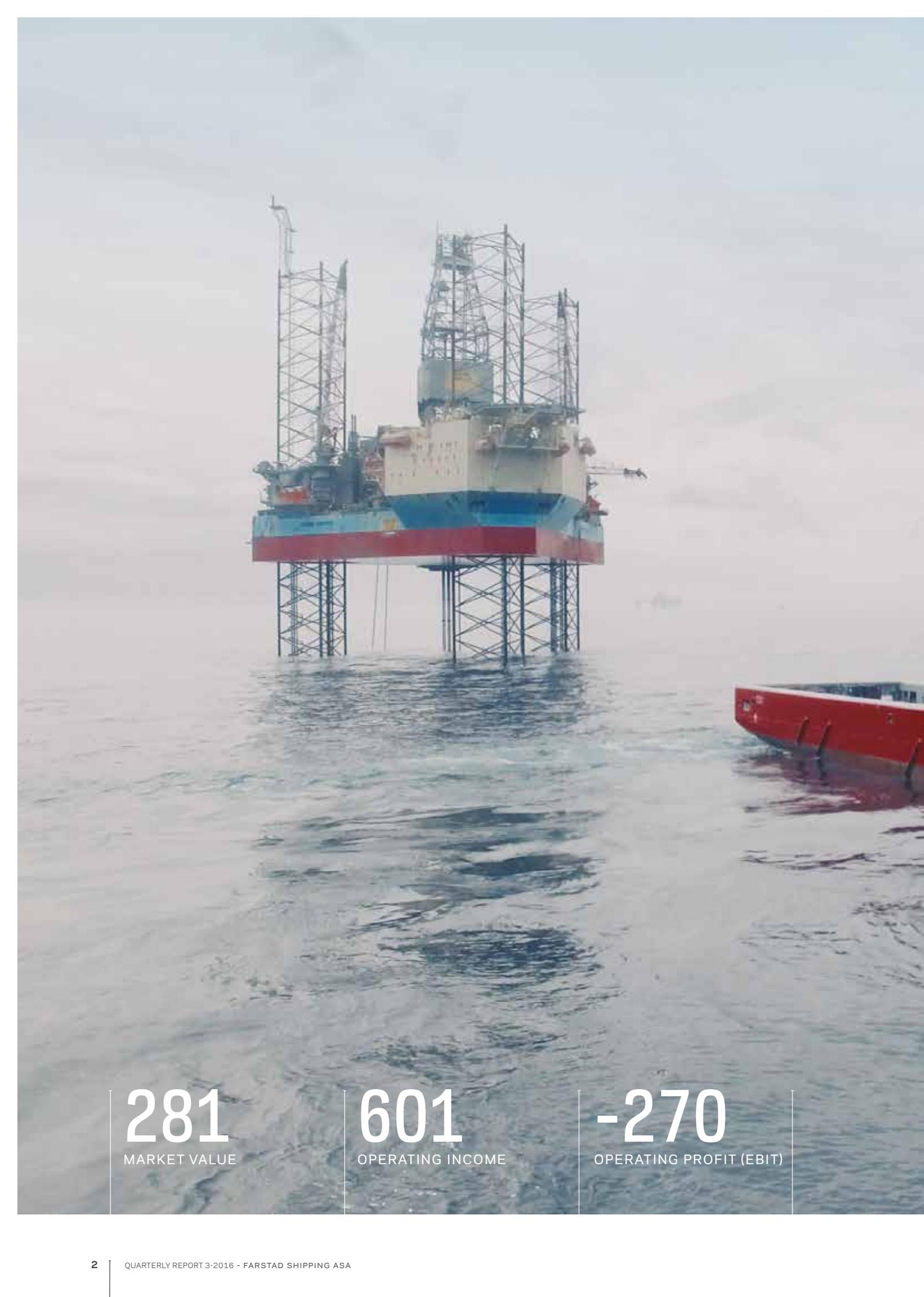


QUARTERLY REPORT

3-2016

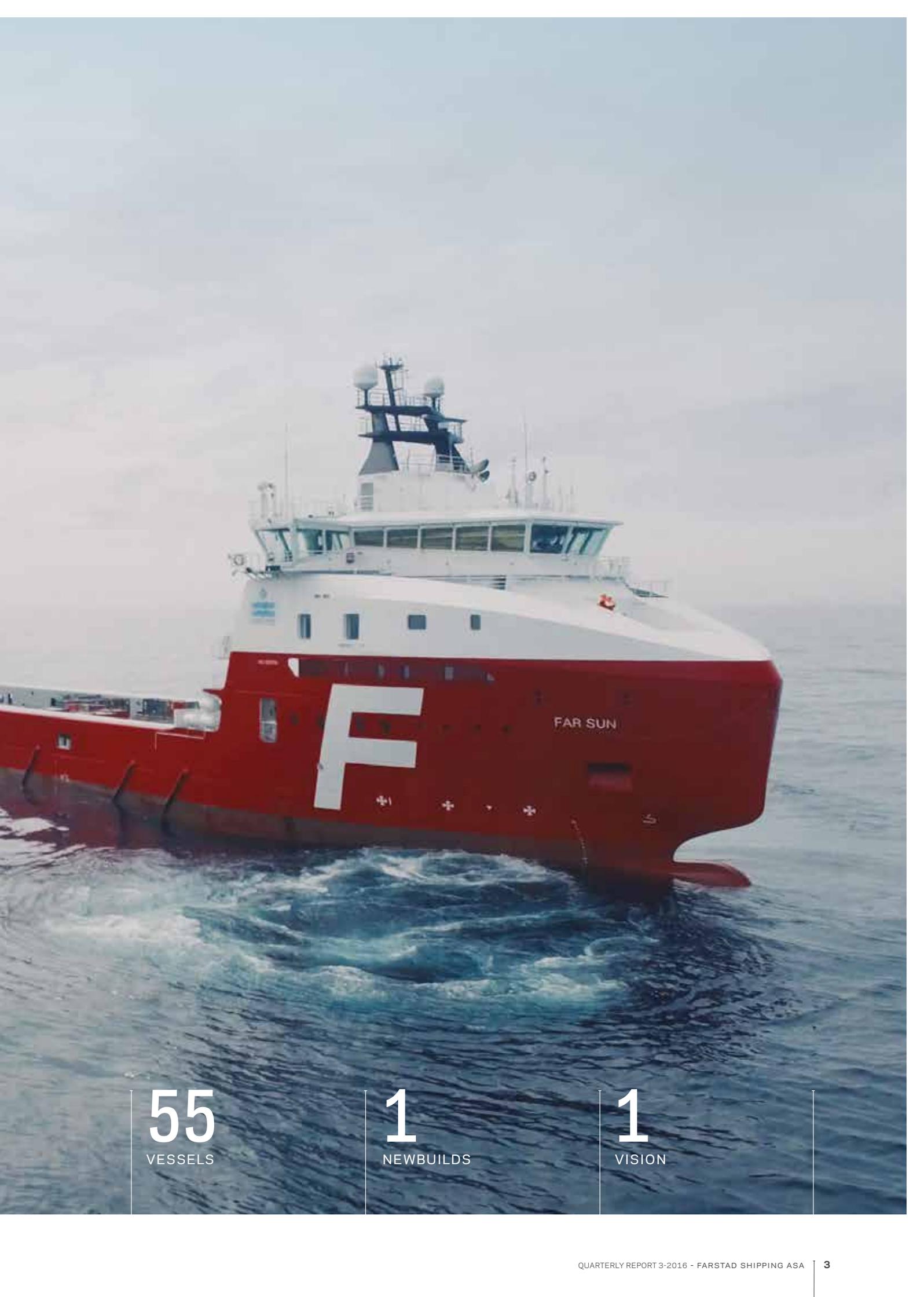


A large offshore oil rig is positioned in the center of the frame, supported by a steel jacket structure. The rig has a white upper section, a blue middle section, and a red lower section. It is surrounded by a vast expanse of blue-grey water under a cloudy sky. In the foreground on the right, the red hull of another vessel is partially visible.

281
MARKET VALUE

601
OPERATING INCOME

-270
OPERATING PROFIT (EBIT)



55

VESSELS

1

NEWBUILDS

1

VISION

VALUES, VISION & GOALS

Our Values express the attitudes and the culture Farstad Shipping's employees stand for. The Values give clear guidelines for the priorities which form the basis for the further development of the company. As a leading supply shipping company we depend on having dedicated, knowledgeable and competent people to run our business safely and efficiently. A modern and competitive fleet is also a prerequisite for this.

SAFETY CONSCIOUS

INCLUSIVE

VALUE PRODUCTIVE

VISIBLE AND TRANSPARENT

RELIABLE

CORPORATE VISION

BETTER BY FAR®

We intend to develop the company further by abiding our Values so that we can maintain a leading, competitive position in those markets in which we are present.

BUSINESS CONCEPT

We shall be a leading provider of specialised offshore tonnage to the international oil and gas industry.

OBJECTIVES

Our overall goal is to have zero injuries to people, zero harm to the environment and zero loss or damage to equipment.

The company's growth shall be based on good profitability and financial strength. Our goal is to provide our shareholders with a competitive return.

FOCUS

We focus on large, advanced vessels in the anchor handling, supply and subsea segments. We focus on health, safety, environment and quality. This provides the foundation for all our activities and is vital with regard to competitiveness. We focus on stimulating and further developing the competence, knowledge and awareness of our employees.

LONG-TERM PERSPECTIVE

We are an industrial operator with a long-term perspective on our activities. Our services shall contribute to a sustainable development for our customers and their businesses, as well as form a basis for a long-term value creation which benefits shareholders, employees and society in general. We have a long-term chartering strategy.

FARSTAD SHIPPING ASA

GLOBAL SUMMERY



27 AHTS



22 PSV



6 SUBSEA + **1** NEWBUILD

1725

EMPLOYEES IN TOTAL

GENDER DISTRIBUTION



44

OFFSHORE



1 477



84

ONSHORE



120

34%

ASIA PACIFIC

39%

BRAZIL

15%

NORTH-WEST
EUROPE

12%

OTHER

OPERATING INCOME (EXCL. GAIN/LOSS ON SALES)

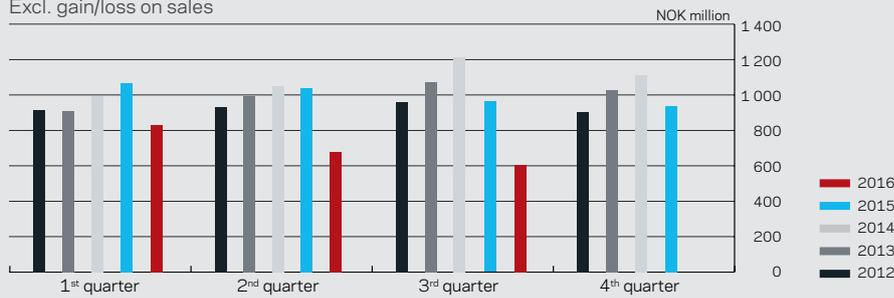
2,168 NOK MILLION

QUARTERLY REPORT

3-2016

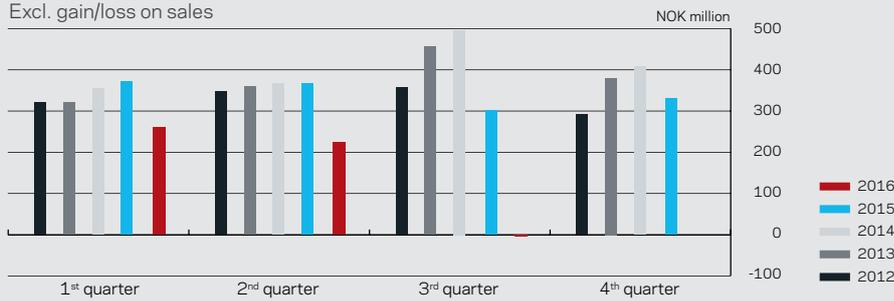
OPERATING INCOME

Excl. gain/loss on sales



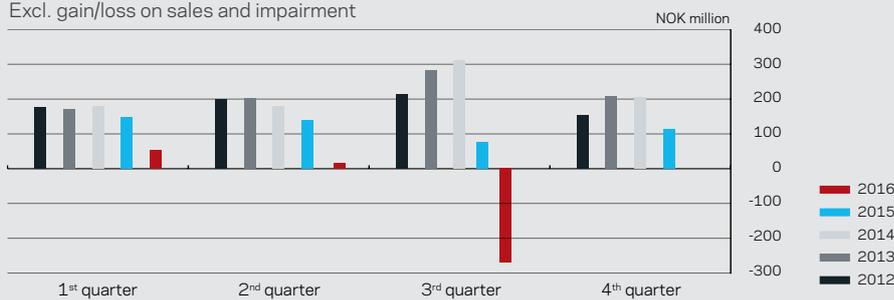
EBITDA

Excl. gain/loss on sales



EBIT

Excl. gain/loss on sales and impairment



TRCF - LTIF



Farstad Shipping achieved an operating income of NOK 601.0 million for the 3rd quarter. The operating loss (EBIT) was NOK 270.3 million. Loss after taxes was NOK 350.3 million.

The Group is working on an overall restructuring plan to strengthen the balance sheet and liquidity position going forward. On 24 November, a binding term sheet was signed with Siem Oil Service Invest Limited securing a cash issue of minimum NOK 1 billion subject to certain conditions.

THIS IS FARSTAD SHIPPING

Farstad Shipping is a leading offshore supply shipping company within our defined segment of large and more advanced offshore supply vessels. The company is value driven with focus on safety, quality and efficiency in our services. The company's fleet consists of 55 vessels: 27 AHTS, 22 PSV and 6 SUBSEA vessels. Farstad Shipping has currently one SUBSEA newbuild under construction. The company's operations are managed from Aalesund, Melbourne, Perth, Singapore, Macaé and Rio de Janeiro with 1,725 employees engaged onshore and offshore. At present, 13 vessels are located in Brazil, 18 vessels in North-West Europe, 19 in the Asia Pacific region, three vessels in East Africa, one vessel in West Africa and one vessel in the Gulf of Mexico.

RESULTS FOR THE 3rd QUARTER 2016

Farstad Shipping achieved an operating income of NOK 601.0 million for the 3rd quarter (NOK 969.3 million for the same period in 2015). The reduced operating income is a result of the challenging market situation. The operating costs for the period were NOK 607.5 million (NOK 667.6 million). The company has implemented an extensive cost saving program, and the reduction in operating costs is a result of this. 18 of the Group's vessels were in lay-up (fully or partly) during the 3rd quarter. Operating loss before depreciations and impairments (EBITDA) was NOK 6.5 million (profit NOK 301.7 million). The operating loss (EBIT) was NOK 270.3 million (operating profit NOK 73.6 million) after depreciations of NOK 263.7 million (NOK 228.1 million).

Net finance was negative NOK 68.8 million (negative NOK 500.3 million). Currency losses of NOK 22.6 million were recognised during the quarter (currency gains NOK 19.9 million). An unrealised currency gain of NOK 94.9 million (unrealised currency loss NOK 355.6 million) was recogni-

sed due to the adjustment of the company's long-term liabilities in foreign currency. Loss after taxes was NOK 350.3 million (loss NOK 435.3 million). The Group's cash flow*) for the period was negative NOK 170.2 million, compared to a positive cash flow of NOK 157.0 million for the same period in 2015.

A positive change in the market value of currency and interest hedging instruments, NOK 106.7 million (negative NOK 102.3 million) was recognised against other comprehensive income and added to equity.

RESULTS AS PER 30.09.2016

The operating income at 30.09.16 was NOK 2,163.3 million incl. loss from sale of vessels of NOK 5.1 million (NOK 3,071.2 million incl. loss from sale of vessels of NOK 4.6 million). Operating costs were NOK 1,690.0 million (NOK 2,038.5 million). Operating profit before depreciations and impairments (EBITDA) was NOK 473.3 million (NOK 1,032.7 million).

Depreciations and impairments were NOK 1,544.9 million (NOK 864.5 million) in the first nine months, of which, impairment charges amounts to NOK 862.5 million (NOK 185.0 million). The operating loss (EBIT) was NOK 1,071.6 million (operating profit NOK 168.2 million). Net financial items was negative NOK 106.4 million (negative NOK 1,001.9 million). Unrealised currency gain was NOK 448.0 million (unrealised currency loss NOK 517.3 million). Currency losses of NOK 99.0 million were booked during the period (loss of NOK 13.1 million). Loss after taxes was NOK 1,217.7 million (loss NOK 859.1 million). The Group's cash flow*) for the period was negative NOK 81.0 million compared to NOK 548.0 million for the same period in 2015.

*) Cash flow is defined as pre-tax profit + depreciation, impairments and deferred maintenance +/- change on revaluation of long-term liabilities in foreign currency.

QUARTERLY REPORT 3-2016

FINANCING AND CAPITAL STRUCTURE

In the statement of financial position at 30.09.16, interest-bearing debt totaled NOK 11,418.1 million (NOK 12,267.5 million at 30.09.15). Of the company's interest-bearing debts, 69.0% was in NOK, 23.7% in USD, 1.6% in GBP, 5.2% in AUD and 0.5% in EUR. Interest-bearing current assets at 30.09.16 were NOK 1,100.5 million (NOK 1,537.6 million).

The Group's booked equity at 30.09.16 was NOK 3,367.7 million (NOK 5,522.6 million) corresponding to NOK 86.35 (NOK 141.61) per share. Equity ratio was 21.1% (28.6%).

The Group is working on an overall restructuring plan to strengthen the balance sheet and liquidity position going forward. On 24 November, a binding term sheet was signed with Siem Oil Service Invest Limited. Farstad Shipping ASA will issue a minimum of 702 000 000 ordinary shares for a total subscription of minimum NOK 1 billion at a price per share of approximately NOK 1.4245. Siem will underwrite NOK 1 billion of the cash issue, subject to certain conditions, and be allocated a minimum number of new shares corresponding to 50.1% of the shares. Tyrholm & Farstad AS will be offered a preferential right to subscribe 105 300 000 new shares for a value of NOK 150 million. The rest of the new shares will be offered to shareholders and other stakeholders. A substantial majority of the senior secured lenders supports the binding term sheet with Siem, and the secured lenders will be requested to convert parts of the secured debt into equity. Further, the Group's bondholders will be requested to convert all outstanding amounts, in total NOK 1.4 billion, into equity.

CHANGES TO THE FLEET

Far Scandia (PSV 1991, UT 705, 3,100 DWT) was sold 15 January. The sale gave a book loss of NOK 8 million recognised as impairment of the vessel's book value in the 4th quarter 2015.

Lady Grace (PSV 2001, UT 755, 2,936 DWT) was sold 21 January. The sale resulted in a book loss of NOK 49 million in the 4th quarter 2015 recognised as impairment of the vessel's book value.

Lady Grete (PSV 2002, UT 755 L, 3,264 DWT) was sold 29 February. The sale gave a book loss of NOK 63 million, whereof NOK 60 million was booked as impairment in the 4th quarter 2015.

Far Sea (AHTS 1991, ME303 II, 13,219 BHP) was sold 3 March. The sale gave a book loss of NOK 32 million, whereof NOK 30 million was booked as impairment in the 4th quarter 2015.

Lady Sandra (AHTS 1998, KMAR 404, 15,014 BHP) was sold 26 September. The sale gave a book loss of NOK 11 million recognised as impairment of the vessel's book value in 2nd quarter 2016.

Far Fosna (AHTS 1993, UT 722, 14,389 BHP) was sold 8 November. The sale will result in an immaterial accounting effect in 4th quarter 2016.

CONTRACTS

Petrobras awarded the PSV Far Strider a four year contract.

Woodside Energy Ltd. awarded the AHTS Far Senator a 17-month contract plus options.

An international oil company extended the contract for PSV Far Spica until 1 March 2017 with additional seven months of options. In addition, the PSV Far Scotsman was awarded a firm contract up to 1 March 2017 by the same client.

BG Tanzania awarded the PSV's Far Sitella, Far Starling and Far Skimmer contracts to support their drilling operations off the coast of Tanzania. Commencement was in October. The duration of the contracts was one well (approx. 45 days), and the contracts may be extended by up to four wells for each vessel. BG Tanzania has now declared the first of these options.

Chevron terminated the contracts for AHTS Far Shogun and AHTS Far Saracen in July.

Total E&P Congo awarded CSV Far Sleipner a contract of 18 months duration to support their subsea activity in Congo.

Commencement was in September, and Total has options to extend the contract by 6 x 2 months.

Petrobras extended the contract for MPSV Far Swift with another year in direct continuation with present contract. Thus, the vessel is on a firm contract until October 2017.

Petrobras terminated the contract for PSV Far Star from 10 October. Shell Brasil Petroleo Ltda. awarded PSV Far Star a two-year contract to support their production activities offshore Brazil. Commencement will take place in 1st quarter 2017, and Shell has the option to extend the contract with two additional years.

Saipem SA awarded the PSV's Far Service and Far Supporter contracts of six months duration (including mobilization), to support their activity offshore Egypt. Commencement is expected to take place during December 2016, and Saipem has options to extend the contracts with another 30 days.

CONTRACT COVERAGE

The contract coverage of the Farstad fleet is approx. 45% for the remaining part of 2016 (44% excl. options), and approx. 43% for 2017 (33% excl. options). Total backlog exclusive options is approx. NOK 4.1 billion.

HEALTH, SAFETY AND ENVIRONMENT

Farstad Shipping's goal is to operate without injury to people, harm to the environment and damage to assets. The Company works actively to make employees aware of this goal.

An important part of the HSE management is recording, reporting and assessment of various HSE data. A number of measurement indicators have been established for this purpose. Further, this will document quantitative development over time, as well as strengthen the decision indicators for systematic improvements. Two of the measurement indicators the company utilises are the lost time injury frequency (LTIF) and total recordable case frequency (TRCF). The company measures this as the number of injuries per one million hours worked, measured 24 hours a day so that recreational injuries are also included. The lost time injury

frequency was 0.21 (one injury) by the end of the 3rd quarter. Hence, the lost time injury frequency has improved compared to 2015 (0.50). The total recordable case frequency was 1.92 by the end of the 3rd quarter, this is also an improvement compared to 2015 (2.50).

THE MARKET

The North Sea market for AHTS and PSV tonnage has further deteriorated during 3Q 2016, and is expected to reach a lowpoint over the winter period. This looks to be in parallel with the international market condition overall.

The number of vessels in layup worldwide is rising, but has not managed to even maintain market balance.

Outlook for the subsea segment is negatively affected by the cost reductions as well as cancellations and delays of offshore development projects. Also this segment has now fallen into a status of oversupply of tonnage, and rates are consequently affected accordingly.

The previously expected trend change in the oil-price development has not materialized, hence any related increase in the offshore activity in general is not yet visible or expected in the near future.

GOING CONCERN

The company's accounts have been prepared based on a going concern assumption. The company, together with its financial and legal advisors, have been pursuing various options in order to strengthen the company's financial position and capital structure. Based on the binding term sheet signed with Siem Oil Service Invest Limited on 24 November 2016, the board has concluded that this is a realistic assumption. Reference is made to the Going Concern section in note 9 for further details on the financial position of the company.

Aalesund 29 November 2016
Board of Directors

INCOME STATEMENT

	3 rd quarter 2016	3 rd quarter 2015	1.1-30.09 2016	1.1-30.09 2015	1.1-31.12 2015
Freight income and other income	601 368	969 299	2 168 352	3 075 777	4 015 695
Gain (loss) on sale of fixed assets	(418)	-	(5 054)	(4 581)	(4 581)
Total operating income	600 950	969 299	2 163 298	3 071 196	4 011 114
Operating expenses vessels	(512 171)	(599 070)	(1 461 329)	(1 821 629)	(2 357 732)
Administration	(95 300)	(68 538)	(228 660)	(216 879)	(290 325)
Total operating expenses	(607 471)	(667 608)	(1 689 989)	(2 038 508)	(2 648 057)
Operating profit (loss) before depreciation and impairment (EBITDA)	(6 521)	301 691	473 309	1 032 688	1 363 057
Ordinary depreciation	(263 734)	(228 101)	(682 433)	(679 469)	(897 262)
Impairment	-	-	(862 459)	(185 000)	(1 279 560)
Operating profit (loss) (EBIT)	(270 255)	73 590	(1 071 583)	168 219	(813 765)
Financial income	11 904	4 255	20 500	23 957	32 616
Financial expenses	(153 018)	(168 797)	(475 841)	(495 523)	(670 187)
Agio/(disagio), realised	(22 593)	19 898	(99 003)	(13 081)	(86 401)
Agio/(disagio), unrealised	94 944	(355 610)	447 988	(517 262)	(548 586)
Net financial expenses	(68 763)	(500 254)	(106 356)	(1 001 909)	(1 272 558)
Profit before tax	(339 018)	(426 664)	(1 177 939)	(833 690)	(2 086 323)
Taxes	(11 249)	(8 666)	(39 793)	(25 411)	(83 638)
Profit (loss)	(350 267)	(435 330)	(1 217 732)	(859 101)	(2 169 961)
Profit (loss) / diluted profit per share (NOK)	(8.98)	(11.16)	(31.22)	(22.03)	(55.64)
Cash flow per share (NOK)	(4.36)	4.03	(2.08)	14.05	16.39
Average number of outstanding shares	39 000 000	39 000 000	39 000 000	39 000 000	39 000 000

STATEMENT OF COMPREHENSIVE INCOME

	3 rd quarter 2016	3 rd quarter 2015	1.1-30.09 2016	1.1-30.09 2015	1.1-31.12 2015
Profit (loss)	(350 267)	(435 330)	(1 217 732)	(859 101)	(2 169 961)
Items not to be reclassified to income statement in subsequent periods:					
Actuarial gains and losses pensions	-	-	-	-	27 180
Change in deferred tax pensions	-	-	-	-	(1 455)
Items to be reclassified to income statement in subsequent periods:					
Change in foreign exchange contracts and interest swaps	106 724	(102 309)	281 201	(73 157)	(33 067)
Change in deferred tax	2 799	3 184	(3 342)	2 656	2 507
Translation effects foreign operations	(22 283)	(35 897)	(36 549)	(55 548)	11 115
Total other comprehensive income	87 240	(135 022)	241 310	(126 049)	6 280
Comprehensive income for the period	(263 027)	(570 352)	(976 422)	(985 150)	(2 163 681)

STATEMENT OF FINANCIAL POSITION

ASSETS	30.09.2016	30.09.2015	31.12.2015
Non-current assets:			
Goodwill	63 542	85 068	57 793
Vessels etc.	13 962 945	16 686 822	15 383 886
Contracts newbuilds	63 871	15 346	18 336
Deferred tax asset	38 423	85 489	55 106
Other long-term receivables	499	15 959	2 716
Currency and interest swap derivatives	4 581	-	-
Shares	4 936	5 056	4 936
Total non-current assets	14 138 797	16 893 740	15 522 773
Current assets:			
Accounts receivable, freight income	404 928	589 632	517 627
Other short-term receivables	310 243	324 780	294 405
Currency and interest swap derivatives	29 187	1 858	2 790
Liquid assets	1 056 884	1 483 104	1 636 937
Total current assets	1 801 242	2 399 374	2 451 759
Assets classified as held for sale	48 292	-	151 438
Total assets	15 988 331	19 293 114	18 125 970
EQUITY AND LIABILITIES	30.09.2016	30.09.2015	31.12.2015
Equity:			
Paid-in capital	237 396	237 396	237 396
Retained earnings	3 130 259	5 285 212	4 106 681
Total equity	3 367 655	5 522 608	4 344 077
Liabilities:			
Non-current liabilities:			
Provision for liabilities	53 572	94 639	55 324
Deferred tax	38 874	37 086	43 140
Currency and interest swap derivatives	120 973	294 452	290 618
Interest-bearing debt and leasing obligations	9 281 914	11 338 632	11 287 530
Total non-current liabilities	9 495 333	11 764 809	11 676 612
Current liabilities:			
Accounts payable	300 436	214 154	199 127
Currency and interest swap derivatives	76 736	223 236	234 400
Taxes payable	17 823	24 591	38 271
Other current liabilities	594 194	614 841	597 150
Current portion of interest-bearing debt	2 136 154	928 875	1 036 333
Total current liabilities	3 125 343	2 005 697	2 105 281
Total liabilities	12 620 676	13 770 506	13 781 893
Total equity and liabilities	15 988 331	19 293 114	18 125 970

STATEMENT OF CASH FLOW

	3 rd quarter 2016	3 rd quarter 2015	1.1-30.09 2016	1.1-30.09 2015	1.1-31.12 2015
Cash flow from operating activity	76 597	340 387	365 302	953 369	1 246 483
Sale of fixed assets	39 824	-	145 744	53 000	93 437
Investment in fixed assets and contracts newbuilds	(85 281)	(817 466)	(212 584)	(1 817 003)	(1 834 882)
Other investment activities	60 782	8 106	78 901	36 427	61 825
Cash flow from investment activity	15 325	(809 360)	12 061	(1 727 576)	(1 679 620)
New long-term debt	-	610 000	19 583	1 911 490	2 181 100
Repayment of debt	(7 369)	(289 725)	(490 612)	(1 304 872)	(1 629 885)
Dividend paid	-	-	-	(117 000)	(117 000)
Interest costs	(125 637)	(109 510)	(383 569)	(412 742)	(560 935)
Cash flow from finance activity	(133 006)	210 765	(854 598)	76 876	(126 720)
Net changes in liquidity in the period	(41 084)	(258 208)	(477 235)	(697 331)	(559 857)
Net currency exchange differences subsidiaries	3 099	(16 226)	(46 634)	(204)	17 400
Cash and cash equivalents at the beginning of the period *)	1 092 735	1 697 975	1 578 619	2 121 076	2 121 076
Cash and cash equivalents at the end of the period *)	1 054 750	1 423 541	1 054 750	1 423 541	1 578 619

*) Ex. shares, equity certificates and bonds

CHANGE IN EQUITY

	3 rd quarter 2016	3 rd quarter 2015	1.1-30.09 2016	1.1-30.09 2015	1.1-31.12 2015
Equity at the beginning of the period	3 630 682	6 092 960	4 344 077	6 624 758	6 624 758
Comprehensive income	(263 027)	(570 352)	(976 422)	(985 150)	(2 163 681)
Dividend payment	-	-	-	(117 000)	(117 000)
Equity at the end of the period	3 367 655	5 522 608	3 367 655	5 522 608	4 344 077

NOTE 1 - ACCOUNTING PRINCIPLES / ESTIMATES

The interim report has been prepared in accordance with today's International Financial Reporting Standards (IFRS) and interpretations, and the IAS 34 standard for interim reporting. All accounting principles used are in accordance with principles used in the last annual report. The financial statements for the third quarter of 2016 are unaudited.

There has been no changes in estimates that could materially influence the interim result or balance sheet. Reference is made to the Annual Report 2015 for further information.

NOTE 2 - SEGMENT INFORMATION

OPERATING INCOME *)

	3 rd quarter 2016	3 rd quarter 2015	1.1-30.09 2016	1.1-30.09 2015	1.1-31.12 2015
AHTS	264 981	490 983	1 082 698	1 676 563	2 186 808
PSV	168 492	310 833	522 142	1 003 285	1 261 624
SUBSEA	163 326	160 102	551 937	381 712	549 915
Other income	4 569	7 381	11 575	14 217	17 348
Total	601 368	969 299	2 168 352	3 075 777	4 015 695
North-West Europe	117 085	127 953	331 278	401 573	516 674
Brazil	238 318	337 152	836 445	1 094 154	1 407 327
Asian Pacific	159 080	428 731	737 920	1 454 567	1 901 600
Other segments	82 316	68 082	251 134	111 266	172 746
Other income	4 569	7 381	11 575	14 217	17 348
Total	601 368	969 299	2 168 352	3 075 777	4 015 695

OPERATING PROFIT (EBIT) *)

	3 rd quarter 2016	3 rd quarter 2015	1.1-30.09 2016	1.1-30.09 2015	1.1-31.12 2015
AHTS	(235 991)	27 288	(514 437)	148 316	48 286
PSV	(71 830)	(3 772)	(750 619)	(77 257)	(987 182)
SUBSEA	38 095	49 727	203 484	106 205	172 924
Other income	(111)	347	(4 957)	(4 464)	(43 212)
Total	(269 837)	73 590	(1 066 529)	172 800	(809 184)
North-West Europe	(68 525)	(73 499)	(492 672)	(254 695)	(661 245)
Brazil	(16 748)	95 758	115 222	317 183	329 640
Asian Pacific	(221 730)	27 227	(809 871)	99 048	(442 589)
Other segments	37 277	23 757	125 749	15 728	8 211
Others	(111)	347	(4 957)	(4 464)	(43 201)
Total	(269 837)	73 590	(1 066 529)	172 800	(809 184)

*) excl. sale of vessel

NOTE 3 - KEY FIGURES

	1.1-30.09 2016	1.1-30.09 2015	1.1-31.12 2015
EBITDA-margin excl. sale of fixed assets	22.1 %	33.7 %	34.1 %
EBIT-margin excl. sale of fixed assets	(49.2 %)	5.6 %	(20.2 %)
EBIT-margin excl. sale of fixed assets and impairment	(9.4 %)	11.6 %	11.7 %
	30.09.2016	30.09.2015	31.12.2015
Equity ratio	21.1 %	28.6 %	24.0 %
Booked equity per share, NOK	86.35	141.61	111.39
Working capital	(1 275 809)	393 677	497 916

NOTE 4 - SHARES, SHAREHOLDERS AND DIVIDEND

The company's shares have been traded between NOK 12.20 and NOK 7.09 during the quarter, and the share price was NOK 7.20 at the end of the quarter. The share price at 30.09.16 values the company to approx. NOK 281 million.

THE COMPANY'S 20 LARGEST SHAREHOLDERS

at 25.11.16	Number of shares	Owner's share in %
Tyrholm & Farstad AS	15 796 199	40.50
FLPS - Princ All Sec	2 856 000	7.32
Pareto Aksje Norge	1 969 072	5.05
Folketrygdfondet	1 599 916	4.10
Jan Henry Farstad	1 050 000	2.69
Sverre Andreas Farstad	1 000 000	2.56
Pershing LLC	461 473	1.18
Forsvarets Personellservice	421 600	1.08
Pareto AS	368 000	0.94
Fidelity GR TST	338 600	0.87
Swedbank Norge	300 000	0.77
Wenaas Kapital AS	259 029	0.66
Hans Eiendom AS	232 000	0.59
BKK Pensjonskasse	182 000	0.47
Ulsmo Finans AS	175 329	0.45
J.P. Morgan Bank Luxemburg	160 000	0.41
Nordnet Livsforsikring	150 064	0.38
Buholmen Invest AS	150 000	0.38
Sparebanken Møre	140 000	0.36
Citibank	121 987	0.31
Total 20 largest shareholders	27 731 269	71.11
Other shareholders	11 268 731	28.89
Total number of shares	39 000 000	100.00

NOTE 5 - MORTGAGES AND OTHER LONG TERM LIABILITIES

The Group's loan agreements contain financial covenants related to equity ratio, liquid assets and working capital. All companies within the Group have fulfilled their financial covenants in the 3rd quarter of 2016.

Repayments of debt amounted to NOK 7.4 million in the 3rd quarter (NOK 289.7 million in 3rd quarter 2015). Net new long term debt raised was NOK 0 million during the quarter (NOK 610.0 million during 3rd quarter 2015).

Net interest bearing debt as per	30.09.2016	30.09.2015	31.12.2015
Interest bearing debt and leasing obligations	11 418 068	12 267 507	12 323 863
Interest bearing current assets	(1 100 513)	(1 537 590)	(1 693 915)
Net interest bearing debt and leasing obligations	10 317 555	10 729 917	10 629 948

Long-term liabilities as per 30 September 2016 were distributed as follows: 69.0% in NOK (67.1% as per 30.09.15), 23.7% (25.1%) in USD, 1.6% (2.0%) in GBP, 5.2% (5.4%) in AUD and 0.5% (0.5%) in EUR.

NOTE 6 - RELATED PARTIES

The company's largest shareholder is Tyrholm & Farstad AS in Aalesund with a holding of 40.5% and is defined as a related party. Farstad Shipping ASA had a lease agreement for the old main office premises in Aalesund with Tyrholm & Farstad AS and this agreement expired 29.02.16. The company's head office was relocated 08.02.16 to new office premises at Skansekaia 4A. The lessor is Skansekaia Utvikling AS, where Tyrholm & Farstad AS holds 33.3%. Annual cost for the new premises is NOK 15,347, of which NOK 1,277 is subleased from 1st April 2016 and NOK 1,063 is subleased from 1st September 2016. In addition Farstad Shipping ASA has purchased cargo freight and customs clearance services from Tyrholm & Farstad AS.

NOTE 7 - VESSELS, OTHER FIXED ASSETS AND NEWBUILDS

	Other fixed assets	Vessels	Total vessels etc.	Contracts newbuilds	Total fixed assets
Acquisition cost:					
1 January 2016	266 604	19 701 244	19 967 848	18 336	19 986 184
Additions	16 524	40 330	56 854	45 535	102 389
Disposals	(10 077)	(164 585)	(174 662)	-	(174 662)
Assets classified as held for sale	-	40 617	40 617	-	40 617
Translations differences	(4 055)	10 498	6 443	-	6 443
30 September 2016	268 996	19 628 104	19 897 100	63 871	19 960 971
Accumulated depreciation:					
1 January 2016	135 664	4 689 816	4 825 480	-	4 825 480
Depreciation for the year	17 208	516 883	534 091	-	534 091
Impairment for the year	459	862 000	862 459	-	862 459
Disposals	(10 077)	(98 859)	(108 936)	-	(108 936)
30 September 2016	143 254	5 969 840	6 113 094	-	6 113 094
Recognized value deferred maintenance	-	227 231	227 231	-	227 231
Recognized value	125 742	13 885 495	14 011 237	63 871	14 075 108

At 30.09.16 the vessels PSV Far Service and AHTS Far Fosna were classified as assets held for sale. Net book value included deferred maintenance for assets classified as held for sale was NOK 48.3 million.

NOTE 8 - EVENTS AFTER THE BALANCE SHEET DATE

Far Fosna was sold 8 November (AHTS 1993, UT 722, 14,389 BHP). The sale of the vessel will result in an immaterial accounting effect for 4Q 2016.

NOTE 9 - GOING CONCERN

The company's accounts have been prepared on the basis of a going concern assumption.

The company, together with its financial and legal advisors, have been pursuing various options in order to strengthen the company's financial position and capital structure. As a first step of a financial restructuring, Farstad on 30 June 2016 entered into a standstill and deferral agreement with the secured lenders. The agreement has been extended until 20 December 2016, and includes defeasance of all financial covenants. On 24 November 2016 the company and Siem Oil Service Invest Limited agreed to a term sheet which will provide the company with NOK 1 billion in new equity, subject to certain conditions. The agreement is subject to reaching satisfactory agreements with the creditors, in particular the secured lenders. A substantial majority of the secured lenders have, subject to customary conditions, agreed to the term sheet. Based on the above the board has concluded that going concern is a realistic assumption.

In the event that a restructuring of the groups' capital structure, including raising new equity, can not be reached with secured lenders and other stakeholders, such circumstance would have a significant negative effect on Farstad's financing situation and its ability to continue operations. In such a scenario, the company would be unable to meet its liabilities as they fall due and to continue as a going concern. In such event, Farstad would be unable to realize the carrying value of its vessels and equipment, whose values on a forced sale basis would be lower than their fair values. Furthermore, goodwill and intangibles would be written off as their carrying values largely represent their values in use.

AHTS FLEET GALLERY*)



Far Sirius



Far Sigma



Far Statesman



Far Senator



Far Saracen



Far Shogun



Far Sagaris



Far Scorpion



Far Scimitar



Far Sabre



Far Sapphire



Far Sound



BOS Turquesa



Far Strait



Far Stream



Far Sword



BOS Turmalina



BOS Topázio



Lady Astrid



Lady Caroline



Far Saltire



Far Scout



Far Santana



Far Sovereign



Far Senior



Far Sailor



Far Grip

*) For more information about each vessel visit: WWW.FARSTAD.COM/FLEET/AHTS

AHTS FLEET EMPLOYMENT

CONTRACT OVERVIEW AT 25.11.16

Vessel name	Design	Year built	BHP	Employment *) at 25.11.16	2016	2017	2018	2019	2020
FAR SIRIUS	UT 731 CD	2014	24400	May 17		■			
FAR SIGMA	UT 731 CD	2014	24400	Lay up					
FAR STATESMAN	UT 731 CD	2013	24000	Lay up					
FAR SENATOR	UT 731 CD	2013	24400	Oct. 17 + opt.	■				
FAR SARACEN	UT 731 CD	2010	24400	May 17		■			
FAR SHOGUN	UT 731 CD	2010	24400	April 18 + opt.	■				
FAR SAGARIS	UT 731 CD	2009	23700	April 18 + opt.	■				
FAR SCORPION	UT 731 CD	2009	23700	Spot					
FAR SCIMITAR	UT 712 L	2008	14700	Lay up					
FAR SABRE	UT 712 L	2008	14700	Spot					
FAR SAPPHIRE	UT 732 CD	2007	27500	Spot					
FAR SOUND	UT 712 L	2007	14700	Lay up					
BOS TURQUESA	UT 722 L	2007	18000	Dec. 16 + opt.	■				
FAR STRAIT	UT 712 L	2006	14700	Spot					
FAR STREAM	UT 712 L	2006	14700	Spot					
FAR SWORD	UT 712 L	2006	14700	March 18 + opt.	■				
BOS TURMALINA	UT 722 L	2006	14500	Spot					
BOS TOPÀZIO	UT 728 L	2005	12240	Aug. 18 + opt.	■				
LADY ASTRID	UT 712	2003	12240	Lay up					
LADY CAROLINE	UT 712	2003	12240	Lay up					
FAR SALTIRE	UT 728 L	2002	16300	Lay up					
FAR SCOUT	UT 722 L	2001	16825	Spot					
FAR SANTANA	UT 730	2000	19200	July 18 + opt.	■				
FAR SOVEREIGN	UT 741	1999	25200	Lay up					
FAR SENIOR	UT 722 L	1998	16800	Spot					
FAR SAILOR	UT 722	1997	16800	Spot					
FAR GRIP	UT 722	1993	14400	Lay up					

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

■ Contract

■ Charterer's option

PSV/SUBSEA FLEET GALLERY*)



Far Sygna



Far Sun



Far Starling



Far Sitella



Far Spica



Far Solitaire



Far Skimmer



Far Scotsman



Far Server



Far Serenade



Far Searcher



Far Seeker



Far Spirit



Far Swan



Far Splendour



Far Symphony



Lady Melinda



Far Star



Far Supplier



Far Strider



Far Supporter



Far Service



Far Superior tbn



Far Sentinel



Far Sleipner



Far Samson



Far Swift



Far Saga



Far Scotia

*) For more information about each vessel visit: WWW.FARSTAD.COM/FLEET/PSV and WWW.FARSTAD.COM/FLEET/SUBSEA

PSV/SUBSEA FLEET EMPLOYMENT

CONTRACT OVERVIEW AT 25.11.16

Vessel name	Design	Year built	DWT	Employment *) at 25.11.16	2016	2017	2018	2019	2020
FAR SYGNA	VARD 1 07	2014	5700	Sept. 20 + opt.					
FAR SUN	VARD 1 07	2014	5635	July 20 + opt.					
FAR STARLING	PSV 08 CD	2013	4000	Jan. 17 + opt.					
FAR SITELLA	PSV 08 CD	2013	4000	Jan. 17 + opt.					
FAR SPICA	PSV 08 CD	2013	4000	Feb. 17 + opt.					
FAR SOLITAIRE	UT 754 WP	2012	6336	Dec. 16 + opt.					
FAR SKIMMER	PSV 08 CD	2012	4000	Jan. 17 + opt.					
FAR SCOTSMAN	PSV 08 CD	2012	4000	Feb. 17					
FAR SERVER	HY 832 CD	2010	4000	Lay up					
FAR SERENADE	UT 751 CD	2009	5944	Lay up					
FAR SEARCHER	UT 751 E	2008	5127	Lay up					
FAR SEEKER	UT 751 E	2008	4905	Jan. 17 + opt.					
FAR SPIRIT	VS 470 Mk II	2007	3624	Lay up					
FAR SWAN	VS 470 Mk II	2006	3628	Spot					
FAR SPLENDOUR	P 106	2003	3503	Nov 16					
FAR SYMPHONY	P 105	2003	4929	April 17 + opt.					
LADY MELINDA	UT 755	2003	2777	Lay up					
FAR STAR	UT 745	1999	4403	Oct. 18 + opt.					
FAR SUPPLIER	VS 483	1999	4709	May 19					
FAR STRIDER	VS 483	1999	4709	April 20 + opt.					
FAR SUPPORTER	UT 750	1996	4680	June 17 + opt.					
FAR SERVICE	UT 745	1995	4680	June 17 + opt.					

CONTRACT OVERVIEW AT 25.11.16

Vessel name	Design	Year built	BHP	Employment *) at 25.11.16	2016	2017	2018	2019	2020
FAR SUPERIOR tbn	VARD 3 17	2016	-	Dec. 21 + opt.					
FAR SENTINEL	VARD 3 07	2015	22800	Nov. 18 + opt.					
FAR SLEIPNER	VARD 3 07	2015	22800	July 18 + opt.					
FAR SAMSON	UT 761 CD	2009	47600	Oct. 17 + opt.					
FAR SWIFT	UT 755 L	2003	5450	Oct. 17 + opt.					
FAR SAGA	UT 745 L	2001	10900	May 20 + opt.					
FAR SCOTIA	UT 755	2001	5450	Nov. 17 + opt.					

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

■ Contract ▨ Framework Agreement
■ Charterer's option ■ Under construction



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