugesund municipality. General meetings may also be held in Oslo municipality.

§ 2

The company's share capital is NOK 75,565,604 divided into 75,565,604 shares, each with a nominal value of NOK 1.00. The company's shares shall be registered in the Norwegian Central Securities Depository.

§ 3

The Board of Directors shall have 3 to 6 members. Two Board members may jointly sign on behalf of the Company.

The Company shall have a nomination committee composed of 3 members elected by the General Meeting for a period of two years. The Nomination Committee's leader is elected by the General Meeting. The Nomination Committee is responsible for nominating the shareholder-elected members of the Board of Directors and make recommendations for remuneration to the members of the Board of Directors.

The Company's Audit Committee consists of the Board of Directors as such. The Audit Committee meets the Norwegian Law requirements regarding independence and competence.

§ 4

Shareholders that wish to attend the Ordinary or Extraordinary General Meeting must inform the Company of their attendance 3 days prior to the Meeting.

§ 5

The ordinary General Meeting shall transact and decide on the following issues:

1. Specification of the profit and loss account and the balance sheet, and the use of profit or covering of loss in accordance with the specified balance sheet
2. Specification of group profit and concern balance
3. Any other matters which are pursuant to the law or the articles of association are the responsibility of the general meeting

Documents concerning matters that must be addressed in the general meeting, including documents which, pursuant to law, must be included or enclosed with the summons to the general meeting, do not need to be sent to the shareholders if the documents are available on the company's website.



**APPENDIX B:**  
**SUBSCRIPTION FORM**

**General information:** The terms and conditions of the subsequent offering (the "Subsequent Offering") by Reach Subsea ASA (the "Company") pursuant to a resolution by the Company's Board of Directors on 25 June 2013 are set out in the prospectus dated 26 June 2013 (the "Prospectus"). Terms defined in the Prospectus shall have the same meaning in this Subscription Form. The Company's Articles of Association and the consolidated financial statements for the years 2012, 2011 and 2010, and for the three months ended 31 March 2013, are available at the Company's website [www.reachsubsea.com](http://www.reachsubsea.com). The resolution by the Board of Directors to increase the share capital through the Subsequent Offering is included in the Prospectus.

**Subscription procedures:** The Subscription Period is from 09:00 hours (CET) on 27 June 2013 to 16:30 hours (CET) on 11 July 2013. Subscriptions for Offer Shares must be made by submitting a correctly completed Subscription Form, or may, for Norwegian residents with a Norwegian personal identification number, be made online through the VPS online Subscription system, during the Subscription Period. Correctly completed Subscription Forms must be received by or, in the event of online subscription in the VPS, correctly completed subscriptions must be registered with the Joint Lead Managers before 16:30 (CET) on 11 July 2013 at the following addresses: **Pareto Securities AS, P.O. Box 1411 Vika, N-0115 Oslo, Norway, Fax + 47 22 83 43 09, E-mail: [tas@paretosec.com](mailto:tas@paretosec.com), or, for online subscriptions, at: [www.paretosec.com](http://www.paretosec.com), Swedbank First Securities, P.O. Box 1441 Vika, N-0115 Oslo, Norway, Fax +47 23 23 80 11, or, for online subscriptions, at: [www.swedbank.no/first](http://www.swedbank.no/first), or SpareBank 1 SR-Bank ASA, Markets, P.O.Box 250, N-4066 Stavanger, Norway, Fax +47 51 91 68 59, Email: [tegnings@sr-bank.no](mailto:tegnings@sr-bank.no), or, for online subscriptions, at: [www.sr-bank.no/markets](http://www.sr-bank.no/markets).** Neither the Company nor the Joint Lead Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Joint Lead Managers.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Joint Lead Managers or registered in the VPS. The subscriber is responsible for the correctness of the information filled in on the Subscription Form. Subscription Forms and electronic subscriptions that are

incomplete or incorrectly completed, or that are received after the expiry of the Subscription Period, and any subscription that may be unlawful, may be disregarded at the sole discretion of the Company and/or the Joint Lead Managers without further notice to the subscriber

**Subscription Price:** The Subscription Price is NOK 3.20 per Offer Share.

**Subscription Rights:** Eligible Shareholders, being shareholders of the Company as of the end of 3 May 2013 (as registered in the VPS on the Record Date) and who are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action, holding less than 85,500 Shares as of such date, except for shareholders being (i) employees or board members in the Group, (ii) companies controlled by employees or board members in the Group, or (iii) allocated New Shares in the Private Placement, will be granted non-tradable Subscription Rights giving the right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering.

Each Eligible Shareholder will, subject to applicable securities laws, be granted 0.5 Subscription Rights for each Share registered as held by such Eligible Shareholder on the Record Date, rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering. Subscription Rights will not be granted, and Offer Shares will not be issued, to Shareholders in any jurisdiction in which such offering would be unlawful or for jurisdictions other than Norway would require any filing or other action by the Company or the Joint Lead Managers. Over-subscription and subscription without Subscription Rights will not be permitted. **Subscription Rights which are not exercised before 11 July 2013 at 16:30 (CET) will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in the Prospectus and that holding of Subscription Rights in itself will not represent a subscription of Offer Shares.**

**Allocation of Offer Shares:** Allocation of Offer Shares will be made in accordance with Subscription Rights validly exercised in the Subscription Period. One Subscription Right will give the right to subscribe for and be allocated one Offer Share. No fractional shares will be allocated. Notification of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the VPS on or about 12 July 2013.

**Payment:** The deadline for payment for allocated Offer Shares is 16 July 2013 (the "Payment Date"). When subscribing for Offer Shares, each subscriber domiciled in Norway must by separate notice on this Subscription Form grant the Joint Lead Managers with a non-recurring authority to debit a specified bank account in Norway for the subscription amount corresponding to the amount payable for the Offer Shares allocated. The amount is expected to be debited on or about 16 July 2013 and an amount to cover payment for the allocated Offer Shares must be available on the specific bank account on this date. The Joint Lead Managers reserve the right to make up to three debit attempts within seven working days after the Payment Date if there are insufficient funds in the account on the first debiting date, or if it for other reasons is not possible to debit the bank account. Subscribers who are not domiciled in Norway must ensure that payment for the Offer Shares allocated to them is made with cleared funds on or before 12:00 hours (CET) on 16 July 2013 and must contact the Joint Lead Managers in this respect.

**PLEASE SEE PAGE 2 OF THIS SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION**

**DETAILS OF THE SUBSCRIPTION**

|                          |                               |  |                                       |
|--------------------------|-------------------------------|--|---------------------------------------|
| Subscriber's VPS account | Number of Subscription Rights | Number of Offer Shares subscribed              | (For broker: Consecutive no.)         |
|                          |                               |  |                                       |
|                          |                               | Subscription Price per Offer Share<br>NOK 3.20 | Subscription amount to be paid<br>NOK |

**IRREVOCABLE AUTHORIZATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH NORWEGIAN BANK ACCOUNT)**

|  |  |
|--|--|
| Norwegian bank account to be debited for the payment for the Offer Shares allocated (number of Offer Shares allocated x NOK 3.20). | (Norwegian bank account no. 11 digits) |
|--|--|

In accordance with the terms and conditions set out in the Prospectus and this Subscription Form, I/we hereby (i) irrevocably subscribe for the number of Offer Shares specified above, (ii) grant the Joint Lead Managers authorization to debit (by direct debiting or manually as described above) the specified bank account for the payment of the Offer Shares allocated to me/us and (ii) confirms and warrants to have read the Prospectus and be eligible to subscribe for Offer Shares under the terms set forth therein. By signing this Subscription Form, subscribers subject to direct debiting accept the terms and conditions for "Payment by Direct Debiting – Securities Trading" set out on page 2 of this Subscription Form.

**Place and date\***

\*must be dated during the Subscription Period

**Binding signature\*\***

\*\*The subscriber must have legal capacity. When signed on behalf of a company or other legal entity or pursuant to an authorization, documentation in the form of a company certificate or power of attorney must be enclosed.

**INFORMATION ON THE APPLICANT – ALL FIELDS MUST BE COMPLETED**

|  |  |
|--|--|
| VPS account number                         |  |
| First name                                 |  |
| Surname/company                            |  |
| Street address                             |  |
| Post code/district/<br>Country             |  |
| Personal ID number/<br>organization number |  |
| Norwegian bank account for<br>dividends    |  |
| Nationality                                |  |
| Daytime telephone number                   |  |

## ADDITIONAL GUIDELINES FOR THE APPLICANT

**Regulatory issues:** In accordance with the Markets in Financial Instruments Directive ("MiFID") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Joint Lead Managers must categorize all new clients in one of three categories: eligible counterparties, professional clients and non-professional clients. All subscribers in the Subsequent Offering who are not existing clients of the Joint Lead Managers will be categorized as non-professional clients. Applicants can, by written request to the Joint Lead Managers, ask to be categorized as a professional client if the subscriber fulfils the requirements of the Norwegian Securities Trading Act. **The subscriber represents that he/she/it is capable of evaluating the merits and risks of a decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

**Selling restrictions:** The attention of persons who wish to apply for Offer Shares is drawn to Section 6 "Selling and transfer restrictions" of the Prospectus. The Company is not taking any action to permit a public offering of the Subscription Rights or Offer Shares in any jurisdiction other than Norway. Receipt of the Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer or for jurisdictions other than Norway such offer would require a filing or other action by the Company or the Joint Lead Managers and, in those circumstances, the Prospectus is for information only and should not be copied or redistributed. Persons outside Norway should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise Subscription Rights or to subscribe Offer Shares. It is the responsibility of any person wishing to exercise Subscription Rights or subscribe Offer Shares in the Subsequent Offering to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and Offer Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Hong Kong, Japan or the United States and may not be offered, sold, subscribed, taken up, exercised, resold, delivered or transferred, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan or the United States, other than pursuant to, and in accordance with, applicable exemptions. This Subscription Form does not constitute an offer to sell or a solicitation of an offer to buy or subscribe Offer Shares in any jurisdiction in which such offer or solicitation is unlawful or for jurisdictions other than Norway would require a filing or other action by the Company or the Joint Lead Managers. A subscription of Offer Shares in contravention of the above restrictions may be deemed to be invalid. By subscribing the Offer Shares, persons effecting subscriptions will be deemed to have represented to the Company that they, and the persons on whose behalf they are subscribing the Offer Shares, have complied, and will comply, with the above selling restrictions.

**Execution only:** The Joint Lead Managers will treat the Subscription Form as an execution-only instruction. The Joint Lead Managers are not required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

**Information exchange:** The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Joint Lead Managers, there is a duty of secrecy between the different units of the Joint Lead Managers as well as between the Joint Lead Managers and the other entities in the Joint Lead Managers' respective groups. This may entail that other employees of the Joint Lead Managers or the Joint Lead Managers' respective groups or entities may have information that may be relevant to the subscriber, but which the Joint Lead Managers will not have access to in their capacity as Joint Lead Managers for the Subsequent Offering.

**Information barriers:** The Joint Lead Managers are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Joint Lead Managers' corporate finance departments are kept confidential, the Joint Lead Managers' other activities, including analysis and stock broking, are separated from the respective Joint Lead Managers' corporate finance departments by information walls. The subscriber acknowledges that the Joint Lead Managers' analysis and stock broking activity may conflict with the subscriber's interests with regard to subscriptions of, and other transactions in, the Shares, including the Offer Shares, as a consequence of such information walls.

**Mandatory anti-money laundering procedures:** The Subsequent Offering is subject to the Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302 (collectively, the "Anti-Money Laundering Legislation"). Subscribers who are not registered as existing customers of the Joint Lead Managers must verify their identity to the Joint Lead Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the subscription form are exempted, unless verification of identity is requested by the Joint Lead Managers. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares. Participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the subscription form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway.

**Terms and conditions for payment by direct debiting - securities trading:** Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

- a) The service "Payment by direct debiting – securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- b) Costs related to the use of "Payment by direct debiting – securities trading" appear from the bank's prevailing price list, account information and/or information given in another appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorization for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank that in turn will charge the payer's bank account.
- d) In case of withdrawal of the authorization for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorize payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- g) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

**Overdue payment:** Overdue and late payment will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment on 17 December 1976 No. 100, currently 8.50% per annum. If the subscriber fails to comply with the terms of payment, the Offer Shares will not be delivered to the subscriber. The Company and the Joint Lead Managers reserve the right to sell or assume ownership of the Offer Shares from and including the fourth day after the Payment Date without further notice to the subscriber in question in accordance with Section 10-12, fourth paragraph of the Norwegian Public Limited Companies Act if payment has not been received within the third day after the Payment Date. If the Offer Shares are sold on behalf of the subscriber, the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Joint Lead Managers as a result of or in connection with such sales. The Company and/or the Joint Lead Managers may enforce payment of any amount outstanding in accordance with Norwegian law.

**APPENDIX C:**

**INDEPENDENT REPORT REGARDING THE UNAUDITED PRO FORMA  
FINANCIAL INFORMATION**



To the Directors and Shareholders of Reach Subsea ASA

## **Independent assurance report on unaudited pro forma financial information**

We have examined the unaudited pro forma financial information in section 13 of the Prospectus, comprising the unaudited pro forma statement of income for the year ended 31 December 2012. This unaudited pro forma financial information has been prepared for illustrative purposes solely to show what the significant effects on the accounts of Reach Subsea ASA might have been had the transactions described in section 13 of the Prospectus occurred on the earlier dates, as set out in section 13.5 of the Prospectus. This unaudited pro forma financial information is the responsibility of the Board of Directors. It is our responsibility to provide the opinion required by item 7 of Annex II to the EU Regulation No 809/2004 as included in the Norwegian Securities Trading Act section 7-13. We are not responsible for expressing any other opinion on the unaudited pro forma financial information or on any of its constituent elements.


We conducted our examination in accordance with the Norwegian Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". Our work consisted primarily of comparing the unadjusted financial information with the source documents, obtaining evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

Based on our examination, in our opinion:

- a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the issuer.

This report is issued for the sole purpose of the Prospectus required by item 7 of Annex II to the EU Regulation No 809/2004 as included in the Norwegian Securities Trading Act section 7-13 as set out in the Prospectus. This report is not appropriate for other jurisdictions than Norway and should not be used or relied upon for any purpose other than to comply with item 7 of Annex II to the EU Regulation No 809/2004.

Stavanger, 26 June 2013  
**PricewaterhouseCoopers AS**

  
Henrik Zetlitz Nessler  
State Authorised Public Accountant (Norway)

**APPENDIX D:**  
**AUDITED FINANCIAL STATEMENTS FOR 2012 FOR**  
**REACH SUBSEA AS**

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Til generalforsamlingen i Reach Subsea AS

## Revisors beretning

### Uttalelse om årsregnskapet

Vi har revidert årsregnskapet for Reach Subsea AS, som viser et underskudd på kr 2 294 716. Årsregnskapet består av balanse per 31. desember 2012, resultatregnskap for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

### *Styret og daglig leders ansvar for årsregnskapet*

Styret og daglig leder er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge, og for slik intern kontroll som styret og daglig leder finner nødvendig for å muliggjøre utarbeidelsen av et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

### *Revisors oppgaver og plikter*

Vår oppgave er å gi uttrykk for en mening om dette årsregnskapet på bakgrunn av vår revisjon. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder International Standards on Auditing. Revisjonsstandardene krever at vi etterlever etiske krav og planlegger og gjennomfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon.

En revisjon innebærer utførelse av handlinger for å innhente revisjonsbevis for beløpene og opplysningene i årsregnskapet. De valgte handlingene avhenger av revisors skjønn, herunder vurderingen av risikoene for at årsregnskapet inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar revisor hensyn til den interne kontrollen som er relevant for selskapets utarbeidelse av et årsregnskap som gir et rettviseende bilde. Formålet er å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll. En revisjon omfatter også en vurdering av om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene utarbeidet av ledelsen er rimelige, samt en vurdering av den samlede presentasjonen av årsregnskapet.

Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

### *Konklusjon*

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av den finansielle stillingen til Reach Subsea AS per 31. desember 2012, og av resultater for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

## **Uttalelse om øvrige forhold**


### *Konklusjon om årsberetningen*

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og forutsetningen om fortsatt drift er konsistente med årsregnskapet og er i samsvar med lov og forskrifter.

### *Konklusjon om registrering og dokumentasjon*

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag ISAE 3000 "Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon", mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringskikk i Norge.

Stavanger, 18. mars 2013  
**PricewaterhouseCoopers AS**

  
Henrik Z. Nessler  
Statsautorisert revisor



## ÅRSBERETNING 2012 REACH SUBSEA AS

Reach Subsea AS er en uavhengig leverandør av subsea-tjenester. Selskapet ble etablert i november 2008, med administrasjonen lokalisert på Killingøy Offshore Base i Haugesund. Selskapet ble i desember 2012 et heleid datterselskap av Reach Subsea ASA.

I samsvar med regnskapslovens § 3-3 bekreftes det at forutsetningen om fortsatt drift er lagt til grunn ved utarbeidelsen av regnskapet.

Selskapet ansatte økte fra 3 i januar til 9 i desember 2012, hvorav 2 ansatte er kvinner. Selskapet har en ikke-diskrimineringsfilosofi knyttet til kjønn, nasjonalitet, funksjonshemming eller religion ved ansettelsesprosesser.

Det har ikke vært sykefravær/arbeidsulykker i året som har gått. Arbeidsmiljøet vurderes å være bra.

Virksomhetens bransje medfører verken forurensning eller utslipp som kan være til skade for det ytre miljø.

Reach Subsea AS har i 2012 hatt pågående forsknings- og utviklingsaktiviteter knyttet til nyutvikling av ROV tjenester.


Totalkapitalen var ved utgangen av året kr. 6,3 mill. Egenkapitalandelen pr. 31.12.2012 var 81,8 %.


Styret mener at årsregnskapet gir et rettviseende bilde av Reach Subsea AS eiendeler og gjeld, finansielle stilling og resultat.


Haugesund, 18. mars 2013

  
Kåre Johannes Lie  
Styrets leder / daglig leder

  
Jostein Alendal  
Styremedlem

  
Åge Johan Nilsen jr.  
Styremedlem

  
Inge Holme Grutle  
Styremedlem

  
Sven M. Storesund  
Styremedlem

# Reach Subsea AS

## RESULTATREGNSKAP

|  | Note | 2012              | 2011             |
|--|------|-------------------|------------------|
| Salgsinntekt                               |      | 3 560 432         | 6 013 363        |
| Annen driftsinntekt                        |      | 29 508            | 200 000          |
| <b>Sum driftsinntekt</b>                   |      | <b>3 589 940</b>  | <b>6 213 363</b> |
| Lønnskostnader m.m.                        | 5, 7 | 4 511 782         | 2 423 386        |
| Avskrivning                                | 1    | 0                 | 33 860           |
| Annen driftskostnad                        | 5, 7 | 1 476 395         | 1 525 396        |
| <b>Sum driftskostnad</b>                   |      | <b>5 988 178</b>  | <b>3 982 641</b> |
| <b>Driftsresultat</b>                      |      | <b>-2 398 237</b> | <b>2 230 722</b> |
| Annen renteinntekt                         |      | 105 899           | 87 306           |
| Annen rentekostnad                         |      | -2 378            | -239             |
| <b>Ordinært resultat før skattekostnad</b> |      | <b>-2 294 716</b> | <b>2 317 789</b> |
| Skattekostnad på ordinært resultat         | 4    | 0                 | 649 325          |
| <b>Årsresultat</b>                         |      | <b>-2 294 716</b> | <b>1 668 464</b> |
| <b>Dekning av årsresultatet</b>            |      |                   |                  |
| Foreslått utbytte                          |      | 0                 | 1 785 000        |
| Overført fra annen egenkapital             |      | 7 956             | 116 536          |
| Overført fra overkursfond                  |      | 2 286 760         | 0                |
| <b>Sum dekket</b>                          |      | <b>-2 294 716</b> | <b>1 668 464</b> |

# Reach Subsea AS

BALANSE PR. 31.12.

|                                     | Note | 2012             | 2011             |
|-------------------------------------|------|------------------|------------------|
| <b>EIENDELER</b>                    |      |                  |                  |
| <b>Anleggsmidler</b>                |      |                  |                  |
| <i>Immaterielle eiendeler</i>       |      |                  |                  |
| Utsatt skattefordel                 | 4    | <u>7 887</u>     | <u>7 887</u>     |
| <b>Sum immaterielle eiendeler</b>   |      | <u>7 887</u>     | <u>7 887</u>     |
| <b>Sum anleggsmidler</b>            |      | <u>7 887</u>     | <u>7 887</u>     |
| <b>Omløpsmidler</b>                 |      |                  |                  |
| <i>Fordringer</i>                   |      |                  |                  |
| Kundefordringer                     |      | 345 037          | 1 718 171        |
| Andre fordringer                    | 3    | <u>0</u>         | <u>700 000</u>   |
| <b>Sum fordringer</b>               |      | <u>345 037</u>   | <u>2 418 171</u> |
| <b>Bankinnskudd, kontanter o.l.</b> | 2    | <u>5 969 259</u> | <u>3 279 113</u> |
| <b>Sum omløpsmidler</b>             |      | <u>6 314 296</u> | <u>5 697 283</u> |
| <b>SUM EIENDELER</b>                |      | <u>6 322 183</u> | <u>5 705 170</u> |

# Reach Subsea AS

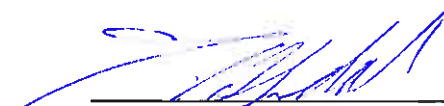
BALANSE PR. 31.12.

|                                     | Note | 2012                    | 2011                    |
|-------------------------------------|------|-------------------------|-------------------------|
| <b>EGENKAPITAL OG GJELD</b>         |      |                         |                         |
| <b>EGENKAPITAL</b>                  |      |                         |                         |
| <i>Innskutt egenkapital</i>         |      |                         |                         |
| Aksjekapital (820 aksjer á kr 1000) | 3    | 820 000                 | 485 000                 |
| Overkursfond                        |      | <u>4 351 262</u>        | <u>2 823 332</u>        |
| <b>Sum innskutt egenkapital</b>     |      | <b><u>5 171 262</u></b> | <b><u>3 308 332</u></b> |
| <i>Opptjent egenkapital</i>         |      |                         |                         |
| Annen egenkapital                   |      | <u>0</u>                | <u>7 956</u>            |
| <b>Sum opptjent egenkapital</b>     |      | <b><u>0</u></b>         | <b><u>7 956</u></b>     |
| <b>Sum egenkapital</b>              | 6    | <b><u>5 171 262</u></b> | <b><u>3 316 288</u></b> |
| <b>GJELD</b>                        |      |                         |                         |
| <i>Kortsiktig gjeld</i>             |      |                         |                         |
| Leverandørgjeld                     |      | 17 254                  | 423                     |
| Betalbar skatt                      | 4    | 0                       | 103 246                 |
| Skyldige offentlige avgifter        |      | 537 501                 | 276 180                 |
| Utbytte                             | 3, 6 | 0                       | 1 785 000               |
| Annen kortsiktig gjeld              |      | <u>596 166</u>          | <u>224 034</u>          |
| <b>Sum kortsiktig gjeld</b>         |      | <b><u>1 150 921</u></b> | <b><u>2 388 883</u></b> |
| <b>Sum gjeld</b>                    |      | <b><u>1 150 921</u></b> | <b><u>2 388 883</u></b> |
| <b>SUM EGENKAPITAL OG GJELD</b>     |      | <b><u>6 322 183</u></b> | <b><u>5 705 170</u></b> |

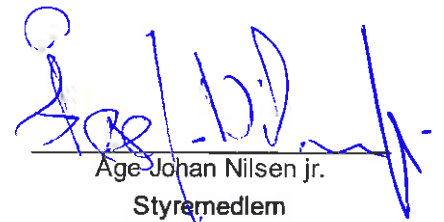
Haugesund, 18.03.2013  
Styret i Reach Subsea AS

  
Kåre Johannes Lie


Styrets leder / daglig leder

  
Jostein Alendal

Styremedlem

  
Age Johan Nilsen jr.

Styremedlem

  
Sven Magne Storesund

Styremedlem

  
Inge Holme Grutle

Styremedlem

**Regnskapsprinsipper**

Årsregnskapet er satt opp i samsvar med regnskapsloven og god regnskapsskikk for små foretak.

**Salgsinntekter**

Tjenester inntektsføres etterhvert som de leveres.

**Klassifisering og vurdering av balanseposter**

Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Eiendeler som er knyttet til varekretsløpet er klassifisert som omløpsmidler. Fordringer klassifiseres som omløpsmidler hvis de skal tilbakebetales i løpet av ett år etter utbetalingstidspunktet. For gjeld er analoge kriterier lagt til grunn.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Anleggsmidler vurderes til anskaffelseskost. Varige anleggsmidler som forringes i verdi avskrives lineært over forventet økonomisk levetid. Anleggsmidlene nedskrives til virkelig verdi ved verdifall som ikke forventes å være forbigående. Langsiktig gjeld i norske kroner med unntak av andre avsetninger balanseføres til nominelt beløp på etableringstidspunktet.

**Varige driftsmidler**

Varige driftsmidler balanseføres og avskrives lineært over driftsmidlenes forventede levetid dersom de har antatt levetid over 3 år og har en kostpris som overstiger kr 15.000. Vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader. Påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Skillet mellom vedlikehold og påkostning/forbedring regnes i forhold til driftsmidlets stand ved kjøp av driftsmidlet.

**Fordringer**

Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap.

**Skatt**

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 28% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt eventuelt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet. Oppføring av utsatt skattefordel på netto skattereduserende forskjeller som ikke er utlignet og underskudd til fremføring, er begrunnet med antatt fremtidig inntjening. Utsatt skatt og skattefordel som kan balanseføres er oppført netto i balansen.

**Tilskudd**

Selskapet har mottatt støtte fra Innovasjon Norge. Mottatt støtte er bokført reduksjon i kostnader.

**Immaterielle eiendeler**

Utgifter til egne utviklingsaktiviteter kostnadsføres løpende.

**Note 1 - Varige driftsmidler**

|                                  | <b>Inventar og<br/>kontormaskiner</b> | <b>Totalt</b> |
|----------------------------------|---------------------------------------|---------------|
| Anskaffelseskost 01.01.          | 105 708                               | 105 708       |
| Tilgang                          | 0                                     | 0             |
| Avgang                           | 0                                     | 0             |
| Anskaffelseskost 31.12.          | 105 708                               | 105 708       |
| Akkumulerte avskrivninger 31.12. | -105 708                              | -105 708      |
| <b>Balansført verdi 31.12.</b>   | <b>0</b>                              | <b>0</b>      |
| Årets avskrivninger              | 0                                     | 0             |

Forventet økonomisk levetid 3 år

**Note 2 - Bundne midler**

Selskapet har bundne bankinnskudd med kr 315 286.

**Note 3 - Aksjekapital og aksjonærinformasjon**

Aksjekapitalen på kr 820 000 består av 820 aksjer a kr 1.000. Alle aksjer har like rettigheter.

**Oversikt over de største aksjonærene 31.12.**

| Navn             | Verv | Antall aksjer | Eierandel |
|------------------|------|---------------|-----------|
| Reach Subsea ASA |      | 820           | 100,00 %  |

**Note 4 - Skattekostnad**

| <b>Beregning av utsatt skatt/utsatt skattefordel</b> | <b>2012</b>       | <b>2011</b>    | <b>Endring</b> |
|--|-------------------|----------------|----------------|
| Anleggsmidler  | -19 717           | -28 167        | -8 450         |
| Netto midlertidige forskjeller                       | -19 717           | -28 167        | -8 450         |
| Underskudd til fremføring                            | -2 337 024        | 0              |                |
| <b>Grunnlag for utsatt skatt/skattefordel (-)</b>    | <b>-2 356 741</b> | <b>-28 167</b> |                |
| Utsatt skatt/skattefordel (-)(28 %)                  | -659 887          | -7 887         |                |
| Herav ikke balanseført utsatt skattefordel           | 652 000           | 0              |                |
| <b>Balanseført utsatt skatt/skattefordel (-)</b>     | <b>-7 887</b>     | <b>-7 887</b>  | <b>0</b>       |

| <b>Skattepliktig inntekt</b>     | <b>2012</b>       |
|----------------------------------|-------------------|
| Resultat før skattekostnad       | -2 294 716        |
| Permanente forskjeller           | -33 857           |
| Endring midlertidige forskjeller | -8 450            |
| Anvendt fremførbart underskudd   | 0                 |
| <b>Skattepliktig inntekt (A)</b> | <b>-2 337 023</b> |

| <b>Skattekostnad</b>     | <b>2012</b> |
|--------------------------|-------------|
| Betalbar skatt (A x 28%) | 0           |
| Endring utsatt skatt     | 0           |
| <b>Sum skattekostnad</b> | <b>0</b>    |

| <b>Betalbar skatt i balansen</b> | <b>2012</b> |
|----------------------------------|-------------|
| Betalbar skatt i skattekostnaden | 0           |
| <b>Betalbar skatt i balansen</b> | <b>0</b>    |

**Note 5 - Lønnskostnader, antall ansatte, godtgjørelser, lån til ansatte m.v.**

| Lønnskostnader                 | 2012             | 2011             |
|--------------------------------|------------------|------------------|
| Lønninger                      | 4 374 289        | 2 074 587        |
| Arbeidsgiveravgift             | 631 582          | 300 682          |
| Pensjonskostnader              | 83 791           | 47 508           |
| Mottatt tilskudd               | -614 680         | 0                |
| Andre lønnsrelaterte kostnader | 36 800           | 609              |
| <b>Sum</b>                     | <b>4 511 782</b> | <b>2 423 386</b> |

Sysselsatte årsverk 6 3

Selskapets pensjonsordning tilfredsstiller kravene til obligatorisk tjenestepensjon (OTP).

**Ytelser til ledende personer**

|                    | Daglig leder     | Styret   |
|--------------------|------------------|----------|
| Lønn               | 1 256 334        |          |
| Annen godtgjørelse | 4 922            |          |
| Styrehonorar       | 0                | 0        |
| <b>Sum</b>         | <b>1 261 255</b> | <b>0</b> |

Selskapet har skiftet daglig leder i løpet av året og lønnen er forholdsmessig fordelt

| Kostnadsført godtgjørelse til revisor                      | 2012          |
|--|---------------|
| Revisjon, inkl teknisk bistand regnskap og likningspapirer | 32 000        |
| Andre tjenester *)   | 51 200        |
| <b>Sum godtgjørelse til revisor (beløp ex. mva)</b>        | <b>83 200</b> |

\*) Kr 34 700 gjelder arbeid ifm emisjon og kostnaden er ført direkte mot egenkapitalen.

**Note 6 - Egenkapital**

|                           | Aksje-<br>kapital | Overkurs-<br>fond | Annen<br>egenkapital | Sum              |
|---------------------------|-------------------|-------------------|----------------------|------------------|
| Egenkapital 01.01         | 485 000           | 2 823 332         | 7 956                | 3 316 288        |
| Kapitalforhøyelse         | 335 000           | 3 849 390         | 0                    | 4 184 390        |
| Emisjonskostnader         | 0                 | -34 700           | 0                    | -34 700          |
| Årets resultat            | 0                 | -2 286 760        | -7 956               | -2 294 716       |
| <b>Egenkapital 31.12.</b> | <b>820 000</b>    | <b>4 351 262</b>  | <b>0</b>             | <b>5 171 262</b> |

**Note 7 - Forskning & utvikling**

Kostnadsført forskning & utvikling utgjør i 2012 kr 684 954, tilsvarende tall for 2011 var kr 1 145 478. Selskapet har mottatt tilskudd fra Innovasjon Norge i 2012 på totalt kr 916 000 hvor kr 614 680 er gått som en reduksjon i lønnskostnader og kr 301 320 er gått som en reduksjon i andre driftskostnader. Tilskuddet gjelder årene 2009 - 2012.



## **Registered office and advisors**

Reach Subsea ASA  
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N-5523 Haugesund  
Norway

### **Joint Lead Managers and and Joint Bookrunners**

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Norway

Swedbank First Securities  
Filipstad Brygge 1  
N-0115 Oslo  
Norway

SpareBank 1 SR-Bank ASA, Markets  
Bjergsted Terrasse 1  
N-4007 Stavanger  
Norway

### **Legal adviser to the Company**

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Haakon VIIIs gate 10  
N-0116 Oslo  
Norway