



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 915 143 407  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: ISLAND NAVIGATOR HOLDING AS  
Forretningsadresse: Stålhaugen 9  
6065 ULSTEINVIK

### Regnskapsår

Årsregnskapets periode: 01.01.2016 - 31.12.2016

### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: 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: 09.06.2017

### Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert  
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

*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	2016	2015
<b>RESULTATREKNESKAP</b>			
<b>Inntekter</b>			
Sum inntekter		0	0
<b>Kostnader</b>			
Sum kostnader		0	0
<b>Driftsresultat</b>		<b>0</b>	<b>0</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i dotterselskap og i tilknytt selskap	4	-151 017	-8 326
Anna renteinntekt		221	1 015
<b>Sum finansinntekter</b>		<b>-150 796</b>	<b>-7 311</b>
<b>Sum finanskostnader</b>		<b>0</b>	<b>0</b>
<b>Netto finans</b>		<b>-150 796</b>	<b>-7 311</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-150 796</b>	<b>-7 311</b>
Skattekostnad på ordinært resultat	6	1 827	-1 827
<b>Ordinært resultat etter skattekostnad</b>		<b>-152 623</b>	<b>-5 484</b>
<b>Årsresultat</b>		<b>-152 623</b>	<b>-5 484</b>
<b>Totalresultat</b>		<b>-152 623</b>	<b>-5 484</b>
<b>Overføringer og disponeringar</b>			
Udekt tap		-152 623	-5 484
<b>Sum overføringer og disponeringar</b>	7	<b>-152 623</b>	<b>-5 484</b>



### Balanse

Beløp i: NOK	Note	2016	2015
<b>BALANSE - EIGEDELAR</b>			
<b>Anleggsmiddel</b>			
<b>Immaterielle egedelar</b>			
Konsesjonar, patentar, lisensar, varemerke og liknande rettar	6		
Utsett skattefordel			1 827
<b>Sum immaterielle egedelar</b>		<b>0</b>	<b>1 827</b>
<b>Varige driftsmiddel</b>			
<b>Sum varige driftsmiddel</b>		<b>0</b>	<b>0</b>
<b>Finansielle anleggsmiddel</b>			
Investeringar i dotterselskap	4	656	151 674
<b>Sum finansielle anleggsmiddel</b>		<b>656</b>	<b>151 674</b>
<b>Sum anleggsmiddel</b>		<b>656</b>	<b>153 501</b>
<b>Omløpsmiddel</b>			
<b>Varer</b>			
<b>Sum varer</b>		<b>0</b>	<b>0</b>
<b>Krav</b>			
Andre krav	5	9 481	12 812
<b>Sum krav</b>		<b>9 481</b>	<b>12 812</b>
<b>Investeringar</b>			
<b>Sum investeringar</b>		<b>0</b>	<b>0</b>
<b>Bankinnskot, kontantar og liknande</b>			
Bankinnskot, kontantar og liknande		31 755	188 203
<b>Sum bankinnskot, kontantar og liknande</b>		<b>31 755</b>	<b>188 203</b>
<b>Sum omløpsmiddel</b>		<b>41 236</b>	<b>201 015</b>
<b>SUM EIGEDELAR</b>		<b>41 893</b>	<b>354 516</b>



## Balanse

Beløp i: NOK	Note	2016	2015
<b>BALANSE - EIGENKAPITAL OG GJELD</b>			
<b>Eigenkapital</b>			
<b>Innskoten eigenkapital</b>			
Selskapskapital	8	200 000	200 000
Annan innskoten eigenkapital		0	0
<b>Sum innskoten eigenkapital</b>		<b>200 000</b>	<b>200 000</b>
<b>Opptent eigenkapital</b>			
Annan eigenkapital		-158 107	-5 484
<b>Sum opptent eigenkapital</b>		<b>-158 107</b>	<b>-5 484</b>
<b>Sum eigenkapital</b>	7	<b>41 893</b>	<b>194 516</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Sum avsetjinger for plikter</b>		<b>0</b>	<b>0</b>
<b>Anna langsiktig gjeld</b>			
Øvrig langsiktig gjeld			160 000
<b>Sum anna langsiktig gjeld</b>		<b>0</b>	<b>160 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
<b>Sum kortsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Sum gjeld</b>		<b>0</b>	<b>160 000</b>
<b>SUM EIGENKAPITAL OG GJELD</b>		<b>41 893</b>	<b>354 516</b>



**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 forretningsspråk 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 <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org.nr: 996250318 E-post: <a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>	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

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*



**Financial Statements  
2016**

**Island Navigator Holding AS**



**ISLAND OFFSHORE**



**Annual Report 2016**  
**Island Navigator Holding AS**  
Org. no: 915 143 407

**Business activities**

The Company is the general partner and owns 10% of Island Navigator Holding KS, which has an ownership interest in Island Navigator I KS holding a shipbuilding contract with Kawasaki Heavy Industries for the delivery of a subsea intervention vessel. The business is managed from Ulsteinvik..

**Statement on results**

Revenue comprises share of net result from the partnerships, which is a loss of NOK -151.017 in 2016. Net result after taxes was loss NOK -152.623. The Company is considered dormant since the underlying partnership will not take delivery of its newbuilding until 2019 earliest. The Company does not have ongoing research and development activities.

Equity, reduced with this years' loss, amounted to NOK 41.893 representing 100% of total capital.

**Going concern**

Due to the continued state of the market and the implications for cash flow, the Island Offshore Group, including the parent company Island Offshore Shipholding LP, initiated negotiations for a Standstill and Deferral Agreement with secured creditors effective 22.11.2016. The parent company is in breach with the current financial covenants and has requested a waiver from the secured and unsecured lenders as part of the restructuring negotiations. To date the parent company has not received a formal waiver as requested from the lenders, to the contrary the lenders have reserved their rights under the loan agreements. The Group has presented a holistic and comprehensive restructuring proposal to the secured lenders, which is currently being evaluated by respective financial and legal advisors.

The Company is dependent on receiving financial support from the parent company, Island Offshore Shipholding LP, in order to fully finance takeout of the vessel under construction. The Board of Directors continues to monitor the financial situation of the Company closely and will assess the need for capital contributions going forward.

**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**

As the general partner the Company is responsible for the partnerships' total liabilities of NOK 1.693.387 which is due to related parties.

**Future outlook**

The Company's future result is dependant on the financial development of the partnership.



**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 2016 net loss of NOK -152.623:

Transferred to other equity	NOK	-152.623
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Ulsteinvik, 08.05.2017

  
Morten Ulstein  
Chairman of the Board

  
Håvard Ulstein  
Board Member



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**Income statement**

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**Island Navigator Holding AS**

	Note	2016	2015
Income on investments in associated companies	4	-151 017	-8 326
Interest income		221	1 015
<b>Total financial income &amp; expenses</b>		<b>-150 796</b>	<b>-7 311</b>
<b>Ordinary result before tax</b>		<b>-150 796</b>	<b>-7 311</b>
Tax on ordinary result	6	1 827	-1 827
<b>Net profit for the year</b>		<b>-152 623</b>	<b>-5 484</b>
<b>Allocated as follows</b>			
Transfer to uncovered loss		-152 623	-5 484
<b>Total transfers</b>	7	<b>-152 623</b>	<b>-5 484</b>



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**Balance sheet**

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**Island Navigator Holding AS**

	Note	2016	2015
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax asset	6	0	1 827
<b>Total intangible assets</b>		<b>0</b>	<b>1 827</b>
<b>Financial fixed assets</b>			
Investments in subsidiaries	4	656	151 674
<b>Total financial fixed assets</b>		<b>656</b>	<b>151 674</b>
<b>Total fixed assets</b>		<b>656</b>	<b>153 501</b>
<b>Current assets</b>			
Other receivables	5	9 481	12 813
<b>Total debtors</b>		<b>9 481</b>	<b>12 813</b>
<b>Cash and bank deposits</b>		<b>31 755</b>	<b>188 203</b>
<b>Total current assets</b>		<b>41 236</b>	<b>201 015</b>
<b>Total assets</b>		<b>41 893</b>	<b>354 516</b>



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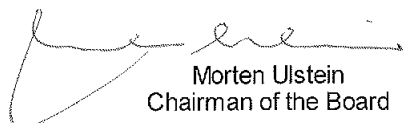
**Balance sheet**

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**Island Navigator Holding AS**

	Note	2016	2015
<b>Liabilities and equity</b>			
<b>Equity</b>			
<b>Paid in equity</b>			
Share capital	8	200 000	200 000
<b>Total paid in equity</b>		<b>200 000</b>	<b>200 000</b>
<b>Retained earnings</b>			
Other equity		-158 107	-5 484
<b>Total retained earnings</b>		<b>-158 107</b>	<b>-5 484</b>
Profit not allocated		0	0
<b>Total equity</b>	<b>7</b>	<b>41 893</b>	<b>194 516</b>
<b>Liabilities</b>			
<b>Provision for liabilities</b>			
Other long term debt	5	0	160 000
<b>Other longterm debt</b>		<b>0</b>	<b>160 000</b>
<b>Current liabilities</b>			
<b>Total liabilities</b>		<b>0</b>	<b>160 000</b>
<b>Total equity and liabilities</b>		<b>41 893</b>	<b>354 516</b>

ULSTEINVIK, 31.12.2016 / 08.05.2017  
The Board of Directors Island Navigator Holding AS

  
Morten Ulstein  
Chairman of the Board

  
Håvard Ulstein  
Board member



## Notes to the financial statements 2016

### Island Navigator Holding AS

#### NOTE 1 ACCOUNTING PRINCIPLES

Island Navigator Holding AS 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 and costs related to vessel operations are recorded based upon the number of journey days before and after the end of the accounting year.

##### 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.

##### 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.

##### 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 24% 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 2016

### Island Navigator Holding AS

#### NOTE 2 THE COMPANY BUSINESS

The Company's main purpose is to be general partner in Island Navigator Holding KS, a limited partnership owning 90 % of the capital in Island Navigator I KS. The latter company has a contract with Kawasaki Heavy Industries to build a UT777 Tophole Drilling vessel. The vessel Island Navigator is planned to be delivered in January 2019.

#### NOTE 3 PAYROLL, EMPLOYEES

The company has no employees and has no obligation to have pension funds. No fees or remuneration has been paid to the Board of Directors. Administrative expenses and audit fees are paid by the partnership.

#### NOTE 4 INVESTMENT IN ISLAND NAVIGATOR HOLDING KS

	<u>Island Navigator Holding KS</u>
Total committed capital	2 000 000
Committed capital not paid in	400 000
Ownership	<u>10 %</u>
Share financial assets	10 451
Share of current assets	159 544
Share of liabilities	<u>-169 339</u>
<b>Share of book value equity KS</b>	<u><b>656</b></u>
<b>Share of accounting profit</b>	<u><b>-151 017</b></u>
<b>Share of tax profit / loss</b>	<u><b>-4 663</b></u>

As the General Partner of Island Navigator Holding KS the Company is responsible for total liabilities of NOK 1.693.387,-.

**Notes to the financial statements 2016**

## Island Navigator Holding AS

**NOTE 5 RELATED PARTIES**

Transactions with related parties:	<u>2016</u>	<u>2015</u>
Liability towards Island Offshore Shipholding LP	0	-160 000
Short term receivable towards Island Navigator Holding KS	9 481	12 813

**NOTE 6 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.

Deferred tax/tax asset has been calculated as follows:

	<u>2016</u>	<u>2015</u>
Total temporary differences Partnership shares	-152 659	-6 304
Tax loss carried forward	-5 449	-1 007
Basis for deferred tax	-158 108	-7 311
<b>Deferred tax asset</b>	<b>-37 945</b>	<b>-1 827</b>
Deferred tax rate	24 %	25 %

Calculation of this year's tax expense:

	<u>2016</u>	<u>2015</u>
Profit before tax	-150 796	-7 311
Permanent differences	-	-
<b>Annual tax basis</b>	<b>-150 796</b>	<b>-7 311</b>
Reversed accounting loss on partnership	151 017	8 326
Taxable loss on partnership	-4 663	-2 022
<b>Basis for tax payable</b>	<b>-4 442</b>	<b>-1 007</b>
Tax percentage	24 %	25 %

	<u>2016</u>	<u>2015</u>
Tax payable on this year's result	-	-
Payable taxes	-	-
Change in deferred taxes	1 827	-1 827
<b>Tax expense</b>	<b>1 827</b>	<b>-1 827</b>

As it will take some time for the Company to utilize tax loss carried forward to offset future payable tax, it is decided not to record deferred tax asset in the balance sheet of the Company as per 31.12.16.



## Notes to the financial statements 2016

### Island Navigator Holding AS

#### NOTE 7 EQUITY

	Paid in Capital	Other Equity	Total
<b>Equity as per 01.01</b>	200 000	-5 484	<b>194 516</b>
Paid in capital	-		-
<i>This year change in equity:</i>			
Profit for the year	-	-152 623	-152 623
<b>Equity as per 31.12</b>	<b>200 000</b>	<b>-158 107</b>	<b>41 893</b>

#### NOTE 8 OWNERSHIP

The share capital of NOK 200.000 consist of 200 shares a NOK 1.000.

Owners at 31.12:

Shareholders	Number of shares	Ownershare
Island Offshore Shipholding, L.P.	200	100 %
<b>Total number of shares</b>	<b>200</b>	<b>100 %</b>

#### NOTE 9 GOING CONCERN

Due to the continued state of the market and the implications for cash flow, the Island Offshore Group, including the parent company Island Offshore Shipholding LP, initiated negotiations for a Standstill and Deferral Agreement with secured creditors effective 22.11.2016. The parent company is in breach with the current financial covenants and has requested a waiver from the secured and unsecured lenders as part of the restructuring negotiations. To date the parent company has not received a formal waiver as requested from the lenders, to the contrary the lenders have reserved their rights under the loan agreements. The Group has presented a holistic and comprehensive restructuring proposal to the secured lenders, which is currently being evaluated by respective financial and legal advisors.

The Company is dependent on receiving financial support from the parent company, Island Offshore Shipholding LP, in order to fully finance takeout of the vessel under construction. The Board of Directors continues to monitor the financial situation of the Company closely and will assess the need for capital contributions going forward.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors 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 31.12.2016, and the assumption that that an acceptable and sustainable restructuring of the parent company is agreed with the lenders.



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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Navigator Holding AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Island Navigator Holding AS, which comprise the balance sheet as at 31 December 2016, 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 2016 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 9 in the financial statements and the Board of Director's report, which describes that the Company and Group 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 9 and the Board of Director's report, indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group'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 or Group was liquidated or the assets sold in a distressed situation.

#### 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) are 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.

Independent auditor's report - Island Navigator Holding AS

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#### 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, 12 May 2017  
ERNST & YOUNG AS

Jørn Knutsen  
State Authorised Public Accountant (Norway)