



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 915 143 415
Organisasjonsform: Kommandittselskap
Foretaksnavn: ISLAND NAVIGATOR HOLDING KS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund
Dato for fastsettelse av årsregnskapet: 14.06.2019

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, 03.11.2020



Resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		7 500 000	
Sum inntekter	2	7 500 000	0
Kostnader			
Varekostnad	6	389 493	
Annen driftskostnad	3	531 729	20 501
Sum kostnader		921 222	20 501
Driftsresultat		6 578 778	-20 501
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	4	11 969 642	636 950
Annen finansinntekt	5	31 863	330
Sum finansinntekter		12 001 505	637 279
Rentekostnad til foretak i samme konsern		509 702	137 912
Annen finanskostnad	5	82 243	208
Sum finanskostnader		591 945	138 120
Netto finans		11 409 561	499 159
Ordinært resultat før skattekostnad		17 988 339	478 658
Ordinært resultat etter skattekostnad		17 988 339	478 658
Årsresultat		17 988 339	478 658
Totalresultat	9	17 988 339	478 658
Overføringer og disponeringer			
Utbytte		0	0
Udekket tap		1 114 777	478 658
Overføringer til/fra annen egenkapital		16 873 561	16 873 561
Sum overføringer og disponeringer		17 988 338	478 658



Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Investering i datterselskap	4		23 241 463
Sum finansielle anleggsmidler		0	23 241 463
Sum anleggsmidler		0	23 241 463
Omløpsmidler			
Varer			
Varer	6	53 281 956	
Sum varer		0	0
Fordringer			
Andre fordringer	7	349 329	1 500 000
Sum fordringer		349 329	1 500 000
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		570 161	75 492
Sum bankinnskudd, kontanter og lignende		570 161	75 492
Sum omløpsmidler		54 201 446	1 575 492
SUM EIENDELER		54 201 446	24 816 955

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2018	2017
Egenkapital			
Innskutt egenkapital			
Selskapskapital		1 600 000	1 600 000
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital	10	1 600 000	1 600 000
Opptjent egenkapital			
Annen egenkapital		16 873 560	-1 114 777
Sum opptjent egenkapital		16 873 560	-1 114 777
Sum egenkapital	9	18 473 560	485 223
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	7	16 817 508	24 146 641
Sum annen langsiktig gjeld		16 817 508	24 146 641
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	7	547 500	641
Annen kortsiktig gjeld	7	18 362 878	184 451
Sum kortsiktig gjeld		18 910 378	185 091
Sum gjeld		35 727 886	24 331 732
SUM EGENKAPITAL OG GJELD		54 201 446	24 816 955



Island Navigator Holding KS

Annual report 2018

Annual accounts

- Income statement
- Balance sheet
- Cash Flow
- Notes

Auditors' report



Annual Report 2018
Island Navigator Holding KS
Org. no: 915 143 415

Business activities

The Company was formed as a partnership holding an interest in Island Navigator I KS, which had a shipbuilding contract with Kawasaki Heavy Industries for delivery of a top-hole drilling vessel in January 2019. In January 2018, the parties agreed a termination agreement whereby the shipbuilding contract was terminated and the associated financing annulled. Island Navigator I KS received a compensation for the cancelled contract by way of repayment of instalments, annulment of seller financing and the receipt of project specific equipment purchased by the builder. As a consequence of the termination of the ship building contract, it was decided to change the existing company structure. The Company sold its shares in Island Navigator I AS to Island Navigator Holding AS as per 15.10.18. Island Navigator Shipping AS was liquidated as per 31.10.18 and Island Navigator I KS was liquidated as per 27.10.18. The business is managed from Ulsteinvik.

Statement on results

The Company's revenue comprises sale of an umbilical winch from the equipment received with reference to the Termination Agreement. In addition the Partnership has recorded NOK 12,0 mill as liquidation settlement from its subsidiaries.

The income statement ended with a profit NOK 17.988.338 compared with a profit of NOK 478.659 in 2017.

The Company does not have ongoing research and development activities.

The equity as per 31.12.18 is NOK 18.473.560.

Going concern

Due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the parent company Island Offshore Shipholding L.P. and the Company, concluded a holistic and comprehensive restructuring agreement with secured and unsecured lenders effective April 12th 2018. The term of the restructuring agreement is until end of 2020 and includes modified amortization schedules for each vessel, in addition to lifting of certain financial covenants.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2018, and that an acceptable and sustainable restructuring of the parent company as well as the relevant subsidiary and affiliated companies was agreed and effective with the lenders in April 2018.



Work environment and gender equality

The Company does not have employees. The board comprises representatives from the largest shareholders.

External environment

The Company's operations do not pollute the external environment beyond what is normal for this type of business.

Financial risk

The partnership has no financial risks except the commercial value of stock and the demand for and application of specialized marine and drilling equipment from customers. Long term loan is from related party.

Future outlook

The Company's future result is dependent on the success of commercializing its marine and drilling equipment to customers.

Other matters

Beyond the above, the Board is not aware of any subsequent events that could be significant for the evaluation of the Company's financial position and results. Reference is made to the income statement, balance sheet and notes.

Allocation of results

The Board proposes the following allocation of the 2018 net profit of NOK 17.988.338:

Transferred to other equity	NOK	16.873.560
Uncovered losses	NOK	<u>1.114.778</u>
	NOK	17.988.338

Ulsteinvik, 25.04.2019


Morten Ulstein
Chairman of the Board


Håvard Ulstein
Board Member



Island Navigator Holding KS

Income statement

	Note	2018	2017
Revenue			
Sales revenue	2	<u>7 500 000</u>	<u>0</u>
Operating expenses			
Cost of stocks	6	389 493	0
Other operating expenses	3	<u>531 729</u>	<u>20 501</u>
Total operating expenses		<u>921 222</u>	<u>20 501</u>
Operating result		<u>6 578 778</u>	<u>-20 501</u>
Financial income and expenses			
Income from investments in subsidiaries and associated companies	4	11 969 642	636 950
Other financial income	5	31 863	330
Interest paid to group companies		509 702	137 912
Other financial expenses	5	<u>82 243</u>	<u>208</u>
Net financial items		<u>11 409 560</u>	<u>499 160</u>
Ordinary result before tax		<u>17 988 338</u>	<u>478 659</u>
Net profit or loss for the year		<u>17 988 338</u>	<u>478 659</u>
Allocated as follows			
Transferred to other equity		16 873 561	0
Uncovered losses		<u>1 114 777</u>	<u>478 659</u>
Total allocations	9	<u>17 988 338</u>	<u>478 659</u>



Island Navigator Holding KS

Balance sheet as of December 31

	Note	2018	2017
Fixed assets			
<i>Financial assets</i>			
Investments in subsidiaries	4	<u>0</u>	<u>23 241 463</u>
Total financial assets		<u>0</u>	<u>23 241 463</u>
Total fixed assets		<u>0</u>	<u>23 241 463</u>
Current assets			
Inventories	6	<u>53 281 956</u>	<u>0</u>
<i>Receivables</i>			
Other receivables	7	<u>349 329</u>	<u>1 500 000</u>
Total accounts receivable		<u>349 329</u>	<u>1 500 000</u>
Cash and cash equivalents		<u>570 161</u>	<u>75 492</u>
Total current assets		<u>54 201 446</u>	<u>1 575 492</u>
Total assets		<u>54 201 446</u>	<u>24 816 955</u>




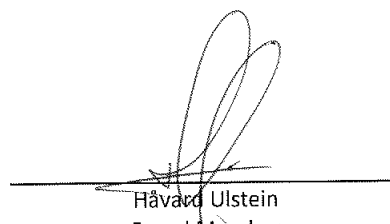
Island Navigator Holding KS

Balance sheet as of December 31

	Note	2018	2017
Equity			
<i>Paid-in capital</i>			
Share capital	10	<u>1 600 000</u>	<u>1 600 000</u>
Total paid-in capital		<u>1 600 000</u>	<u>1 600 000</u>
<i>Retained earnings</i>			
Other equity		<u>16 873 560</u>	<u>-1 114 777</u>
Total retained earnings		<u>16 873 560</u>	<u>-1 114 777</u>
Total equity	9	<u>18 473 560</u>	<u>485 223</u>
Liabilities			
<i>Other long-term liabilities</i>			
Other long-term liabilities	7	<u>16 817 508</u>	<u>24 146 641</u>
Total other long term liabilities		<u>16 817 508</u>	<u>24 146 641</u>
<i>Current liabilities</i>			
Trade creditors	7	547 500	641
Other short-term liabilities	7	<u>18 362 878</u>	<u>184 450</u>
Total current liabilities		<u>18 910 378</u>	<u>185 091</u>
Total liabilities		<u>35 727 886</u>	<u>24 331 732</u>
Total equity and liabilities		<u>54 201 446</u>	<u>24 816 955</u>

Ulsteinvik,
31 December 2018,
25 April 2019


Morten Ulstein
Chairman of the Board


Håvard Ulstein
Board Member



Cash Flow Statement

Island Navigator Holding KS

	2018	2017
<i>Cash flow from operating activities</i>		
Profit before tax	17 988 338	478 658
- Income on investments in subsidiaries	-11 969 642	-636 950
-/+ Change in stocks	-53 281 956	0
-/+ Change in accounts receivable	0	0
+/- Change in accounts payable	546 859	641
+/- Change in other accruals	19 329 098	137 705
= Net cash flow from operating activities	<u>-27 387 303</u>	<u>-19 946</u>
<i>Cash flow from investment activities</i>		
- Conversion of receivables to shares	0	-22 500 000
+ Effect of liquidation subsidiaries	35 211 105	0
= Net cash flow from investment activities	<u>35 211 105</u>	<u>-22 500 000</u>
<i>Cash flow from financing activities</i>		
+ Draw down of long term liability	0	22 500 000
- Repayment of long term debt	-7 329 133	0
= Net cash flow from financing activities	<u>-7 329 133</u>	<u>22 500 000</u>
= <i>Net change in cash and cash equivalents</i>	<u>494 669</u>	<u>-19 946</u>
+ <i>Cash reserve 1.1</i>	<u>75 492</u>	<u>95 438</u>
= <i>Cash reserve 31.12</i>	<u>570 161</u>	<u>75 492</u>



Notes to the financial statements 2018

Island Navigator Holding KS

NOTE 1 ACCOUNTING PRINCIPLES

Island Navigator Holding KS is included in the consolidated financial statement for Island Offshore Shipholding, L.P., c/o Island Offshore Shipping AS, Stålhaugen 12, 6065 Ulsteinvik, Norway.

Island Navigator Holding KS (the Company) was the majority owner of Island Navigator I KS (org.no. 915 143 466), Island Navigator Shipping AS (org.no. 915 143 512) and Island Navigator I AS (org.no. 815 143 442). Main purpose for the Island Navigator structure was to own and manage the vessel Island Navigator which was planned to be built by Kawasaki Heavy Industries. The new-building contract was terminated in 2018, and it was then decided to change the existing company structure. The Company sold its shares in Island Navigator I AS to Island Navigator Holding AS as per 15.10.18. Island Navigator Shipping AS was liquidated as per 31.10.18 and Island Navigator I KS was liquidated as per 27.10.18. Comparative figures for 2017 have not been restated. Hence, the figures in the profit and loss accounts and balance sheet for 2017 and 2018 are not comparable.

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway.

The significant principles are described below.

Revenue and expense recognition

Revenue is recognized at the time of the earned income principle and expenditure should be expensed in the same period as the corresponding income. Other costs are expensed when incurred.

Classification criteria

Assets to be owned or utilized permanently, and receivables falling due later than one year from the end of the accounting year, are classified as fixed assets. Other assets are classified as current assets. Same principles are assumed for liabilities.

Valuation of current assets

Current assets are recorded net of expected future losses and at the lowest value of cost price and market value.

Bunkers and lube oil balances are accrued in the balance sheet based upon consumption and purchase price.

Stock

Value of stock are determined at the lower of acquisition cost and fair value. The fair value is defined as the estimated sales value after deduction for sales costs on the date of valuation. The value of stock takes into consideration any obsolete items which will be written down to fair value.

Receivables

Account Receivables and other Receivables are recorded in the balance sheet at face value after deduction of expected loss. Loss on debtors is accounted for on basis of individual assessment of the receivables.



Notes to the financial statements 2018

Island Navigator Holding KS

Currency

Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and current liabilities are recorded at the exchange rate at the balance sheet date.

Taxes

Deferred tax/tax asset is calculated on the basis of all differences between accounting and tax values for assets and liabilities. Deferred tax is estimated with 22% rate based on the temporary differences between tax and accounting values, as well as deferred tax loss carried forward at the end of the accounting year. Deferred tax asset is based on taxable loss to be utilized in future taxable profit.

NOTE 2 THE COMPANY BUSINESS

The Company's main purpose was to be the ship-owner of Island Navigator a UT777 Top-hole Drilling vessel. The partnership had a contract with Kawasaki Heavy Industries to build the vessel and planned delivery was in January 2019. In January 2018, the parties agreed a termination agreement whereby the shipbuilding contract was terminated. The Company received a compensation for the cancelled contract by way of repayment of instalment paid, annulment of seller financing and the receipt of project specific equipment purchased by the builder.

The Company has sold an umbilical winch from the project specific equipment to its ultimate parent company Island Offshore Shipholding, L.P. of which NOK 7,5 mill is recognized as sales revenue.

NOTE 3 PAYROLL, EMPLOYEES, AUDIT FEES

The company has no employees and no obligation to have pension funds, and no fees or remuneration has been paid to the Board of Directors.

Audit fee has been paid in total NOK 54.914 for Island Navigator Holding KS, Island Navigator I KS and Island Navigator Shipping AS combined. The Company has expensed NOK 243.610 excluding VAT in 2018 as consultancy fee to EY in relation to the restructuring of the Company and its subsidiaries.

NOTE 4 INVESTMENT IN FINANCIAL FIXED ASSETS

The Company has previous years recognized value of shares in limited companies and partnerships in accordance with the equity method. Due to the reorganization and liquidation of subsidiaries in 2018, the Company has received a liquidation settlement from Island Navigator I KS (90%) and from Island Navigator Shipping AS (100%) thus appropriate share of balance sheet items has been recognized in the balance sheet of the Company. NOK 11.696.642 has been recorded as net profit related to the liquidation settlement and results from partnerships in accordance with equity method.

**Notes to the financial statements 2018**

Island Navigator Holding KS

NOTE 5 SPECIFICATIONS OTHER FINANCIAL ITEMS

Other financial income comprises:

	2018	2017
Interest income	181	122
Other interest receivable	31 440	-
Foreign exchange gain	242	208
Total other Financial Income	31 863	330

Other Financial expenses comprises:

	2018	2017
Loss related to sale of shares	82 001	-
Foreign exchange gain	242	208
Total other Financial Expenses	82 243	208

NOTE 6 VALUATION OF STOCK

With reference to Note 2 the Company received a compensation for the cancelled Island Navigator contract by way of repayment of instalment paid, annulment of seller financing and the receipt of project specific equipment purchased by the builder.

Estimated market value of the equipment received is assessed to NOK 53,3 mill recorded as inventory as per 31.12.18. The estimate is based on net realizable value of each equipment category, applying conservative assumptions due to significant uncertainty regarding the demand for and application of specialized marine and drilling equipment. The analysis includes consulting vendors and other external sources, however price references are limited.

NOTE 7 RELATED PARTIES

Transactions with related parties:	2018	2017
Receivable Island Offshore Management AS		1 500 000
Trade creditor Borgstein AS	-277 086	
Other short term loan Island Navigator Holding AS	-3 905 374	0
Other short term loan Island Investment LLC	-13 033	-4 103
Other short term liabilities Island Offshore Management AS	-13 348 416	0
Accrued interests on intercompany creditors	-811 056	
Long term liabilities Island Offshore Shipholding L.P.	-16 817 508	-24 146 641



Notes to the financial statements 2018

Island Navigator Holding KS

Loans from related parties have been charged with interests at market rates based on arm's length principles. Other short term loan from the general partner Island Navigator Holding AS relates to the liquidation settlement regarding Island Navigator I KS as 10% of the settlement belongs to the general partner.

Transactions with related parties in

Profit and Loss Accounts	2018	2017
Business administration fee	-285 000	0

The Company has business administration agreement with Borgstein AS. Due to the activity level of the Company and the fact that the delivery date for Island Navigator was postponed, it was agreed not to charge a fee for 2017.

NOTE 8 TAXES

Deferred tax is calculated on the basis of temporary differences between accounting and tax values existing at the end of the accounting period.

Negative temporary differences and positive temporary differences that are reversible in the same period are offset and recorded net.

	2018	2017
Temporary differences financial assets	-	-758 845
Deferred tax basis	-	-758 845
Deferred tax +/- Deferred tax asset -	-	-174 534
Deferred tax rate	22 %	23 %

Calculation of this year's tax expense:

	2018	2017
Profit before tax	17 988 338	478 658
Permanent differences	82 002	-
Reversed accounting loss on subsidiaries	-11 969 642	-636 950
Taxable loss on partnership	11 240 227	-
Basis for payable tax	17 340 925	-158 292
Payable tax rate	23 %	24 %

Deferred tax asset is not expensed or capitalized in the balance sheet for the partnership in accordance with Norwegian Accounting principles.



Notes to the financial statements 2018

Island Navigator Holding KS

NOTE 9 EQUITY

Summary of the Company's Equity:

	2018	2017
Tied up capital	800 000	800 000
Committed capital	2 000 000	2 000 000
Uncalled Capital	400 000	400 000
Paid in Capital	1 600 000	1 600 000
Previous year's loss	-1 114 777	-1 593 435
This year's loss-/ profit +	17 988 338	478 658
Retained earnings	16 873 560	-1 114 777
Total equity	18 473 560	485 223

NOTE 10 OWNERSHIP

The company's committed capital of NOK 2.000.000 consist of 2.000 shares a NOK 1.000.

Owners at 31.12:

Shareholders	Number of shares	Ownershare
Island Navigator Holding AS	200	10 %
Island Offshore Shipholding, L.P.	1 800	90 %
Total number of shares	2 000	100 %

NOTE 11 GOING CONCERN

Due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the parent company Island Offshore Shipholding L.P. and the Company, concluded a holistic and comprehensive restructuring agreement with secured and unsecured lenders effective April 12th 2018. The term of the restructuring agreement is until end of 2020 and includes modified amortization schedules for each vessel, in addition to lifting of certain financial covenants.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2018, and that an acceptable and sustainable restructuring of the parent company as well as the relevant subsidiary and affiliated companies was agreed and effective with the lenders in April 2018.



Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

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INDEPENDENT AUDITOR'S REPORT

To the Annual Partnership Meeting of Island Navigator Holding KS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Navigator Holding KS, which comprise the balance sheet as at 31 December 2018, the income statement and statements 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 financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. Our opinion on the audit of 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.

Responsibilities of management for the financial statements

Management is responsible for the preparation and 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 and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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 International Standards on Auditing (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.



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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 31 May 2019
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Penneo Dokumentnr(kef): L17N1V-718661-55TFT-UQY51W-OP7YK-1M1Y8M



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo"TM - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Jørn Knutsen

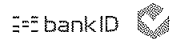
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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 16.02.2016	Vår dato 23.02.2016
Telefon 22078139	Deres referanse Mai-Britt Myklebust	Vår referanse 2013/779184

ISLAND OFFSHORE MANAGEMENT AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 16. februar 2016, der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Island Offshore International Shipping AS	org.nr. 914 405 025
Island Navigator Holding AS	org.nr. 915 143 407
Island Navigator Holding KS	org.nr. 915 143 415
Island Navigator I AS	org.nr. 815 143 442
Island Navigator I KS	org.nr. 915 143 466
Island Navigator Shipping AS	org.nr. 915 143 512

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de ovennevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Selskapene er norske private aksjeselskaper og kommandittselskaper. Alle selskapene er majoritets eid direkte eller indirekte av en utenlandsk aksjonær Island Offshore Shipholding, L.P. som er et Cayman Island selskap med NUF registrering 990 035 903 i Norge. Island Offshore Shipholding, L.P. kontrolleres ultimat 50 % av en utenlandsk familie (Gary Chouest m/familie) og ultimat 50 % av en norsk familie (Morten Ulstein m/familie). Skattedirektoratet har tidligere gitt tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for flere sammenlignbare selskaper i deres portefølje. Selskapenes forretningspråk er engelsk, som også er arbeidsspråket i styrene. Leverandørene er i hovedsak internasjonale og norske virksomheter med leveranser til offshore industrien, mens kreditorene er finansinstitusjoner med internasjonal virksomhet. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318 E-post: skatteetaten.no/sendepost	Sentralbord 800 80 000 Telefaks 22 17 08 60
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I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut speulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eiet av et utenlandsk selskap. Eierkretsen er begrenset. Selskapenes forretningspråk er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

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