



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

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: 11.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 01.10.2021



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,5.6	28 342 799	
Sum inntekter		28 342 799	0
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	5	27 855 027	74 208
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5	25 841 192	
Annen driftskostnad	3,6	1 305 002	2 597 428
Sum kostnader		0	0
Driftsresultat		-26 658 422	-2 671 636
Finansinntekter og finanskostnader			
Annen finansinntekt	4	3 005	15 604
Sum finansinntekter		0	0
Rentekostnad til foretak i samme konsern		580 675	852 418
Annen finanskostnad	4	1 729	1 838
Sum finanskostnader		0	0
Netto finans		0	0
Ordinært resultat før skattekostnad		-27 237 822	-3 510 287
Ordinært resultat etter skattekostnad		0	0
Årsresultat		-27 237 822	-3 510 287
Totalresultat		-27 237 822	-3 510 287
Overføringer og disponeringer			
Udekket tap		-27 237 822	-3 510 287
Sum overføringer og disponeringer	8	-27 237 822	-3 510 287



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Varer	5		53 281 956
Sum varer		0	0
Fordringer			
Andre fordringer	6	10 780 533	179 498
Sum fordringer		10 780 533	179 498
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		872 503	635 477
Sum bankinnskudd, kontanter og lignende		872 503	635 477
Sum omløpsmidler		11 653 035	54 096 932
SUM EIENDELER		11 653 035	54 096 932

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Selskapskapital		1 600 000	1 600 000
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital	9	1 600 000	1 600 000
Opptjent egenkapital			
Annen egenkapital		-13 874 549	13 363 273
Sum opptjent egenkapital		-13 874 549	13 363 273
Sum egenkapital	8	-12 274 549	14 963 273
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	6	18 178 899	18 178 899
Sum annen langsiktig gjeld		18 178 899	18 178 899
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	6	19 411	2 605 327
Annen kortsiktig gjeld	6	5 729 274	18 349 433
Sum kortsiktig gjeld		5 748 686	20 954 760
Sum gjeld		23 927 584	39 133 659
SUM EGENKAPITAL OG GJELD		11 653 035	54 096 932



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 757288

Enheten

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

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Konsern

Morselskap i konsern: Nei

Regnskapsregler

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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: 11.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskap er elektronisk innlevert.
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020.

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, 30.09.2021



Organisasjonsnr: 915 143 415
ISLAND NAVIGATOR HOLDING KS

RESULTATREGNSKAP

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,5.6	28 342 799	
Sum inntekter		28 342 799	0
Kostnader			
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Organisasjonsnr: 915 143 415
ISLAND NAVIGATOR HOLDING KS

BALANSE

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Sum finansielle anleggsmidler			
		0	0
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Varer	5		53 281 956
Sum varer		0	0
Fordringer			
Andre fordringer	6	10 780 533	179 498
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Sum investeringer		0	0
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Egenkapital			
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Opptjent egenkapital			
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Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
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SUM EGENKAPITAL OG GJELD		11 653 035	54 096 932



Organisasjonsnr: 915 143 415
ISLAND NAVIGATOR HOLDING KS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

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. The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles for small business (NRS 8) in Norway. The significant principles are described below. 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 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. Currency Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and liabilities are recorded at the exchange rate at the balance sheet date. 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. 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. In accordance with NGAAP, deferred tax/tax asset is not recorded for participation taxed companies. Receivables Account Receivables and other Receivables are recorded in the balance sheet at face value after deduction of expected loss. Loss on debtors are accounted for on basis of individual assessment of the receivables.

Note

1

Er det usikkerhet om fortsatt drift?: Nei

Note

3

Lønn og ytelser

Note



3

Ytelser til ledende personer

Note

3

Ytelser til andre ledende personer

Note

3

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	21279.00	53019.00
<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
	25000.00	70760.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	46279.00	123779.00

Note

3

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:

0.00

Note

3

Obligatorisk tjenstepensjon

Er virksomheten pliktig til å ha tjenstepensjonsordning etter lov:

Nei

Oppfyller pensjonsordning lovkravene: Nei



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	Sentraltbord 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

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



**Financial Statements
2020**

Island Navigator Holding KS



ISLAND OFFSHORE



Income statement

Island Navigator Holding KS

	Note	2020	2019
Sales income	2,5,6	28 342 799	0
Operating income		28 342 799	0
Cost of stock	5	27 855 027	74 208
Impairment	5	25 841 192	0
Other operating expenses	3,6	1 305 002	2 597 428
Operating profit		-26 658 422	-2 671 636
Other financial income	4	3 005	15 604
Interest expenses, intercompany		580 675	852 418
Other financial expenses	4	1 729	1 838
Ordinary result		-27 237 822	-3 510 287
Net profit for the year		-27 237 822	-3 510 287
Transfer to uncovered loss		-27 237 822	-3 510 287
Total transfers	8	-27 237 822	-3 510 287



Balance sheet

Island Navigator Holding KS

	Note	2020	2019
Assets			
Fixed assets			
Intangible fixed assets			
Financial fixed assets			
Current assets			
Stock	5	0	53 281 956
Other receivables	6	10 780 533	179 498
Total debtors		10 780 533	179 498
Cash and bank deposits		872 503	635 477
Total current assets		11 653 035	54 096 932
Total assets		11 653 035	54 096 932



Balance sheet

Island Navigator Holding KS

	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity			
Share capital		1 600 000	1 600 000
Total paid in equity	9	1 600 000	1 600 000
Retained earnings			
Other equity		-13 874 549	13 363 273
Total retained earnings		-13 874 549	13 363 273
Profit not allocated		0	0
Total equity	8	-12 274 549	14 963 273
Liabilities			
Provision for liabilities			
Other long term debt	6	18 178 899	18 178 899
Other longterm debt		18 178 899	18 178 899
Current liabilities			
Trade creditors	6	19 411	2 605 327
Other short term liabilities	6	5 729 274	18 349 433
Total current liabilities		5 748 686	20 954 760
Total liabilities		23 927 584	39 133 659
Total equity and liabilities		11 653 035	54 096 932

ULSTEINVIK, 31.12.2020 / 29.04.2021
The Board of Directors Island Navigator Holding KS


Morten Ulstein
Chairman of the Board


Harald Ulstein
Board Member



Notes to the financial statements 2020

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.

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles for small businesses (NRS 8) 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.

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.



Notes to the financial statements 2020

Island Navigator Holding KS

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.

In October 2020, the Company decided to sell the project specific equipment to its manager Island Offshore Management AS. The Manager has in employment, employees with the expertise, know-ledge and the necessary relations to the market in order to realize the stock.

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 46.279 for Island Navigator Holding KS and Island Navigator Holding AS. Of this, the Company has expensed NOK 25.000 as fee to for completing tax return for the partnership.

NOTE 4 SPECIFICATIONS OTHER FINANCIAL ITEMS

Other financial income comprises:

	2020	2019
Interest income	1 605	7 973
Other interest receivable	0	809
Foreign exchange gain	1 399	6 822
Total other Financial Income	3 005	15 604

Other Financial expenses comprises:

	2020	2019
Other interest expense	0	1 386
Foreign exchange gain	1 729	452
Total other Financial Expenses	1 729	1 838

NOTE 5 VALUATION AND SALE OF STOCK

With reference to Note 2, the Company received in 2018 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.

**Notes to the financial statements 2020**

Island Navigator Holding KS

Estimated market value of the equipment received was assessed to NOK 53,3 mill recorded as inventory as per 31.12.19. The estimate was 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 included consulting vendors and other external sources, however price references are limited.

The Company has sold only two products from the stock the last two years and it has been proven difficult to sell the items with a profit. Thus, a revaluation analyze was undertaken in September 2020 and the stock was valued to NOK 26.8 mill hence impairment provision of MNOK 25.8 mill.

In October 2020, the Company decided to sell the project specific equipment to its manager Island Offshore Management AS for MNOK 26.8 mill. The Manager has in employment, employees with the expertise, know-ledge and the necessary relations to the market in order to realize the stock.

NOTE 6 RELATED PARTIES

Transactions with related parties:	2020	2019
Other short term receivables Island Offshore Management AS	10 364 376	
Accrued interest on intercompany Creditors	384 639	
Trade creditor Island Offshore Management AS	0	-2 605 327
Other short term loan Island Navigator Holding AS	-3 918 186	-3 918 186
Other short term loan Island Investment LLC	-4 467	-4 467
Other short term liabilities Island Offshore Management AS	0	-13 348 416
Accrued interests on intercompany creditors	-1 433 093	-852 418
Long term liabilities Island Offshore Shipholding L.P.	-18 178 899	-18 178 899

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	2020	2019
Sale stock	26 842 799	
Management fee	-462 264	-439 800

The company has entered into management agreements with Island Offshore Management AS to carry out commercial services for the Company including the supervisory services for the storage of stock. The services also includes administration, sales, accounting and technical operations. According to the management agreement, the Company will refund all direct costs related to the company, to the management company. An annual fee is paid based on arm's length principle.

**Notes to the financial statements 2020**

Island Navigator Holding KS

NOTE 7 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.

	<u>2020</u>	<u>2019</u>
Temporary differences	-	-
Deferred tax basis	-	-
Deferred tax +/- Deferred tax asset	-	-
Deferred tax rate	22 %	22 %

Calculation of this year's tax expense:

	<u>2020</u>	<u>2019</u>
Profit before tax	-27 237 822	-3 510 287
Permanent differences	-	-
Reversed accounting loss on subsidiari	-	-
Taxable loss on partnership	-	-
Basis for payable tax	-27 237 822	-3 510 287
Payable tax rate	22 %	22 %

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

NOTE 8 EQUITY**Summary of the Company's Equity:**

	<u>2020</u>	<u>2019</u>
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 profit +/- loss-	13 363 273	16 873 560
This year's loss-/ profit +	-27 237 822	-3 510 287
Retained earnings	-13 874 549	13 363 273
Total equity	-12 274 549	14 963 273



Notes to the financial statements 2020

Island Navigator Holding KS

NOTE 9 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 10 GOING CONCERN

Due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the ultimate parent company Island Offshore Shipholding, L.P. concluded a 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. Negotiations with stakeholders for agreements effective post 2020 has been conducted throughout 2020 and continues in 2021. The objective is to conclude the process as soon as possible, but additional time is required due to the complexity of the restructuring. The discussions are constructive and progressing; however, no assurances can be given as to when a conclusion is attainable involving all companies and stakeholders. The IOSH Group is in a challenging financial position, and the viability of the IOSH Group will require a long-term agreement with secured and unsecured creditors to strengthen the financial situation.

Further, market state in 2020 has been significantly impaired by the COVID-19 pandemic and the immediate effect on market activity and cost of operations. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.

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 31.12.2020, and the condition that a new restructuring agreement is agreed and made effective with secured and unsecured lenders before or short after 29.4.2021.

Due to the COVID-19 pandemic and outcome of the financial restructuring process, there is uncertainty for the Company to continue as a going concern over the next 12 months.

NOTE 11 COVID-19

The COVID-19 pandemic is causing operational disruptions to vessel activity and increases the overall risk of activity deferrals and cancellations. Accordingly, the demand for OSV vessels has also declined across markets and there is increased risk of negative future financial implications for the Company. This could impact the long-term market outlook and future assessments of recoverable amounts of Island Offshore Group's assets.

The Board of Directors continue to monitor the financial situation of the Company closely and will assess the need for capital contributions going forward.



Statsautoriserte revisorer
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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 2020, the income statement 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 2020 and its financial performance 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.

Material uncertainty related to going concern

We draw attention to note 10 and note 11 in the financial statements, which describes that the Company is dependent on an agreement with its creditors for an acceptable and sustainable restructuring to continue as going concern. These events or conditions, along with other matters as set forth in note 10 and note 11, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The financial statements do not reflect impairment charges or provisions that might be required if the Company was liquidated or the assets sold in a distressed situation

Responsibilities of management for the financial statements

The Board of Directors (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.

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Pennsc Dokumentnøkkel: ZD68G-MY5N7-BLNQMI-PCFV0-M637M-GXNOD



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 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, 3 May 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: ZD68G-MY5N7-ELNQM-PQFY0-M637M-GXNOD

Independent auditor's report - Island Navigator Holding KS

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Jørn Knutsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-3012515

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