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**Quarterly interim report**

**Q1 2016**

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## The quarter in brief

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Four Vessels are laid up and two vessels are on contract with Petrobras in Brazil.

In 2016 the management agreement with Sydvestor AS was terminated with effect from January 31. Many of their management functions were taken on by Remøy Management AS.

World Wide Supply Group's net operating income for the first quarter was NOK 36,3 million. The EBITDA in the 1<sup>st</sup> quarter was NOK 8,8 million and EBIT was NOK 7,8 million after deduction of NOK 1,1 million in depreciation. Net financial income were NOK 21,7 million (of which NOK 51,9 million was net unrealized agio) resulting in a pre-tax profit of NOK 29,5 million.

The Company is in breach of its obligations under the loan agreement. The lenders have, in spite of the default, asked the board and management to continue the operations of the Company and not file for bankruptcy. In this respect an agreement has been entered into reflected in the chapter on financial risk.

As a result of the Company being in breach of its loan agreements the Company cannot report financially as a going concern.

## Operations

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Average utilization of the fleet was 32,5 % for the 1<sup>st</sup> quarter.

Two vessels are on four years contract with Petrobras in Brazil until June 2018, based on yearly renewal of the CAA (Certificate of Charter Authorization) and AIT (Registration Certificate of temporary foreign Vessel). The two vessels have their certificates up for renewal on June 21 and August 10 respectively. The contracts have already been blocked by Brazilian companies. If the blocking is not lifted within the date of expiration the charter parties will be terminated. There is a possibility that Petrobras can apply to the Brazilian National Waterway Transportation Agency (ANTAQ) for a 60 day extension of the certificates even though the vessels are blocked.

Four vessels are laid-up.

## Profit and loss 1.1. – 31.03.2016 (1.1. – 31.03.2015)

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Operating income was equivalent to NOK 38,4 (88,2) million in Q1 2016 while operating expenses were NOK 27,5 (59,7) million. Depreciation was NOK 1,1 (8,8) million.

Net financial income were NOK 21,7 (-168,8) million including unrealized currency profit of net NOK 51,9 (-102,9) million related to USD bond loan and loan granted to subsidiaries in EUR.

Net result before tax was NOK 29,5 (-156,9) million.

## **Balance sheet per 31.03.2016 (per 31.12.2015)**

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Total assets were NOK 559,8 (549,0) million.

Tangible fixed assets amounted to NOK 459,1 (460,7) million.

According to the impairment test the average value per vessel were USD 10 million.

The group`s current assets were NOK 86,6 (76,5) million of which cash equivalents corresponded to NOK 23,6 (32,9) million.

Book equity as per 31.03.2016 was NOK -816,2 (-882,2) million based on conversion of EUR to NOK at rates on delivery dates for the vessels.

At the balance sheet date of 31.03.2015 the Group had long term interest bearing debt in the amount of USD 150 million.

The working capital was NOK -1 215,8 million at 31.03.2016 compared to NOK -1 274,4 million at 31.12.2015.

## **Market outlook**

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The Company is facing a long period of depressed market rates. On a global basis approx. 500 OSV are in lay-up and approx. 100 OSVs are in lay up in the North Sea. Investment budgets for the oil companies are still being reduced contracting the demand for oil service assets. The board does not expect any consistent market improvement for several years.

## **Financial risk**

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The major financial risk confronting the Company is that it is in breach of its obligations under the loan agreement. Interest has not been paid since August 2015. This default has not been waived by the lenders but they have agreed to leave interest falling due as unpaid until further notice.

Since the Company is constantly taking on new debt in form of new trade creditors, the lenders have agreed to allow the company the use of its cash to pay these, even in the case of an enforcement of the securities.

## **Employees**

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The Group had at the end of first quarter 37 employees of which 34 sailors including hired personnel.

## Responsibility statement

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We hereby declare that to the best of our knowledge, the information in this report provides a fair and true description of the Group's assets, liabilities, financial position and result as a whole.

We also declare that this interim report gives a true and fair view of the development and performance of the business and the position of the Group, as well as a description of the most central risks and uncertainty factors that the Group is facing.

Board of Directors

World Wide Supply AS

April 26 2016

Aage Rasmus Bjelland Figenschou  
Chairman

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**Key Financials – Income statement (condensed consolidated)**


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<i>Amounts in NOK 1000</i>	<b>Note</b>	<b>Q1-2016</b>	<b>YTD 2016</b>	<b>Q1-2015</b>	<b>2015</b>
Charter hire	3	36 332	36 332	80 379	217 914
<b>Operating income</b>		<b>36 332</b>	<b>36 332</b>	<b>80 379</b>	<b>217 914</b>
Crew expenses		12 491	12 491	33 303	118 557
Operating expenses vessels		10 864	10 864	20 880	81 371
Other operating expenses		4 170	4 170	5 468	33 297
<b>Total operating expenses</b>		<b>27 525</b>	<b>27 525</b>	<b>59 651</b>	<b>233 225</b>
<b>Operating result pre depreciation (EBITDA)</b>		<b>8 806</b>	<b>8 806</b>	<b>20 728</b>	<b>-15 311</b>
Depreciation	7	1 057	1 057	8 802	35 206
Write down vessels		-	-		735 542
<b>Total depreciation</b>		<b>1 057</b>	<b>1 057</b>	<b>8 802</b>	<b>770 748</b>
<b>Operating profit (EBIT)</b>		<b>7 750</b>	<b>7 750</b>	<b>11 926</b>	<b>-786 059</b>
Financial income	4	87 061	87 061	7 082	26 909
Financial expenses	4	65 316	65 316	175 903	276 908
<b>Net financial items</b>		<b>21 745</b>	<b>21 745</b>	<b>-168 821</b>	<b>-249 999</b>
<b>Result before tax</b>		<b>29 495</b>	<b>29 495</b>	<b>-156 895</b>	<b>-1 036 058</b>

**Key Financials – Cash flow (condensed consolidated)**


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<i>Amounts in NOK 1000</i>	<b>Q1 2016</b>	<b>2015</b>
<b>Cash flow from operating activities</b>		
Profit before tax	29 495	-1 036 058
Depreciaton	1 057	35 206
Other changes	-39 895	948 488
<b>Net cash flow from operating activities</b>	<b>-9 343</b>	<b>-52 364</b>
<b>Cash flow from investment activities</b>		
Purchase of fixed assets	-	-
Received from investment in shares/parts	-	437
<b>Net cash flow from investment activities</b>	<b>-</b>	<b>437</b>
<b>Cash flow from financing activities</b>		
New equity received, net	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>-9 343</b>	<b>-51 927</b>
Cash at beginning of period	32 903	84 830
<b>Cash and cash equivalents at end of period</b>	<b>23 560</b>	<b>32 903</b>

**Key Financials – Assets, equity and liabilities (condensed consolidated)**

<i>Amounts in NOK 1000</i>	<b>Note</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed asset</i>			
Deferred tax asset		-	-
<i>Tangible fixed assets</i>			
Vessels	7	459 064	460 667
<i>Financial fixed assets</i>			
Pension liabilities		116	116
Investment in shares		2 924	2 932
Long term receivables	5	11 079	15 283
<b>Total fixed assets</b>		<b>473 183</b>	<b>478 998</b>
<b>Current assets</b>			
Inventory		15 848	16 724
Accounts receivable		19 944	11 250
Other short-term receivables		27 292	9 119
Cash and bank deposits		23 560	32 903
<b>Total current assets</b>		<b>86 644</b>	<b>69 996</b>
<b>TOTAL ASSETS</b>		<b>559 828</b>	<b>548 994</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		15 204	15 204
Share premium reserve		-	-
<b>Total paid in capital</b>		<b>15 204</b>	<b>15 204</b>
Other equity		-831 357	-897 377
<b>Total equity</b>	8	<b>-816 154</b>	<b>-882 174</b>
<b>Liabilities</b>			
<i>Long term liabilities</i>			
Deffered tax		70 342	80 229
Pension liability		-	-
Bond		-	-
<b>Total long term liabilities</b>		<b>70 342</b>	<b>80 229</b>
<b>Current liabilities</b>			
Bond	6	1 240 380	1 300 295
Bond interest		60 359	35 557
Accounts payable		4 064	6 597
Tax payable		-	-
Public duties payable		667	3 760
Other short term liabilities		169	4 729
<b>Total current liabilities</b>		<b>1 305 640</b>	<b>1 350 938</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>559 828</b>	<b>548 994</b>

## Key Financials – Notes (condensed consolidated)

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### NOTES TO INTERIM CONDENSED CONSOLIDATED ACCOUNTS

#### Note 1 General

The interim condensed consolidated accounts for 1st quarter 2016 are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. This interim accounts report does not include all the information and disclosure required in the Annual financial statements, and should be read in conjunction with the group's Annual financial statements as of December 31st 2015.

The Group has followed the same accounting principles and methods as used in the last Annual Report. The reporting currency is in USD from 1st to 3rd quarter 2015. The reporting currency is in NOK from 4th quarter 2015. The P&L is converted to average monthly rates and the Balance Sheet to closing rates at the end of the relevant month regarding subsidiaries.

#### Note 2 Segment information

All six Vessels are of the same design; Damen PSV 3300 CD.

They are all Platform Supply Vessels and four of them are in lay up, while two have operated in Brazil.

#### Note 3 Charter hire

	Q1-2016	2015
Gross charter hire	38 375	265 850
Charter commission	-855	-6 169
Local tax Brazil	-1 188	-7 506
<b>Net Charter hire</b>	<b>36 332</b>	<b>252 175</b>

#### Note 4 Financial income and expenses

##### *Financial income are:*

Foreign exchange profits	3 887	14 536
Interest income	51	481
Unrealized exchange profits	83 123	11 892
<b>Total financial income</b>	<b>87 061</b>	<b>26 909</b>

##### *Financial expenses are:*

Foreign exchange losses	4 935	18 685
Interest expenses	24 802	93 824
Unrealized exchange losses	31 166	114 803
Other financial expenses	4 413	49 596
<b>Total financial expenses</b>	<b>65 316</b>	<b>276 908</b>



<b>Note 5 Long term receivables</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
Vessel import tax Brazil (depreciated over fixed contract period)	7 944	8 827
Advancement Astro Brazil	3 135	6 456
<b>Total long term receivables</b>	<b>11 079</b>	<b>15 283</b>

<b>Note 6 Bond</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
Bond (fixed rate 7,75%, no amortization, maturity May 2017)	1 223 040	1 275 308
Refinancing expenses capitalized (depreciated over Bond duration)	17 340	24 987
<b>Net Bond</b>	<b>1 240 380</b>	<b>1 300 295</b>

**Note 7 Tangible fixed assets**

	<b>Vessels</b>	<b>Maintenance</b>	<b>Total</b>
Acquisition cost 01.01.16	449 986	10 681	460 667
Additions	-	-	-
<b>Accumulated cost 31.03.2016</b>	<b>449 986</b>	<b>10 681</b>	<b>460 667</b>
Accumulated depreciation 31.03.2016	-	-1 057	-1 057
Conversion differences	-546	-	-546
<b>Book value 31.03.2016</b>	<b>449 440</b>	<b>9 624</b>	<b>459 064</b>

<b>Note 8 Equity</b>	Share capital	Premium reserve	Other equity	Total equity
Equity 01.01.2016	15 204	-	-897 377	-882 173
<b>Change in equity 2016</b>				
Conversion differences and other changes			36 524	36 524
Result for the period		-	29 495	29 495
<b>Equity 31.03.2016</b>	<b>15 204</b>	<b>-</b>	<b>-831 358</b>	<b>-816 154</b>