



Quarterly interim report

Q2 2016

The quarter in brief

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

World Wide Supply Group`s net operating income for the 2nd quarter was NOK 34,8 million. The EBITDA in the 2nd quarter was NOK 10,2 million and EBIT was NOK 9,2 million after deduction of NOK 1,0 million in depreciation. Net financial expence in 2nd quarter were NOK 71,4 million (of which NOK 17,4 million of write down of costs related to the bond loan that initially to be written down over the duration of the bond) resulting in a pre-tax loss of NOK 62,2 million in 2nd quarter.

The Company is in breach of its obligations under the loanagreement. 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

Average utilization of the fleet was 32,3% for the 2st 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 had their certificates up for renewal on June 21 and August 10 respectively. The contracts were blocked by Brazilian companies.

For both vessels Petrobras applied to the Brazilian National Waterway Agency (ANTAQ) for a 60 dayt extention which they are entitled to under Brazilian law. The application was approved and the contracts kept running at same terms. The vessel which was supposed to be redelivcered on the 20th of August obtained a further extention until August 31.

Four vessels are laid-up.

Profit and loss 1.1. – 30.06.2016 (1.1. – 30.06.2015)

Operating income was equivalent to NOK 71,1 (NOK 149,3) million in 1st half year 2016 while operating expenses were NOK 52,1 (NOK 114,8) million. Depreciation was NOK 2,1 (NOK 22,6) million.

Net financial expence were NOK 49,6 (NOK 147,1) million including unrealized currency profit of net NOK 22,0 (NOK -95,8) million related to USD bond loan and loan granted to subsidiaries in EUR and NOK 23,4 million of write down of costs related to the bond loan that initially to be written down over the duration of the bond.

Net result before tax was NOK -32,7 (NOK -135,2) million.

Balance sheet per 30.03.2016 (per 31.12.2015)

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

Tangible fixed assets amounted to NOK 458,7 (NOK 460,7) million.

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

The group`s current assets were NOK 76,5 (NOK 70,0) million of which cash equivalents corresponded to NOK 41,3 (NOK 32,9) million.

Book equity as per 30.06.2016 was NOK -863,0 (NOK -882,2) million based on conversion of EUR to NOK at rates on delivery dates for the vessels.

At the balance sheet date of 30.06.2016 the Group had long term interest bearing debt in the amount of USD 150 million.

The working capital was NOK -1 265,0 million at 30.06.2016 compared to NOK -1 280,9 million at 31.12.2015.

Market outlook

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

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

The Group had at the end of 2nd quarter 37 employees of which 34 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 26 2016

Aage Rasmus Bjelland Figenschou
Chairman

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Key Financials – Income statement (condensed consolidated)

<i>Amounts in NOK 1000</i>	Note	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Charter hire	3	34 781	68 335	71 113	149 267	217 914
Operating income		34 781	68 335	71 113	149 267	217 914
Crew expenses		11 887	36 273	24 378	69 791	118 557
Operating expenses vessels		9 817	13 142	20 681	34 195	81 371
Other operating expenses		2 887	5 310	7 057	10 799	33 297
Total operating expenses		24 591	54 726	52 116	114 784	233 225
Operating result pre depreciation (EBITDA)		10 190	13 609	18 997	34 483	-15 311
Depreciation	7	1 019	11 289	2 076	22 617	35 206
Write down vessels		-	-	-	-	735 542
Total depreciation		1 019	11 289	2 076	22 617	770 748
Operating profit (EBIT)		9 171	2 320	16 921	11 865	-786 059
Financial income	4	-15 468	1 798	71 593	8 883	26 909
Financial expenses	4	55 895	74 556	121 211	155 963	276 908
Net financial items		-71 363	-72 757	-49 618	-147 079	-249 999
Result before tax		-62 193	-70 437	-32 697	-135 214	-1 036 058

Key Financials – Cash flow (condensed consolidated)

<i>Amounts in NOK 1000</i>	Q2 2016	Q1 2016	2015
Cash flow from operating activities			
Profit before tax	-62 193	29 496	-1 036 058
Depreciation	1 019	1 057	35 206
Other changes	78 900	-39 895	948 488
Net cash flow from operating activities	17 726	-9 342	-52 364
Cash flow from investment activities			
Purchase of fixed assets	-	-	-
Received from investment in shares/parts	-	-	437
Net cash flow from investment activities	-	-	437
Cash flow from financing activities			
New equity received, net	-	-	-
Net cash flow from financing activities	-	-	-
Net change in cash and cash equivalents	17 726	-9 343	-51 927
Cash at beginning of period	23 560	32 903	84 830
Cash and cash equivalents at end of period	41 286	23 560	32 903

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

<i>Amounts in NOK 1000</i>	Note	30.06.2016	31.12.2015	31.12.2014
ASSETS				
Fixed assets				
<i>Intangible fixed asset</i>				
Deferred tax asset		-	-	36 256
<i>Tangible fixed assets</i>				
Vessels	7	458 662	460 667	1 231 470
<i>Financial fixed assets</i>				
Pension liabilities		116	116	331
Investment in shares		2 932	2 932	3 370
Long term receivables / Prepaid expences	5	10 778	15 283	24 097
Total fixed assets		472 488	478 998	1 295 524
Current assets				
Inventory		15 880	16 724	16 907
Accounts receivable		15 648	11 250	47 603
Other short-term receivables		3 655	9 119	10 210
Cash and bank deposits		41 286	32 903	84 830
Total current assets		76 469	69 996	159 549
TOTAL ASSETS		548 957	548 994	1 455 074
EQUITY AND LIABILITES				
Equity				
Share capital		15 204	15 204	15 204
Share premium reserve		-	-	333 436
Total paid in capital		15 204	15 204	348 640
Other equity		-878 165	-897 377	-14 726
Total equity	8	-862 962	-882 174	333 913
Liabilities				
<i>Long term liabilities</i>				
Deffered tax		70 371	80 229	-
Pension liability		-	-	-
Bond		-	-	1 091 375
Total long term liabilities		70 371	80 229	1 091 375
Current liabilities				
Bond	6	1 256 640	1 300 295	-
Bond interrest		81 844	35 557	-
Accounts payable		1 834	6 597	10 483
Tax payable		-	-	269
Public duties payable		1 158	3 760	3 538
Other short term liabilities		72	4 729	15 494
Total current liabilities		1 341 548	1 350 938	29 784
TOTAL EQUITY AND LIABILITES		548 957	548 994	1 455 072

Key Financials – Notes (condensed consolidated)

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	Q2 2016	Q2 2015	YTD 2016	YTD 2015
Gross charter hire	37 701	72 493	76 076	158 571
Charter commission	-1 626	-1 728	-2 481	-4 305
Local tax Brazil	-1 294	-2 429	-2 482	-4 998
Net Charter hire	34 781	68 335	71 113	149 267

Note 4 Financial income and expenses

Financial income are:

Foreign exchange profits	4 728	1 651	4 728	8 556
Interest income	51	148	-203	327
Unrealized exchange profits	-16 055	-	67 068	-
Total financial income	-11 276	1 798	71 593	8 883

Financial expenses are:

Foreign exchange losses	1 675	1 020	6 610	10 121
Interest expenses	21 486	22 508	46 288	45 336
Unrealized exchange losses	13 904	49 174	45 070	95 951
Other financial expenses	18 830	1 853	23 243	4 555
Total financial expenses	55 895	74 556	121 211	155 963

Note 5 Long term receivables	30.06.2016	30.06.2015	31.12.2015
Vessel import tax Brazil (depreciated over fixed contract period)	7 062	20 469	8 827
Reimbursements	3 716	6 229	6 456
Total long term receivables	10 778	26 697	15 283

Note 6 Bond	30.06.2016	30.06.2015	31.12.2015
Bond (fixed rate 7,75%, no amortization, maturity May 2017)	1 256 640	1 167 855	1 275 308
Refinancing expenses capitalized (depreciated over Bond duration)	-	-35 098	24 987
Net Bond	1 256 640	1 132 757	1 300 295

Note 7 Tangible fixed assets	Vessels	Maintenance	Total
Acquisition cost 01.01.16	449 986	10 681	460 667
Additions	-	-	-
Accumulated cost 30.06.2016	449 986	10 681	460 667
Accumulated depreciation 30.06.2016	-	-2 076	-2 076
Conversion differences	71	-	71
Book value 30.06.2016	450 057	8 605	458 662

Note 8 Equity	Share capital	Premium reserve	Other equity	Total equity
Equity 01.01.2016	15 204	-	-897 377	-882 173
Change in equity 2016				
Conversion differences and other changes			51 908	51 908
Result for the period		-	-32 697	-32 697
Equity 30.06.2016	15 204	-	-878 166	-862 962