



**GOLDEN
ENERGY
OFFSHORE**

2018

Golden Energy Offshore Services AS



1st half 2018

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Results

Golden Energy Offshore Services AS (the "Company") was incorporated 16 December 2013 and acquired the vessels Energy Scout and Energy Swan 30 May 2014. The Company conducts shipping offshore business and the place of business is Ålesund Norway.

The Company's revenues for the first half year 2018 was NOK 28 986 806 whereby NOK 15 351 594 originates from Energy Scout's operations in the West coast of Africa segment and NOK 13 635 212 originates from Energy Swan's operations in the North Sea segment. The operating result before depreciations and write offs ended on NOK -46 403 against NOK 20 001 481 same period in 2017. The main reason for reduced operating result is the expiry of the firm period of the charter of Energy Swan. Revenues in first half year of 2018 reflect the weaker charter market in this period. The Company has also had restructuring costs relating to the conversion of the bond and listing of the shares on Merkur Market.

Net financing was positive with NOK 101 311 757 due to profit from converting the Company's bond debt into equity.

The Company's result before tax per Q2 2018 is a surplus of NOK 95 679 382. This is suggested moved to equity. Booked equity per 30.06.2018 is NOK 288 365 182 against 73 527 631 at year end 2017. This give a satisfying equity ratio of over 99 %.

Cash flow from operational activities for per Q2 2018 is NOK -2 701 933 and NOK -6 317 769 is from investing activities. Cash flow from investing activities comes from overhaul expenses allocated as docking expenses and paid instalments of two new builds. To achieve a high stable cash flow is a preferred goal for the Company. The difference between operating result and cash flow from operating activities is mainly depreciations and accruals.

Vessels and possible acquisition of new vessels

The Company owns two platform supply vessels (PSV's) (the "Vessels") which are operated and managed by Golden Energy Offshore Management AS in Ålesund, Norway. Energy Swan currently operates in the North Sea, having its base on Mongstad outside of Bergen and Energy Scout currently operates outside of Nigeria in Africa.

As announced 28 June 2018, the Company has signed an agreement with Rainbow Offshore giving a right to acquire two new-built state of the art MPSVs. The vessels will be named Energy Duchess and Energy Empress. The Company is as announced working to finance the acquisition and the new vessels are expected to be delivered during 2nd half of 2018.

In the announcement, the Company also informed that it would continue looking for opportunities to grow the fleet with modern quality offshore vessels at attractive prices. The Company has identified two additional vessels currently under management by Golden Energy Offshore Management AS and are in exclusive dialogue with the owners, Neptune Subsea AS, regarding a possible acquisition of the



OCV/IMR vessels “Larissa” and “Despina”. The exclusivity gives the Company a period to obtain financing for the two vessels and conclude a binding agreement.

The Company has as previously announced mandated Arctic Securities AS and Fearnleys Securities AS as joint managers (the “Managers”) for the Company for the purpose of raising equity and/or other alternative capital for the financing of the acquisition of the MPSVs and the mandate now also includes the possible financing of the OCV/IMR vessels.

Should the Company complete the above transactions; the Company will be able to service clients in the attractive renewables, IMR and light offshore construction markets. The Company has identified these 4 vessels as the right candidates for growth and diversification from the tough PSV market, in which many vessels in lay-up may be reactivated, thus delaying a recovery in day rates and earnings.

Because of the manager’s already strong position in the attractive renewables, IMR and light offshore construction market, the Company see strong synergies in acquiring all 4 vessels. The Company is in dialogue with several possible charterers for medium term work for the two MPSVs.

Financing and Liquidity

On December 5th 2017 the Company presented its proposal for restructuring the bond issue. The proposal implied that all bond debt to be converted to equity whereas the bondholders would receive 90 % direct ownership of the Company. A bondholders meeting was held December 19th where the proposal was approved and on February 6th 2018 the conversion was completed. The company now stands out as debt free, which significantly increases operational competitiveness. Following the conversion of the bond debt the company’s shares was successfully listed on Oslo Stock Exchange on April 5th 2018.

Market and future prospects

The current oil market outlook indicates an increase in activity and investments offshore going forward. The vessel Energy Swan has a contract that expires 31.12.2018 with options until 30 November 2021. Energy Scout is currently on a 3-months contract with 3 monthly options. Proactive measure taken to sustain and position the Company for difficult market conditions is:

- All bond debt converted to equity
- Company has no interest bearing debt
- Reached agreements with sailors for longer sailing periods
- Renegotiated new agreements with main suppliers
- Company considered throughout the market place as an reliable supplier of quality services and tonnage with team holding ample and extensive experience

The possible acquisitions of modern and more sophisticated vessels should also position the Company for more attractive markets.



The company and its shareholders

The Annual general meeting of Golden Energy Offshores Services AS was held on May 31st 2018. The General meeting authorized to issue a total of 3,000,000 subscription rights to key employees at a strike price of NOK 4,30. The subscription rights can be exercised 1/3 at a time within one month after the presentation of the financial report of the income years 2017, 2018 and 2019. After the balance sheet date 30.06.2018 a total of 450 463 subscription rights was exercised by ten holders increasing the share capital to NOK 24 926 516, each share with a nominal value of NOK 1.

Pr 30.06.2018 the company had 70 shareholders and the company's share capital was NOK 24 476 053 divided by 24 476 053 shares, each with a nominal value of NOK 1.

Statement from the Board and CEO

We hereby confirm that the semi-annual report for the period 01.January 2018 to 30. June 2018 to the best of our knowledge is prepared in accordance with IAS 34. The report together with this report from the Board give a fair and true value of the Company's assets, debt, financial position and result.

Sten Gustafson
Chairman of the Board

Aalesund, 28.09.2018

Martin Muff
Member of the Board

Per Ivar Fagervoll
CEO/Member of the Board



PROFIT AND LOSS ACCOUNT

		01.01.2018 -	01.01.2017-	01.01.2017 -
	Note	30.06.2018	30.06.2017	31.12.2017
Freight income		28 986 806	44 970 301	86 835 902
Other revenues		0		0
Total income		28 986 806	44 970 301	86 835 902
Operating expenses vessels		-22 338 803	-21 520 135	-44 456 480
Other operating expenses		-6 694 406	-3 448 685	-8 794 997
Operating result before depreciations		-46 403	20 001 481	33 584 425
Depreciation	3	-5 585 972	-14 341 304	-15 903 288
Operating result	2	-5 632 375	5 660 177	17 681 137
Other interest income		14 749	7 108	19 825
Other financial income	4	101 330 862	0	0
Currency gain/loss		-33 854	-1 070 746	-1 381 245
Other interest charges		0	-5 445 922	-14 102 733
Other financial charges		0	-1 489 049	0
Net financing		101 311 757	-7 998 609	-15 464 153
Ordinary result before taxes		95 679 382	-2 338 432	2 216 984
Taxes ordinary result		0	0	0
RESULT		95 679 382	-2 338 432	2 216 984
TOTAL COMPREHENSIVE INCOME		95 679 382	-2 338 432	2 216 984

BALANCE SHEET

	Note	Pr 30.06.2018	Pr 30.06.2017	Pr 31.12.2017
ASSETS				
Fixed Assets				
Tangible fixed assets	3	226 826 786	227 656 972	226 094 989
Total fixed assets		226 826 786	227 656 972	226 094 989
Current Assets				
Stocks		526 173	489 449	483 040
Account receivables		21 408 154	19 208 367	18 561 589
Receivables		14 953 606	13 479 556	14 106 382
Deposits, cash, etc		26 232 590	31 383 985	35 270 661
Total current assets		63 120 524	64 561 357	68 421 672
TOTAL ASSETS		289 947 309	292 218 329	294 516 661
EQUITY AND LIABILITIES				
Equity				
Paid-in equity		24 476 053	291 280 000	291 280 000
Share premium		165 992 763	188 934	188 934
Other equity		97 896 366	-222 496 719	-217 941 303
Total Equity		288 365 182	68 972 215	73 527 631
Liabilities				
Current liabilities				
Current portion of long-term debt	4	0	218 746 968	220 284 476
Trade debt		1 582 127	2 632 847	704 554
Other current liabilities		0	1 866 299	0
Total current liabilities		1 582 127	223 246 114	220 989 030
Total liabilities		1 582 127	223 246 114	220 989 030
TOTAL EQUITY AND LIABILITIES		289 947 309	292 218 329	294 516 661



CASH FLOW

	Note	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017	01.01.2017 - 31.12.2017
Result before tax		95 679 382	-2 338 432	2 216 984
Depreciation and write downs		5 585 972	14 341 304	15 903 288
Change in short-term receivables/payables		-2 859 349	11 342 462	9 471 125
Interest expenses		0	5 445 922	11 076 176
Gain on conversion of debt		-101 330 862	0	0
Change in other accruals		222 925	1 444 721	3 008 720
Net cash flow from operations	A	-2 701 933	30 235 977	41 676 293
Investments		-6 317 769	0	0
Net cash flow from investments	B	-6 317 769	0	0
Paid interests		0	-5 476 517	-12 973 070
Net cash flow from financing	C	0	-5 476 517	-12 973 070
Effect of changes in foreign exchange rates	D	-18 371	74 923	17 837
Net change in cash and cash equivalents	A+B+C+D	-9 038 072	24 834 383	28 721 060
Cash and cash equivalents at 01.01.		35 270 662	6 549 602	6 549 602
Cash and cash equivalents at as per balancedate		26 232 590	31 383 985	35 270 662

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium	Other equity	Total Equity
Equity 01.01.2018	291 280 000	188 934	-217 941 303	73 527 631
Annual result	-	-	95 679 382	95 679 382
Capital reduction	-288 832 394	68 674 107	220 158 287	-
Capital increase	22 028 447	96 925 167	-	118 953 614
IFRS 2 Option based salary*	-	204 555	-	204 555
Equity 30.06.2018	24 476 053	165 992 763	97 896 366	288 365 182

*See note 5



NOTE 1 – GENERAL

Golden Energy Offshore Services AS (the “Company”) is operating within the shipping business area and currently owns two offshore service vessels (PSVs) plus two newbuilding contracts. The Company was incorporated at the end of 2013, the head office is located in Aalesund and the all of the company’s shares are listed on Oslo Stock Exchange. The quarterly report is prepared in accordance with the same accounting principles as the last annual accounts and according to IAS 34 Interim financial reporting.

NOTE 2 – SEGMENT

The Company owns two vessels and the segments are divided into where the vessels operate geographically.

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017	01.01.2017 - 31.12.2017
Freight income per geographical area			
North Sea	13 635 212	27 291 375	52 179 675
West Coast of Africa	15 351 594	17 678 926	34 656 227
Total operating revenue	28 986 806	44 970 301	86 835 902
Operating result per geographical area			
North Sea	-1 233 680	7 758 197	16 314 486
West Coast of Africa	-1 278 601	-1 056 774	4 619 254
Adm.	-3 120 095	-1 041 246	-3 252 602
Total operating result	-5 632 375	5 660 177	17 681 137

NOTE 3 – PROPERTY PLANT AND EQUIPMENT

	Vessels	Vessels under construction	Docking	Total
Balance 01.01.2017	237 252 669		4 745 608	241 998 277
Depreciations	11 157 680		4 745 608	15 903 288
Balance 01.01.2018	226 094 989		0	226 094 989
Additions	0	4 907 520	1 410 249	6 317 769
Depreciations	5 585 972	0	0	5 585 972
Balance 30.06.2018	220 509 017	4 907 520	1 410 249	226 826 786

The Vessels are depreciated linearly to a residual value when the vessels reach 30 years. The residual value is NOK 15 million for Energy Swan and NOK 10 million for Energy Scout. Costs for acquiring the vessels are already included in the acquisition cost for both vessels. Accrued and estimated docking expenses are depreciated over 60 months until the next docking. The addition in docking relates to overhaul of aux engines on Energy Scout, which will be depreciated until next docking for that vessel.



The company has in 2018 paid two installments of the shipbuilding contracts of NOK 4 745 608 (USD 600 000) each. The vessels is to be delivered in the second half of 2018 and total acquisition cost will be derived then. Depreciations will not be booked until the vessel has been delivered

NOTE 4 – CONVERSION OF DEBT

On December 19th 2017 a bondholders meeting was held were the Company got 95,42 % votes in favor for its proposal to convert all outstanding bonds to equity. The conversion of debt into equity was completed early in 2018. When equity instruments issued to a creditor to extinguish a financial liability are recognized, the company shall measure them at the fair value of the equity instruments. The difference between the carrying amount of the financial liability extinguished, and the consideration paid, shall be recognized in profit or loss. This is in accordance with paragraph 3.3.3. of IFRS 9. The Company has used a share price of NOK 5,40 in order to calculate this profit. With 22 028 447 new shares issued this gives an implicit value of NOK 118 953 614. The profit is then derived as follows:

Bond issue before conversion	220 284 476
Implicit value new shares	-118 953 614
PROFIT	101 330 862

NOTE 5 – SHARE BASED REMUNERATION

The annual meeting approved 3 000 000 subscription rights which are issued to Directors and Key employees. This gives them the right to acquire up to a certain maximum amount of shares in the Company at a fixed strike price of NOK 4,30 or if a private placement is carried out the strike price will be set to the price of shares applied in such private placement. The options can be exercised over a period of 3 years and they are non-tradeable and conditional upon the participants being employed at the vesting date. As of Q2 2018, the Company has recognized NOK 204 555 in cost related to the options. This does not affect the total equity.