



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 917 807 361
Organisasjonsform: Aksjeselskap
Foretaksnavn: LOS SHIPPING II AS
Forretningsadresse: c/o Alfabygget
5392 STOREBØ

Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Tove Mellum Jondahl
Dato for fastsettelse av årsregnskapet: 24.05.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 31.10.2020



Resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	28 053 000	4 087 000
Annen driftsinntekt	2	370 000	46 000
Sum inntekter		28 423 000	4 133 000
Kostnader			
Lønnskostnad	3	23 759 000	10 567 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	6	18 221 000	8 707 000
Annen driftskostnad	3,14	10 148 000	-6 406 000
Sum kostnader		52 128 000	12 868 000
Driftsresultat		-23 705 000	-8 735 000
Finansinntekter og finanskostnader			
Annen renteinntekt	4	6 000	1 598 000
Sum finansinntekter		6 000	1 598 000
Annen rentekostnad	4	22 442 000	133 000
Sum finanskostnader		22 442 000	133 000
Netto finans		-22 436 000	1 465 000
Ordinært resultat før skattekostnad		-46 141 000	-7 270 000
Skattekostnad på ordinært resultat	5	1 677 000	-1 677 000
Ordinært resultat etter skattekostnad		-47 818 000	-5 593 000
Årsresultat		-47 818 000	-5 593 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-47 818 000	-5 593 000
Sum overføringer og disponeringer		-47 818 000	-5 593 000



Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	0	1 677 000
Sum immaterielle eiendeler		0	1 677 000
Varige driftsmidler			
Skip, rigger, fly og lignende	6	334 402 000	357 574 000
Sum varige driftsmidler		334 402 000	357 574 000
Sum anleggsmidler		334 402 000	359 251 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	7	8 481 000	4 245 000
Andre fordringer	8,14	38 650 000	24 242 000
Sum fordringer		47 131 000	28 487 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	9	1 648 000	1 198 000
Sum bankinnskudd, kontanter og lignende		1 648 000	1 198 000
Sum omløpsmidler		48 779 000	29 685 000
SUM EIENDELER		383 181 000	388 936 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10	101 000	101 000
Overkurs	11	2 000	2 000
Sum innskutt egenkapital		103 000	103 000



Balanse

Beløp i: NOK	Note	2018	2017
Opptjent egenkapital			
Annen egenkapital	11	-53 411 000	-5 593 000
Sum opptjent egenkapital		-53 411 000	-5 593 000
Sum egenkapital		-53 308 000	-5 490 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12	373 770 000	364 645 000
Sum annen langsiktig gjeld		373 770 000	364 645 000
Sum langsiktig gjeld		373 770 000	364 645 000
Kortsiktig gjeld			
Annen kortsiktig gjeld	13,14	62 719 000	29 781 000
Sum kortsiktig gjeld		62 719 000	29 781 000
Sum gjeld		436 489 000	394 426 000
SUM EGENKAPITAL OG GJELD		383 181 000	388 936 000



24 SEPT. 2018
Sov.B.

Our date
07.08.2018

Din dato
17.09.2018

Inquiries to
Torstein Kinden Helleland

800 80 000
Tax Administration
Norway.no

Din referanse
Hilde Drønen

Telephone
22078139

Org.nr
996250318

Our reference
2018/962056

Postal address
P.O. Box 9200 Grønland
0134 Oslo

DOF ASA
Alfabygget
5392 STOREBØ

Permission to prepare the annual accounts and directors' report in English language

With reference to your letter of 23 January 2017 and e-mail of 14 September 2018, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns the following companies.

LOS Shipping I AS org.nr. 917 751 862

LOS Shipping II AS org.nr. 917 807 361

Conclusion

Based on a total evaluation, the view of The Directorate of Taxes is that the companies mentioned above may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information that the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background

LOS Shipping I AS and LOS Shipping II AS are owned by Sigfisk AS (40 %), Gerd Marie AS (40 %) and Kanabus AS (20 %). LOS Shipping I AS and LOS Shipping II are international vessel companies, which owns and operates modern offshore-/subsea vessels globally. The working language is English. Furthermore, the companies are highly international in the sense that it operates throughout the world. English is clearly the dominant language. The annual report and financial statements of the companies are required to be prepared each year in the Norwegian language only in order to satisfy the requirements of the Norwegian Accounting Act.

Permission to make the annual accounts and the directors' report in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language"*.



Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."

Hence, one of the main aims of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration that the ultimate when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the companies are owned by three limited companies. The companies are operating in an international industry. Furthermore, the companies uses English as the main language between the group companies.

Please state "our reference" (see above) in all written communication with
The Norwegian Tax Authorities.

Best regards

Jeanette Munkvold Skovholt
Senior Adviser
Rettsavdelingen, foretaksskatt
Norwegian Directorate of Taxes

Torstein Kinden Helleland

This document has been electronically approved and contains therefore no handwritten signatures.

Side 2 / 2



BOARD OF DIRECTORS REPORT LOS SHIPPING II AS

INTRODUCTION

LOS Shipping II AS (The Company) was established in 2016 and acquired the vessel Far Shogun from Farstad Supply AS in July 2017.

Far Shogun (a 2010 built AHTS) was renamed Skandi Bergen after the acquisition.

The Company is owned 40% by SigFisk AS, 40% by Gerda Marie AS and 20% by Kanabus AS. The Company's business address is at Storebø in Austevoll Municipality.

DOF Management AS is responsible for the marine operation of the Company's vessel, and this company is controlled by DOF ASA and is included in the DOF ASA Group (the "DOF Group").

OPERATIONS 2018

The market conditions have been deeply challenging for the OSV owners over the last few years, but with signs of increased activity in certain regions through 2018. The AHTS segment in the North Sea remained oversupplied throughout the year with high volatility both in rates and utilization.

Skandi Bergen has throughout 2018 been working in the North Sea spot market, both in the UK and Norwegian sector. The vessel has had an average utilization of 52%, which is not satisfactory.

SUBSTAINABILTY

Having sustainable operations is important for the DOF Group. The successful balance of social, environmental and economic elements not only allows the DOF Group to view organizational performance in more than financial terms alone but, in turn, allows the DOF Group to develop 'Sustainable Operations'. In this way, it is ensured that the operations remain commercially feasible, socially acceptable and within the capacity of the external environment.

The DOF Group acts responsibly and ethically everywhere it operates, and the operations and decisions are guided by the values – Respect, Integrity, Teamwork, Excellence – RITE – and above all we are Safe. This ensures honest, fair and equitable operations, protecting and building the DOF Group's reputation.

The DOF Group promotes transparency and standard disclosure of information relating to key sustainability aspects. As part of this, the DOF Group reports according to the Carbon Disclosure Project and the Global Reporting Initiative.

For detailed reporting on these matters please find the DOF Group's Sustainability Report on www.dof.no.

All companies are certified according to ISO 9001:2015 and ISO 14001:2015.

EMPLOYEES

The Company has no employees and all personnel are hired through management agreements with DOF Management AS. The services are regulated by a separate business management agreement. DOF ASA has provided income and operating guarantees to the Company against an option to acquire the Company's vessel or shares.

HEALTH, SAFETY AND ENVIRONMENT

DOF Management has been certified in accordance with ISM code since 1995 and has been ISO 9001 and ISO 14001 certification since 2002.

The Board of Directors is not aware of that the Company's operation or vessel have contaminated the external environment beyond what is common for this type of business. DOF Management AS has the goal of having a good working environment and keeping sickness absence at an acceptable level. It is not known that any crew experiences discrimination on grounds of gender, ethnic background or other conditions.



RISKS

The Company is to some extent exposed to interest rate risk if the terms on loans would be significant changed, as the company's debt has floating interest rates.

The Company is exposed to market risk as the market conditions for Skandi Bergen may change. DOF ASA has provided guarantees regarding revenues and operating costs.

THE ACCOUNTS

Operating income totaled NOK 28.4 million (NOK 4.1 million) and total operating expenses were NOK -42.7 million (NOK -23.7 million).

The operating profit before operational guarantee was NOK -14.2 million (NOK -19.5 million) and operating profit before depreciation was NOK 0.07 million (NOK -0.03 million).

Net financial items are NOK -22.4 million (NOK 1.5 million).

The Company's net cash from operating activities was NOK -37.0 million (NOK -21.9 million), from investing activities NOK 0.0 million (NOK - 366.3 million) and net cash from financing activities was NOK 37.4 million (NOK 389.3 million).

Total balance is NOK 383.2 million (NOK 388.9 million). Total liabilities are NOK 436.5 million (NOK 394.4 million) of which NOK 373.8 million (NOK 364.6 million) represents debt to financial institution.

The Board of Directors proposes to allocate the Company's net loss of NOK - 47.8 million from other equity.

GOING CONCERN

The Company's equity is lost. This is due to a challenging market for the Company's vessel. DOF ASA has provided certain operating and income guarantees on behalf of the Company against an option to acquire the Company's vessels or shares for a period of three (3) years

The Company's accounts have been prepared based on continued operation yr. RL § 3-3 a.

EVENTS AFTER BALANCE DATE

The Board of Directors is not aware of events after the balance sheet date with significant effect on figures as of 31 December 2018.


OUTLOOK


There are signs of increased activity globally, with the North Sea currently as one of the most active areas for OSV vessels. Although the trend is positive, we still see a high volatility both in earnings and utilization for the AHTS fleet.


In sum the Board of Directors expects the markets in 2019 to remain challenging, but better than 2018. A continuing challenging market will however increase the risk for lower utilization and earnings of one of the Company's vessel, which is trading in the North Sea spot market, and as such a risk for further deterioration of the vessel value and an increased liquidity risk.

Storebø, April 26th. 2019

The Board of Directors of LOS SHIPPING II AS


Sigve Drønen
Chairman


Lars Johan Mælingen
Board member


Oddvar Stangeland
Board member



INCOME STATEMENT

LOS SHIPPING II AS

Amount in NOK thousand

	Note	2018	2017
OPERATING INCOME AND OPERATING EXPENSES			
Revenue		28 053	4 087
Other operating income		370	46
Total operating income	2	28 423	4 133
Personnel expenses	3	-23 759	-10 567
Other operating expenses	3	-18 902	-13 096
Total operating expenses		-42 662	-23 663
Operating profit		-14 239	-19 529
Opex guarantee DOF	14	14 308	19 502
Operating profit before depreciation (EBITDA)		69	-27
Depreciation of operating and intangible assets	6	18 221	8 707
Write-downs of tangible and intangible assets	6	5 554	0
Operating profit - EBIT		-23 705	-8 735
FINANCIAL INCOME AND EXPENSES			
Other interest income		6	2
Other financial income		-13 289	-127
Realized gain (loss) on currencies		-28	-6
Unrealized gain (loss) on currencies		-9 125	1 595
Net financial items	4	-22 436	1 465
Profit (loss) before taxes		-46 142	-7 269
Tax on ordinary result	5	1 677	-1 677
Profit (loss) for the year		-47 818	-5 593
Profit (loss) for the year		-47 818	-5 593
Allocated from other equity		-47 818	-5 593
Total income for the year		-47 818	-5 593

LOS SHIPPING II AS

SIDE 1



BALANCE SHEET

LOS SHIPPING II AS

Amount in NOK thousand


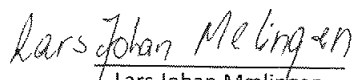
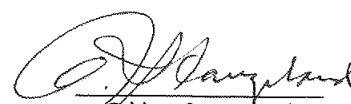
ASSETS	Note	2018	2017
FIXED ASSETS			
INTANGIBLE ASSETS			
Deferred tax assets	5	0	1 677
Total intangible assets		0	1 677
TANGIBLE ASSETS			
Ships	6	334 402	357 574
Total tangible assets		334 402	357 574
FINANCIAL FIXED ASSETS			
Total fixed assets		334 402	359 250
DEBTORS			
Accounts receivables	7	8 481	4 245
Other current receivables	8	4 840	4 740
Opex guarantee DOF	14	33 810	19 502
Total receivables		47 131	28 487
INVESTMENTS			
Cash and bank deposits	9	1 648	1 198
Total current assets		48 779	29 685
Total assets		383 181	388 935

**BALANCE SHEET**

LOS SHIPPING II AS

Amount in NOK thousand

EQUITY AND LIABILITIES	Note	2018	2017
EQUITY			
PAID-UP EQUITY			
Share capital	10	101	101
Share premium reserve	11	2	2
Total paid-up equity		102	102
RETAINED EARNINGS			
Other equity	11	-53 411	-5 593
Total retained earnings		-53 411	-5 593
Total equity	11	-53 308	-5 490
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions	12	373 770	364 645
Total of other long term liabilities		373 770	364 645
CURRENT DEBT			
Funding guarantee DOF	13, 14	51 300	23 000
Accounts payable	13	8 310	6 781
Other current debt	13	3 109	0
Total current debt		62 720	29 781
Total liabilities		436 489	394 426
Total equity and liabilities		383 181	388 935

Storebø, 26.04.2019
The board of LOS Shipping II AS
Sigve Drønen
Chairman of the board
Lars Johan Mæling
Member of the board
Oddvar Stangeland
Member of the board



Statement of Cash Flows

LOS SHIPPING II AS

Amount in NOK thousand	31.12.2018	31.12.2017
Operating profit (ebit)	-23 705	-8 735
Depreciation/impairment	23 172	8 707
Change in trade receivables	-4 236	-4 245
Change in accounts payable	1 530	6 781
Change in working capital	-11 299	-24 242
Change in agio working capital	-80	-169
Cash from operating activities	-14 619	-21 903
Interest received	6	2
Interest paid	-13 238	-5
Net cash from operating activities	-27 850	-21 905
Purchase of tangible assets	0	-366 281
Net cash used in investing activities	0	-366 281
Proceeds from borrowings	0	366 281
Reward of other loans	28 300	23 000
Net cash flow from financing activities	28 300	389 281
Net changes in cash and cash equivalents	450	1 095
Cash at the start of period 01.01.2018	1 198	102
Cash at end of period 31.12.2018	1 648	1 198



1 Accounting principles

Accounting principles

The financial statements for the Company have been prepared and presented in accordance with the Accounting Act and generally accepted accounting principles.

The accounts follow the rules for small enterprises.

The accounting period is from 01.01.2018 to 31.12.2018.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as financial income or costs.

Classification of assets and liabilities

Assets are classified as current assets when:

- the asset forms part of the entity's service cycle, and is expected to be realised or consumed over the course of the entity's normal operations; or
- the asset is held for trading; or
- the asset is expected to be realised within 12 months of consolidated statement of financial position date; or

All other assets are classified as non-current assets.

Liabilities are classified as current when:

- the liability forms part of the entity's service cycle, and is expected to be settled in the course of normal production time; or
- the liability is held for trading; or
- settlement of the liability has been agreed upon within 12 months of the consolidated statement of financial position date; or
- the entity does not have an unconditional right to postpone settlement of the liability until at least 12 months after the consolidated statement of financial position date.

All other liabilities are classified as non-current liabilities.

Tangible Assets

Tangible assets are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of tangible asset comprises its purchase price, borrowing costs and any directly attributable costs of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the company and the cost can be measured reliably. All other repairs and maintenance are recognized in the period when the expense is incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset. Each part of the fixed asset where the value constitutes a substantial part of the total cost is depreciated separately and linearly over the estimated useful life of the asset.

The assets are valued when events or changes in circumstances indicate that the book value is not recoverable. Difference between capitalized value and recoverable amount is recognized as an impairment loss.

Periodic maintenance

Periodic maintenance is capitalized as part of the ship and amortized on a straight-line basis over the period up to the next periodic maintenance, usually after 5 years.



Revenue recognition

The Company recognises income when it is probable that future economic benefits will flow to the entity and when the amount of income can be reliably measured.

Lease income related to the vessels is recorded on a linear basis over the lease period. The lease period starts from the time the vessels is made available to the customer and expires on the agreed return date. Crew rental and compensation for coverage of other operating costs are recorded over the contract period on a linear basis.

Operating income is shown net of discounts, value-added tax and other taxes on gross rates.

Trade receivables

Trade receivable are subject to value adjustments where their recovery are uncertain. A provision for impairment of trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

Equity

Ordinary shares are classified as equity.

Transaction costs related to equity transactions, including tax effect of transaction costs, are directly charges against equity.

Loan

Loan are accounted for at fair value when payment of the loan takes place, minus transaction costs. In subsequent periods, loans at amortized cost are calculated using effective interest rates.

Tax

The tax expense in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated using the current tax rate on the basis of the temporary differences that exist between accounting an tax values, as well as any possible loss carry-forwards at the end of the fiscal year.

Tax-increasing and tax-reducing temporary differences that reverse or may reverse during the same period are offset. The recognition of deferred tax asset on net tax-reducing differences that are not offset and under write-downs for carrying forward is justified by assumed future earnings.

Both tax payable and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity.

Statement of cash flows

The cash flow statement shows the total cash flow divided by operational operations, investment and financing activities. The statement shows the impact of the individual activities on the liquid portfolio. The cash flow statement has been prepared in accordance with the indirect model.

Subsequent events

New information regarding the Company's financial position at the statement of financial position date is included in the accounts. Events occurring after the statement of financial position date, which do not impact the Company's financial position, but which have a significant impact on future periods, are presented in the notes to the accounts.

Amount in NOK thousand.



2 Operating income

	2018	2017
Freight income	28 109	4087
Other operating income	314	46
Total operating income	28 423	4133

3 Payroll, auditor and operating expenses

	2018	2017
Payroll and other remuneration	20 672	9 045
Travel costs	1 603	896
Other personnel costs	1 484	627
Total	23 759	10 567

The Company has no employees, but leases crew from other group companies and external companies. The Company is not obliged to have an occupational pension plan(OTP).

There were no remunerations or other compensations paid to Board members in 2018 or 2017.

Specification of auditor's fee	2018	2017
Audit	50	27
Fee for other services	0	0
Total	50	27

Auditor's fees are exclusive VAT.

Other operating expenses consists of:	2018	2017
Maintenance and repair services	8 213	4 396
Management fees for ship management	3 221	1 467
Electronic communication expenses	1 091	1 261
Bunkers costs	3 672	3 911
Insurance	1 095	536
ROV	0	0
Other expenses	1 610	1 525
Total	18 902	13 096

4 Finance income and expenses

	2018	2017
Other interest income	6	2
Financial income	6	2
Interest cost loan	-13 231	0
Late payment interest	-7	-5
Other financial costs	-51	-122
Financial costs	-13 289	-127
Net gain (loss) on operational items	-40	3
Net gain (loss) on current items	12	-9
Net realized gain (loss) on currencies	-28	-6
Net unrealized gain (loss) on operational items	-9 125	1 595
Net unrealized gain (loss) on currencies	-9 125	1 595
Net financial items	-22 436	1 465



5 Tax

Tax income (expense) comprises:	2018	2017
Current tax on profit for the year		
Change in deferred taxes	1 677	-1 677
Tax payable abroad	0	0
Tax Income (expense)	1 677	-1 677

Reconciliation of nominal and effective tax rate

Profit before tax	-46 142	-7 269
Tax calculated at domestic tax rates 23% / 24%	-10 613	-1 745
Tax effect of:		
Tax effect on deductible expenses	0	-5
Tax effect on items not included in deferred tax	12 289	0
Tax effect on other items	0	0
Impact of changes in tax rate	0	73
Effect of change of tax regime	0	0
Discharge of losses carried forward	0	0
Total tax income (expense)	1 677	-1 677

Deferred tax

Basis of deferred tax	2018	2017
Fixed assets	19 400	42 572
Current assets	0	0
Other differences (deferred capital gain etc)	0	0
Liabilities	0	0
Total temporary differences	19 400	42 572

Loss carried forward	-72 831	-49 861
- hereof tax deficit not included in basis for calculation of deferred tax/deferred tax assets	0	0
Basis for calculation of deferred tax/deferred tax assets (-)	-53 431	-7 289

Total deferred tax/deferred tax assets (-)	0	-1 677
---	----------	---------------

Deferred tax / deferred tax assets (-) 01.01	-1 677	0
Reversed deferred tax 2017	1 677	0
Changes in deferred tax	0	-1 677
Deferred tax/deferred tax assets (-) 31.12	0	-1 677



6 Tangible assets

2018	Vessels	Periodical maintenance	Total
Cost at 01.01	360 081	6 200	366 281
Additions	602	0	602
Capitalization	0	0	0
Cost at 31.12	360 683	6 200	366 883
Depreciation and impairment at 01.01	7 516	1 191	8 707
Depreciation for the year	15 852	2 369	18 221
Depreciation on disposals	0	0	0
Depreciation at 31.12	23 368	3 560	26 928
Impairment 01.01.	0	0	0
Impairment	5 554	0	5 554
Impairment 31.12.	5 554	0	5 554
Book value at 31.12	331 761	2 640	334 402
Asset lifetime (years)	30 years *)	30-60 months	
Depreciation schedule	**)	Straight line	

2017	Vessels	Periodical maintenance	Total
Cost at 01.01	0	0	0
Additions	360 081	6 200	366 281
Capitalization	0	0	0
Cost at 31.12	360 081	6 200	366 281
Depreciation and impairment at 01.01	0	0	0
Depreciation for the year	7 516	1 191	8 707
Depreciation on disposals	0	0	0
Depreciation at 31.12	7 516	1 191	8 707
Impairment 01.01.	0	0	0
Impairment	0	0	0
Impairment 31.12.	0	0	0
Book value at 31.12	352 565	5 009	357 574
Asset lifetime (years)	30 years *)	30-60 months	
Depreciation schedule	**)	Straight line	

*) Residual value of the vessels varies based on the market value of the vessels.

**) Depreciation is calculated on a straight-line basis over the useful life of the asset



7 Trade receivables

	2018	2017
Trade receivable	8 409	4 230
Earned not invoiced	72	15
Provision for bad debts	0	0
Trade receivables at 31.12	8 481	4 245

The Company's credit exposure is mainly towards customers who historically have good financial capability to meet their obligations.

The credit risk to clients is considered low. The current demanding market have increased the credit risk, however it is still considered to be acceptable.

Year	Total	Not matured	<30d	30-90d	>90d
2018	8 481	8 471	0	10	0

8 Other current receivables

	2018	2017
Prepaid expenses	951	446
Settlement VAT	930	2 681
Other current receivables	2 959	1 613
Other current receivables at 31.12.	4 840	4 740

9 Restricted cash

The Company has no restricted cash at balance date 31.12.2018.

10 Share capital and share information

2018	Total shares	Nominal value	Ownership	Vote share
Sigfisk AS	960	40 320	40%	40%
Kanabus AS	480	20 160	20%	20%
Gerda Marie AS	960	40 320	40%	40%
	2400	100 800	100%	100%

The Company share capital is totalling NOK 100 800 and consists of 2400 shares, each with nominal value of NOK 42. All company's shares have the same rights.

11 Equity

Amounts in NOK	Share Capital	Share premium	Retained earnings	Total Equity
Balance at 01.01.2018	101	2	-5 593	-5 490
Deposited capital at foundation	0	0	0	0
Preliminary expenses	0	0	0	0
Profit (loss) for the year	0	0	-47 818	-47 818
Balance 31.12.2018	101	2	-53 411	-53 308

Amounts in NOK	Share Capital	Share premium	Retained earnings	Total Equity
Balance at 14.09.2016	0	0	0	0
Deposited capital at foundation	101	22	0	122
Preliminary expenses	0	-20	0	-20
Profit (loss) for the year	0	0	-5 593	-5 593
Balance 31.12.2017	101	2	-5 593	-5 490



12 Long term debt

The Company has debt to financial institution linked to fixed asset.

Interest-bearing debt	2018	2017
Debt to financial institution	373 770	364 645
Total interest-bearing debt	373 770	364 645
Average interest	3,67%	0,00%

The Company's debt to financial institutions is secured by mortgage on the vessel Skandl Bergen.

13 Other current liabilities

	2018	2017
Accrued interest	3 109	0
Guarantee DOF	51 300	23 000
Accounts payable	8 310	6 781
Short portion of non-current debt	0	0
Total	62 720	29 781

14 Guarantee

DOF ASA has provided income and operating guarantees to the Company against an option to acquire the Company's vessels or shares.

15 Subsequent events

No significant events have occurred after 31/12/2018.



To the General Meeting of LOS Shipping II AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LOS Shipping II AS, which comprise the balance sheet as at 31 December 2018, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

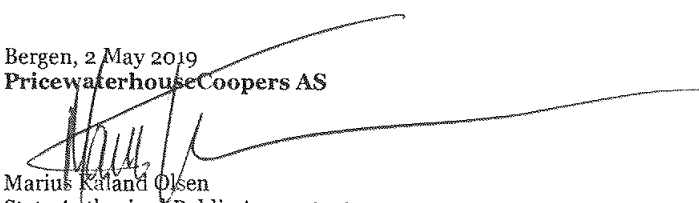
For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 2 May 2019
PricewaterhouseCoopers AS


Marius Kaland Olsen
State Authorised Public Accountant