



World **Wide** Supply

Quarterly interim report

Q2 2015

The quarter in brief

World Wide Supply AS owns six Platform Supply Vessels. All delivered from Damen Shipyard in the period from June 28th to December 17th 2013.

During the quarter two Vessels have worked in the spot market in UK sector of the North Sea. Four Vessels are working for Petrobras in Brazil. The firm part of the Petrobras contracts are running until June 2018.

World Wide Supply Group's operating income for the second quarter was in USD, BRL and GBP equivalent to USD 8,8 million.

The EBITDA was positive with USD 1,7 million (19,9 % EBITDA margin) and EBIT was positive with USD 0,3 million after deduction of USD 1,5 million in depreciation. Net financial expenses were USD 9,3 million (of which USD 6,3 was unrealized disagio) resulting in a pre-tax loss of USD 9 million.

The cash flow before interest corrected for charged and earlier paid import tax was positive with USD 2 million while interest paid on the Bond was 2,9 million.

Operations

Average utilization of the fleet was 85% for the 2nd quarter and 88,8% for the first half year.

Four Vessels are on four years contract with Petrobras in Brazil, based on yearly renewal of the CAA (Certificate of Charter Authorization) and AIT (Registration Certificate of temporary foreign Vessel).

The remaining two Vessels have since the middle of February 2015 been working in the spot market in the North Sea. This market has been and is still very poor. It has been decided to lay up these two Vessels which will be effectuated from 1st of September 2015.

Profit and loss Q2 2015

Operating income was equivalent to USD 8,8 million for Q2-15 (USD 9,9 million for Q2-14), while operating expenses were USD 7 million (USD 7,1 mill for Q2-14). Depreciation was USD 1,5 million (USD 1,5 mill for Q2-14).

Net financial expenses were USD 9,3 million (USD 0,3 million for Q2-14) including unrealized currency losses of net USD 6,3 million (USD 3 million in profit for Q2-14) related to loan granted to subsidiaries in EUR.

Net result before tax for Q2-15 was negative with USD 9 million (positive with USD 1 million for Q2-14).

There is not calculated any tax for the quarter. Payable tax is expected to be very limited.

Profit and loss 1.1. – 30.06.2015

Operating income was equivalent to USD 19,2 million for the 1st half year 2015 (USD 13,8 million), while operating expenses were USD 14,7 million (USD 13,1 mill). Depreciation was USD 2,9 million (USD 2,9 mill).

Net financial expenses were USD 18,9 million (USD 4 million) including unrealized currency losses of net USD 12,3 million (USD 2,6 million in profit) related to loan granted to subsidiaries in EUR.

Net result before tax for first half year 2015 was negative with USD 17,4 million (USD 6,3 million).

There is not calculated any tax for the period. Payable tax is expected to be very limited.

Balance sheet per 30.06.2015

Total assets were USD 227,4 million compared to USD 237,2 million as of 30th June 2014.

Tangible assets amounted to USD 200,4 million compared to USD 205,8 million at 30.06.2014.

Based on valuations from two independent shipbrokers at 30.06.2015 the average value of the Vessels were USD 182 million. The group's current assets were USD 18,2 million (USD 26,1 million) of which cash equivalents corresponds to USD 11,1 million (USD 16,2 million at 30.06.2014).

Book equity as per 30.06.2015 was USD 76,3 million based on conversion of EUR to USD at rates of delivery dates for the vessels corresponding to USD 0,50 per share, while value adjusted equity was USD 57,9 million corresponding to USD 0,38 per share.

At the end of the quarter the Group had long term interest bearing debt in the amount of USD 150 million. The working capital is USD 14,5 million at 30.06.2015 compared to USD 15,5 million at 30.06.2014.

Market outlook and the Petrobras Contracts

Four of the Vessels are employed on long term contracts with Petrobras until June 2018 and the gross value of these contracts are approximately USD 160 million. The contracts are based on yearly renewal of the CAA (Certificate of Charter Authorization) and AIT (Registration Certificate of temporary foreign Vessel) which are the license to operate in Brazilian waters with foreign flag.

Brazilian flagged vessels (same specification and without employment) are today in position to use their rights according to Brazilian law to block circulation's of foreign flagged vessels. These blocking rights are used at the time of renewal of the CAA and AIT certificates. Without the certificates the foreign flagged vessels are not allowed to operate in Brazilian waters. A non-renewal of the CAA and AIT certificates due to blocking can lead to a Petrobras cancellation of the contracts. Historically Petrobras has lifted all blocking situations related to all long term foreign contracts by employing the Brazilian flagged vessels.

Two of the WWS Vessels are blocked but are on hire according to contract. The blocking situation expects to be clarified during September 2015 based on lifting the blockage and renewal of the CAA and AIT certificates.

The remaining two Vessels are for the time being working in the spot market in the North Sea, but will be laid up in beginning of September.

The cash flow from the four Vessels covers financial expenses and lay up costs for the two other Vessels. World Wide Supply is working with potential strategic alternatives based on today's employment of the vessels and the preferred transaction structure for the parties involved.

The Board of Directors expects a challenging market for the rest of 2015 as well as for 2016. The four Vessels on the Petrobras contracts have performed very well in the first half year 2015 with an average utilization of 96,35% including off-hire with 12 days in June for one of the Vessels due to a collision. This Vessel has been on Loss of Hire Insurance in July and until 7th of August and then on-hire with the Charterer.

Financial risk

The Group uses financial instruments to manage its foreign currency risk in charter hire. The Group has fixed rate on the long-term debt so there is no risk to interest rate.

The Group has an active approach to currency risk and uses foreign exchange contracts that reduce this risk. The Group's long-term debt is in US dollars. It is signed long-term time charters for four of its Vessels with rate in US dollars. Payment to the company in that currency has a cash flow that covers the interest on its long-term loan in US dollars. Thus there is no risk associated with the payment of interest on long-term debt.

Employees

The Group had at June 30th 2015 188 employees of which 184 sailors including hired personnel.

Responsibility statement

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

August 26th 2015

Knut Herman Gjøvaag
Chairman

Steinar Kulen
Board member

Mette Lundh Håkestad
Board member

Johan Odvar Odfjell
Board member

Ann Magritt Bjåstad Vikebakk
Board member

Frede Klinkby Uldbæk
CEO

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Key Financials – Income statement and Cash flow (condensed consolidated)
CONDENSED CONSOLIDATED INCOME STATEMENT

<i>Amounts in USD 1000</i>	Q2-2015	Q2-2014	1.1-30.06.15	1.1-30.06.14	2014
Charter hire	8 777	9 891	19 172	13 752	38 781
Operating income (note 3)	8 777	9 891	19 172	13 752	38 781
Crew expenses	4 659	3 742	8 964	7 124	17 629
Operating expenses vessels	1 688	2 754	4 392	4 879	8 722
Other operating expenses	682	580	1 387	1 106	3 174
Total operating expenses	7 029	7 076	14 743	13 109	29 525
Operating result pre depreciation (EBITDA)	1 748	2 816	4 429	643	9 256
Depreciation	1 452	1 450	2 905	2 880	5 790
Operating profit (EBIT)	296	1 366	1 524	-2 237	3 466
Financial income	231	3 294	1 141	3 023	5 139
Financial expenses	9 576	3 626	20 032	7 070	35 567
Net financial items (note 4)	-9 345	-332	-18 891	-4 047	-30 428
Result before tax	-9 049	1 034	-17 367	-6 284	-26 962
Income tax	-	-	-	-	-4 910
Result for the period	-9 049	1 034	-17 367	-6 284	-22 052

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

<i>Amounts in USD 1000</i>	Q2-2015	Q2-2014	1.1-30.06.15	1.1-30.06.14	31.12.2014
Cash flow from operating activities					
Profit before tax	-9 049	1 034	-17 367	-6 284	-26 962
Depreciaton	1 452	1 450	2 905	2 880	5 790
Change in working capital	424	-7 869	2 191	1 161	-8 167
Other changes	7 193	-11 640	11 914	-9 194	13 483
Net cash flow from operating activities	20	-17 025	-357	-11 437	-15 856
Cash flow from investment activities					
Purchase of fixed assets	-	-	-	-4 843	-5 270
Received from investment in shares/parts	63	29	63	39	51
Net cash flow from investment activities	63	29	63	-4 804	-5 219
Cash flow from financing activities					
New equity received, net	-	20 302	-	20 302	20 302
Net cash flow from financing activities	-	20 302	-	20 302	20 302
Net change in cash and cash equivalents	83	3 306	-294	4 061	-773
Cash at beginning of period	11 035	12 940	11 412	12 185	12 185
Cash and cash equivalents at end of period	11 118	16 246	11 118	16 246	11 412

Key Financials – Assets, equity and liabilities (condensed consolidated)
CONDENSED CONSOLIDATED BALANCE SHEET

<i>Amounts in USD 1000</i>	Note	30.06.2015	30.06.2014	31.12.2014
ASSETS				
Fixed assets				
<i>Intangible fixed asset</i>				
Deferred tax asset		4 928	46	4 878
<i>Tangible fixed assets</i>				
Vessels	7	200 402	205 789	203 307
<i>Financial fixed assets</i>				
Pension liabilities		42		45
Investment in shares		391	571	453
Long term receivables	5	3 429	4 676	4 042
Total fixed assets		209 192	211 082	212 725
Current assets				
Inventory		2 139	2 202	2 274
Accounts receivable		2 862	295	5 604
Other short-term receivables		2 064	7 344	1 373
Cash and bank deposits		11 118	16 246	11 412
Total current assets		18 183	26 087	20 663
TOTAL ASSETS		227 375	237 169	233 388
EQUITY AND LIABILITES				
Equity				
Share capital		2 490	2 490	2 490
Share premium reserve		55 836	55 836	55 836
Total paid in capital		58 326	58 326	58 326
Other equity		17 985	22 742	24 231
Total equity	8	76 312	81 068	82 557
Liabilities				
<i>Long term liabilities</i>				
Pension liability		-	17	-
Bond	6	147 345	145 492	146 824
Total long term liabilities		147 345	145 509	146 824
Current liabilities				
Accounts payable		1 426	7 760	1 410
Tax payable		34	-	36
Public duties payable		615	598	476
Other short term liabilities		1 643	2 233	2 084
Total current liabilities		3 718	10 592	4 007
TOTAL EQUITY AND LIABILITES		227 375	237 169	233 388

Key Financials – Notes (condensed consolidated)

NOTES TO INTERIM CONDENSED CONSOLIDATED ACCOUNTS
Note 1 General

The interim condensed consolidated accounts for 2nd quarter 2015 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 2014.

The Group has followed the same accounting principles and methods as used in the last Annual Report. The reporting currency is in USD from the 1st 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 the subsidiaries.

Note 2 Segment information

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

They are all Platform Supply Vessels and two of them have in Q2-2015 operated in the North Sea, while the four others have operated in Brazil.

Income from North Sea in Q2-2015, net	503
Income from Brazil in Q2-2015, net	9 388

Note 3 Charter hire

	Q2-2015	Q2-2014	1.1-30.06.15	1.1-30.06.14	2014
Gross charter hire	9 311	10 162	20 367	14 162	40 752
Charter commission	-222	-271	-553	-410	-1 062
Local tax Brazil	-312	-	-642	-	-909
Net Charter hire	8 777	9 891	19 172	13 752	38 781

Note 4 Financial income and expenses
Financial income are:

Foreign exchange profits	212	297	1 099	468	3 082
Interest income	19	-	42	-	122
Unrealized exchange profits	-	2 997	-	2 555	1 935
Total financial income	231	3 294	1 141	3 023	5 139

Financial expenses are:

Foreign exchange losses	131	67	1 300	243	1 694
Interest expenses	2 891	3 166	5 823	6 055	12 075
Unrealized exchange losses	6 316	0	12 324	0	20 241
Other financial expenses	238	393	585	772	1 557
Total financial expenses	9 576	3 626	20 032	7 070	35 567

Key Financials – Notes (condensed consolidated)

Note 5 Long term receivables	30.06.2015	30.06.2014	31.12.2014
Vessel import tax Brazil (depreciated over fixed contract period)	2 629	4 476	3 242
Advancement Astro Brazil	800	200	800
Total long term receivables	3 429	4 676	4 042

	30.06.2015	30.06.2014	31.12.2014
Note 6 Bond			
Bond (fixed rate 7,75%, no amortization, maturity May 2017)	150 000	150 000	150 000
Refinancing expenses capitalized (depreciated over Bond duration)	-2 655	-4 508	-3 176
Net Bond	147 345	145 492	146 824

Note 7 Tangible fixed assets

	Vessels	Maintenance	Total
Acquisition cost 01.01.15	207 187	3 155	210 342
Additions	-	-	-
Accumulated cost 30.06.2015	207 187	3 155	210 342
Accumulated depreciation 30.06.2015	-8 916	-1 024	-9 940
Book value 30.06.2015	198 271	2 131	200 402
Depreciation for the period	2 645	260	2 905

Note 8 Equity	Share capital	Premium reserve	Other equity	Total equity
Equity 01.01.2015	2 490	55 836	24 231	82 557
Change in equity 2015				
Conversion differences			11 122	11 122
Result for the period			-17 367	-17 367
Equity 30.06.2015	2 490	55 836	17 986	76 312