



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 921 499 906
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND DRILLING CREWING AS
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: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Marte S Hasund
Dato for fastsettelse av årsregnskapet: 31.08.2021

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, 04.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	11	122 855 053	91 966 811
Annen driftsinntekt		1 422 232	180 139
Sum inntekter		124 277 285	92 146 950
Kostnader			
Lønnskostnad	3,4	116 367 900	85 006 424
Annen driftskostnad	3	7 836 527	7 123 775
Sum kostnader		124 204 428	92 130 200
Driftsresultat		72 857	16 751
Finansinntekter og finanskostnader			
Annen renteinntekt		9 366	14 014
Sum finansinntekter		9 366	14 014
Annen rentekostnad		53 796	29 470
Annen finanskostnad		28 427	1 295
Sum finanskostnader		82 223	30 765
Netto finans		-72 857	-16 751
Ordinært resultat før skattekostnad	6	0	0
Ordinært resultat etter skattekostnad		0	0
Årsresultat		0	0



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			
Sum varer		0	0
Fordringer			
Kundefordringer		2 676 499	8 110 892
Andre fordringer		3 804 542	940 314
Sum fordringer	5,10	6 481 041	9 051 206
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	7	1 674 141	6 296 455
Sum bankinnskudd, kontanter og lignende		1 674 141	6 296 455
Sum omløpsmidler		8 155 182	15 347 661
SUM EIENDELER		8 155 182	15 347 661

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Selskapskapital	8	30 000	30 000
Annen innskutt egenkapital		-5 570	-5 570
Sum innskutt egenkapital		24 430	24 430
Opptjent egenkapital			
Annen egenkapital		-7 761	-7 761
Sum opptjent egenkapital		-7 761	-7 761
Sum egenkapital	9	16 669	16 669
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	10	2 317 454	1 650 325
Skyldige offentlige avgifter		3 072 589	11 309 158
Annen kortsiktig gjeld		2 748 470	2 371 510
Sum kortsiktig gjeld	5,10	8 138 513	15 330 993
Sum gjeld		8 138 513	15 330 993
SUM EGENKAPITAL OG GJELD		8 155 182	15 347 661



Financial Statements
2020

Island Drilling Crewing AS



ISLAND DRILLING



Island Drilling Crewing AS

The Board of Director's annual report 2020

1. The nature of the business

Island Drilling Crewing AS (hereinafter referred to as "Crewing") is one of two subsidiaries of Island Drilling Company AS (IDC) and is 100% owned by IDC.

All offshore employees are employed by Crewing, and the nature of the business is to provide offshore personnel to IDC's semi-submersible rig, Island Innovator, as well as to Island Drilling Management and the jack-up rig, Noble Lloyd Noble (NLN).

Crewing's registered office is in Ulsteinvik, Norway.

2. Going concern – operational update

The activity level of Crewing is primarily depending on Innovator. The initial outlook for 2020 was positive as Innovator was planned to be on contract for DNO from October 2019 to February/March 2020. The rig was then planned to go back-to-back on contract with Sval and then on continuation for OMV, which would keep Innovator in operation throughout 2020.

Unfortunately, the contract with DNO was cut short as the well turned out to be dry. The DNO-well was completed December 22nd 2019 and Innovator returned to lay-up at Hanøytangen. However, all employees in Crewing were kept intact as the time window prior to the Sval contract was narrow.

As the offshore crew were preparing Innovator for the contract with Sval, the covid-19 pandemic broke out globally. This resulted in Sval terminating the contract, which in turn, forced Crewing to temporarily lay off personnel, only keeping a minimum manning on board Innovator. The pandemic also led to uncertainties regarding start-up for OMV.

At the end of May IDC finally received the go-ahead regarding start-up for OMV. IDC mobilized temporary laid-off crew personnel immediately, in order to undergo preparations for the contract with OMV. The contract with OMV consisted of 1 firm well and 3 additional optional wells. The firm well had an estimated duration of 120 days. However, the work was completed only 60 days in. Due to the fact that the well was dry and inaccuracy related to the location input, OMV decided to postpone the initial program, forcing Innovator to again return to lay-up, which in turn forced Crewing to, yet again, temporarily lay-off personnel.

The market situation has resulted in a considerable number of turnovers in Crewing. On the positive note, Island Drilling Management entered a collaboration with Noble Drilling during 2020. Noble Drilling is the owner of the jack-up rig, Noble Lloyd Noble (NLN). NLN has previously operated for Equinor on the Mariner field on the UKCS and now entered a contract with Equinor on the Valemon field on the NCS. NLN is currently located at Hanøytangen where it is undergoing preparation for the contract with Equinor with planned commencement during Q3 2020. Island Drilling Management is currently assisting Noble in the AOC process (Acknowledgement of Compliance) for NLN, supporting Noble with approximately 1/3 of the offshore personnel from Crewing, as well as the key personnel onshore, who are located in Stavanger.



Island Drilling Crewing has currently 64 employees, whereof approximately 50 employees are working towards NLN and 14 employees are supporting Innovator.

The covid -19 pandemic has caused operational disruptions to the market and increased the overall risk of activity. Thus, the going concern assumption is based on the current market situation the continued support of its major owners and the fact that an acceptable and sustainable solution regarding buy-back of a major part of, and extension of IDC's remaining long-term loans, including amendments to the covenant structure, was reached with the lenders in December 2020. Thereby, the IDC was no longer in breach of the financial covenants by year end 2020.

Some uncertainty regarding the going concern assumption may still be perceived as present, but significantly decreased compared to the situation a year ago.

3. Working environment and personnel

Crewing had 83 employees as of 31st of December 2020. Number of employees has now been reduced to 64, due to turnover caused by the difficult market situation.

Island Drilling Company has made continuous endeavors to improve working environment on board Island Innovator and has also contributed in improving general welfare of the offshore crew.

The mindset of continuous improvement of working environment is incorporated Island Drilling Group's company structure.

4. Social Responsibility

The IDC Group ensures that it has high ethical standard when carrying out business activities, whether this is towards customers, suppliers, employees, authorities, capital markets, owners or society in general.

The IDC Group follows the International Labor Organization's (ILO) convention for working and living conditions of seafarers which ensures that employees have comprehensive rights and protection at work. IDC's drilling rig is certified in accordance with the working and living conditions in the MLC ("Maritime Labor Convention"). For office staff, the working conditions are in accordance with the Norwegian Working Environment Act.

The IDC Group require that employees, agents and representatives comply with applicable laws when it comes to gifts and possible other benefits and such matters must be reported to an immediate superior. The Company require that all its' trading meets all applicable ethical standards. The company respects the traditions and cultures in the countries in which the drilling rig will operate and pledges to comply with the laws in the areas where the business activities are carried out.

5. Equal opportunities

The Company aims to be a workplace where everyone has equal opportunities irrespective of gender, ethnicity or religious orientation.

The Board of Directors consist of three members, all men.



6. Environmental reporting

The IDC Group's business as of 31 December 2020 is not regulated by license or subject to public orders. The activities do not pollute the external environment over and above what customary for operations of this kind.

The Group's has guidelines, principles, policies and standards for how to integrate considerations relating to human rights labor rights and social issue, the environment and anti- corruption in its business strategies and in day-to-day operations, as well as in relation to stakeholders.

7. Future developments

The IDC Group is well established in the drilling market and is continuing the operation of Island Innovator. The main focus is still operation on the NCS as well as UKCS. However, IDC is also open for attractive opportunities globally.

8. Market update

The global covid-19 pandemic has resulted in substantial reductions/ postponement in investment activities and work scopes that were initially planned for 2020. There are limited available work scopes in 2021. The majority of demand for rigs seems to take place in 2022 and onwards.

IDC's top priority is to secure an order back-log in for Q4 2021 and onwards, and at the same time reduce operational cost to a minimum, without compromising QHSE.

9. Performance

The Board of Directors is of the opinion that the annual accounts give a true and fair picture of Crewing's assets, and liabilities, financial position and result.

Crewing had a turnover of TNOK 124 277 in 2020 (TNOK 92 147 in 2019). As the company is primarily hiring out offshore personnel to IDC (Island Innovator) and Island Drilling Management (Noble Lloyd Noble), the turnover from IDC and Management covered all personnel cost in Crewing, resulting in a net profit of NOK 0 for the year.

Crewing had no expenditures related to Research and Development

10. Financial risk

10.1 Market risk

Crewing is generally exposed to market risk. As no long-term contracts has been secured for Island Innovator, the risk is still considered significant.

10.2 Currency risk

The Company is to some extent exposed to changes in the foreign exchange markets. The drilling contracts for Island Innovator are in USD and all long-term debt in IDC is in USD. However, all operating expenses are payable in NOK (payroll).



Income statement

Island Drilling Crewing AS

Tekst	Note	2020	2019
Operating income	11	122 855 053	91 966 811
Other operating income		1 422 232	180 139
Operating income		124 277 285	92 146 950
Payroll expenses	3,4	116 367 901	85 006 424
Other operating expenses	3	7 836 527	7 123 775
Total operating expenses		124 204 428	92 130 200
Operating profit		72 857	16 751
Interest income		9 366	14 014
Interest expenses		53 796	29 470
Other financial expenses		28 427	1 295
Total financial income & expenses		-72 857	-16 751
Ordinary result before tax	6	0	0
Net profit for the year		0	0

Allocated as follows



Balance sheet

Island Drilling Crewing AS

Tekst	Note	2020	2019
Assets			
Fixed assets			
Intangible fixed assets			
Financial fixed assets			
Current assets			
Accounts receivables		2 676 499	8 110 892
Other receivables		3 804 542	940 314
Total debtors	5,10	6 481 041	9 051 206
Cash and bank deposits	7	1 674 141	6 296 455
Total current assets		8 155 182	15 347 661
Total assets		8 155 182	15 347 661



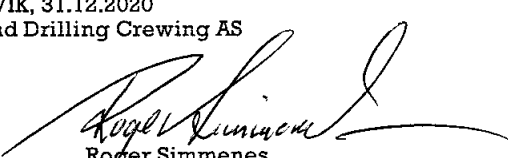
Balance sheet

Island Drilling Crewing AS

Tekst	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity			
Share capital	8	30 000	30 000
Other paid in equity		-5 570	-5 570
Total paid in equity		24 430	24 430
Retained earnings			
Other equity		-7 761	-7 761
Total retained earnings		-7 761	-7 761
Profit not allocated		0	0
Total equity	9	16 669	16 669
Liabilities			
Provision for liabilities			
Current liabilities			
Trade creditors	10	2 317 454	1 650 325
Unpaid government fees/taxes		3 072 589	11 309 158
Other short term liabilities		2 748 470	2 371 510
Total current liabilities	5,10	8 138 513	15 330 993
Total liabilities		8 138 513	15 330 993
Total equity and liabilities		8 155 182	15 347 661

ULSTEINVIK, 31.12.2020
The Board of Island Drilling Crewing AS

Morten Ulstein
Chairman of the Board


Roger Simmenes
Man. Director

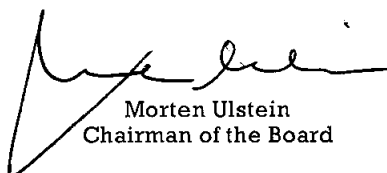


Balance sheet

Island Drilling Crewing AS

Tekst	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity			
Share capital	8	30 000	30 000
Other paid in equity		-5 570	-5 570
Total paid in equity		24 430	24 430
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Chairman of the Board

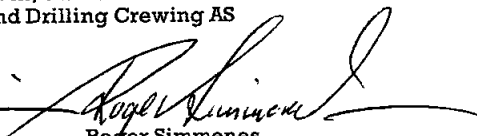
Roger Simmenes
Man. Director

**Balance sheet****Island Drilling Crewing AS**

Tekst	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity			
Share capital	8	30 000	30 000
Other paid in equity		-5 570	-5 570
Total paid in equity		24 430	24 430
Retained earnings			
Other equity		-7 761	-7 761
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Profit not allocated		0	0
Total equity	9	16 669	16 669
Liabilities			
Provision for liabilities			
Current liabilities			
Trade creditors	10	2 317 484	1 650 325
Unpaid government fees/taxes		3 072 589	11 309 158
Other short term liabilities		2 748 470	2 371 510
Total current liabilities	5,10	8 138 513	15 330 993
Total liabilities		8 138 513	15 330 993
Total equity and liabilities		8 155 182	15 347 661

ULSTEINVIK, 31.12.2020
The Board of Island Drilling Crewing AS


Morten Ulstein
Chairman of the Board


Roger Simmenes
Man. Director



Cash flow

Island Drilling Crewing AS

Per 31.12.

	2020	2019
Cash flow from operating activities.		
Changes in trade receivables	5 614 532	-8 291 031
Changes in trade payables	667 128	1 642 531
Changes in current balance sheet items	10 903 974	-12 920 492
Changes in current balance sheet items	-10 903 974	12 920 492
Net cash flow from operating activities	-4 622 314	6 271 992
Cash flow from investment activities		
Cash flow from financial activities		
Net change in cash and cash equivalents	-4 622 314	6 271 992
Cash and cash equivalent 01.01	6 296 455	24 463
Cash from accounts	-4 622 314	6 271 992
Cash and cash equivalents 31.12.	1 674 141	6 296 455
Difference	0	0

Island Drilling Crewing AS



Island Drilling Crewing AS

Notes to the financial statements 2020

Note 1 – Accounting principles

Island Drilling Crewing AS is included in the consolidated financial statement for Island Drilling Company AS, Stålhaugen 9, 6065 Ulsteinvik, Norway. Group accounts may be obtained upon request.

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 recognition

Revenue is recognition based on time of delivery, whereby the time of delivery is defined as the time at which risk and control is transferred to the buyer. Revenue from services is recognized when delivered. The share of revenue related to future services is capitalized as deferred revenue at the time of sale, and recognized as revenue in accordance with services delivered.

Classification and valuation of balance sheet items

Assets to be owned or utilized on a permanent basis, and receivables falling due later than one year from the end of the accounting period are classified as fixed assets. Other assets are classified as current assets. Analogue criteria apply to liabilities.

Current assets are valued at the lower of acquisition cost and market value. Fixed assets are capitalized and depreciated over the expected economic life of the asset if the expected lifetime exceeds 3 years and the acquisition cost exceeds NOK 15 000. Maintenance of assets is expenses as other operating expenses.

Receivables

Accounts receivables and other short-term receivables are recorded at initial value less a provision for doubtful accounts. The provision for doubtful accounts is recorded based on an individual assessment of outstanding items.

Currency

Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets, short term liabilities and long term liabilities in foreign currency are recorded at the exchange rate on the balance sheet date.

Taxes

The tax expense in the income statement includes both taxes payable and change in deferred tax. Deferred tax are calculated as 22% of the temporary differences between tax and accounting values, and eventual tax losses carried forward at the end of the accounting year. Tax reducing and tax increasing differences are offset if reversible. Any net deferred tax asset is recorded in the balance sheet if expected future profitability makes utilization probable. Deferred tax liability and deferred tax assets are presented net in the balance sheet.



Pensions

The Company is affiliated to the LO/NHO scheme (the AFP scheme). The company also has its own occupational pension scheme. At the present time, there is no reliable measurement or allocation of obligations and assets in the AFP scheme. For accounting purposes, the scheme is treated as a defined- contribution pension scheme where premium payments are expensed as they are made, and no provisions are made in the accounts. No funds are accumulated in the scheme, and the premium level is expected to increase in the years ahead.

Cash flow statement

The cash flow statement is prepared by using the indirect method. By using this method, cash flow are reported gross from investment and financing activities, whilst the accounting result is reconciled to net cash flow from operating activities. Cash and cash equivalents include cash, bank deposits and other short term liquid investments which can be converted to cash within 3 months from the date of acquisition and with immaterial risk.

The use of estimates

Preparation of the annual financial statements entails the use of estimates. Accounting estimates may deviate from the actual results, but they are based on the best estimate on the date for the submission of the accounts.

Note 2- Business description

Island Drilling Crewing AS provides hire of offshore personnel/ crew to Island Drilling Company AS and Noble Drilling.

Note 3 – Payroll expenses, employees

The company had 145 employees by the end of 2020.

No remuneration has been paid to the Board of Directors or the Managing Director.

<i>Payroll expenses:</i>	2020	2019
Wages	90 053 423	69 008 435
Payroll tax	13 336 706	10 503 619
Pension costs	8 596 835	4 528 032
Other personnel cost	4 380 937	966 338
Total	116 367 901	85 006 424

Audit fee has been paid with NOK 53 813 excluding VAT during 2020.



Note 4- Pension expenses and obligations

The Company participates in the scheme agreed between the Norwegian Confederation of Trade Unions and the Confederation of Norwegian Enterprise (the so-called LO/NHO scheme), under which all employees can choose early retirement from the age of 62.

The AFP scheme is a scheme which provides a lifelong addition to the ordinary pension. Employees can choose to draw pension from the AFP scheme from the age of 62, while continuing to work. The scheme allows employees to continue to earn pension entitlements if they continue to work until the age of 67. The AFP scheme is a defined benefit multi-enterprise pension scheme, and it is financed by premiums defined as a percentage of pay. For accounting purposes, the scheme is treated as a defined contribution pension scheme where premium payments are expensed as they are made. The Company also has a defined contribution pension scheme. The Company is obliged to have an occupational pension scheme pursuant to the Act relating to mandatory occupational pensions. The Company's pension schemes meet the requirements of the Act.

Note 5 – Receivables and debt

<i>Other short-term receivables:</i>	<i>2020</i>	<i>2019</i>
Accounts receivables	2 676 499	8 110 892
Prepayments	2 184 386	680 754
Outstanding VAT	-	56 184
Other short-term receivables	<u>1 620 156</u>	<u>203 376</u>
Total	<u>6 481 041</u>	<u>9 051 206</u>
<i>Other short-term debt</i>	<i>2020</i>	<i>2019</i>
Vacation pay	1 144 158	2 251 621
Accounts payable	2 317 454	1 650 325
Debt to related parties	-	-
Government fees/taxes	3 072 589	11 309 158
Other short-term debt	<u>1 604 312</u>	<u>119 889</u>
Total	<u>8 138 513</u>	<u>15 330 993</u>

The company has no long-term debt or long-term receivables as of 31.12.20

Note 6 – Taxes

<i>Calculation tax basis:</i>	<i>2020</i>	<i>2019</i>
Profit before taxes		
Permanent differences		
Change in temporary differences		
Change in deficit to carry forwards		
Payable tax basis	<u>-</u>	<u>-</u>



Overview of temporary differences:

Fixed assets, including goodwill		
Deficit to carri forwards	<u>-13 331</u>	<u>-13 331</u>
Net temporart differences	<u>-13 331</u>	<u>-13 331</u>
Deferred tax asset	<u>-2 933</u>	<u>-2 933</u>
Deferred tax rate	22 %	22 %
<i>Tax payable on this years result:</i>	-	-
<i>Payable taxes</i>	-	-
<i>Change in deferred taxes</i>	<u>-</u>	<u>-</u>
<i>Tax expense</i>	<u>-</u>	<u>-</u>

The company does not recognize deferred tax assets, as it is uncertain whether the company will be in tax position to utilize the tax loss carryforward.

Note 7– Deposits

The company have an account tied to tax withholdings and the balance on this account by the end of the year is NOK 1 528 896.

Note 8 – Share capital and shareholder information

The share capital of NOK 30 000 comprises 30 shares at NOK 1 000.

Overview of shareholders at 31.12. :

Shareholder	Shares	Ownership
Island Drilling Company AS	30	100 %

Notes 9 - Equity

	Share capital	Other paid in Equity	Uncovered loss	Total
Equity 1.1	30 000	-5 570	-7 761	16 669
Net profit				
Equity 31.12	30 000	-5 570	-7 761	16 669



Note 10- Inter- company balances

Related party balances:

	2020	2019
Accounts receivables	2 676 499	8 110 892
Other short term receivables	2 170 279	105 907
Total	3 818 483	8 216 799
Accounts payable	1 028 295	0
Total	1 028 295	0

Note 11- Transactions with related parties

	2020	2019
Sales to Island Drilling Company AS	123 007 520	92 146 950
Sales to Island Drilling Management AS	1 271 705	-

Note 12- Pledged assets and guarantees etc.

The Company is jointly registered with the other Group companies in the VAT register and is therefore jointly liable for any unpaid VAT.

Note 13 - Going concern

Island Drilling Crewing AS is a subsidiary, 100% owned by parent company Island Drilling Company AS (hereinafter referred to as "IDC").

The covid -19 pandemic has caused operational disruptions to the market and increased the overall risk of activity. Thus, the going concern assumption is based on the current market situation the continued support of its major owners and the fact that an acceptable and sustainable solution regarding buy-back of a major part of, and extension of IDC's remaining long term loans, including amendments to the covenant structure, was reached with the lenders in December 2020. Thereby, the Company was no longer in breach of the financial covenants by year end 2020.

Some uncertainty regarding the going concern assumption may still be perceived as present, but significantly decreased compared to the situation a year ago.



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Drilling Crewing AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Drilling Crewing AS, which comprise the balance sheet as at 31 December 2020, the income statement, statements of cash flows and changes in equity 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 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 and Chief Executive Officer (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.



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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, 23. September 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Pemseo Dokumentnøkkel: H1LCC-E0JKZ-SZ3CN-3BQXN-C7AZ3-AK53W



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Jørn Knutsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-3012515

IP: 84.214.xxx.xxx

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Skatteetaten

Vår dato 30.04.2019	Din/Deres dato 12.03.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Mai-Britt Myklebust	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5631837	Postadresse Postboks 9200 Grønland 0134 OSLO

BORGSTEIN AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 12. mars 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

Island Diligence AS	org.nr. 920 421 091
Island Victory AS	org.nr. 920 718 590
Island Drilling Management AS	org.nr. 992 448 636
Island Drilling Crewing AS	org.nr. 921 499 906

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de ovennevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge 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

Felles for alle selskapene er at indirekte majoritetseiere er en norsk og en utenlandsk familie. Island Diligence AS er eid av tre selskaper der det ene er utenlandsk. Island Victory AS er 100 % eid av det norske selskapet Island Offshore XII Ship AS som er majoritetseid av Island Offshore Shipholding. L.P., et Cayman Island selskap. Island Offshore XII Ship AS har tillatelse til å benytte engelsk språk. Island Drilling Management AS og Island Drilling Crewing AS er søsterselskaper og er 100 % eid av Island Drilling Company AS. Island Drilling Company AS er majoritetseid av det amerikanske selskapet Rig Invest, L.L.C. Island Drilling Company AS har tillatelse til å benytte engelsk språk. Selskapenes forretningspråk er engelsk, som også er arbeidsspråket i styrene. Kundene og leverandørene er i hovedsak internasjonale og norske virksomheter med leveranser til offshore industrien. 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."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., 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 spekulasjonsgevinster med basis i skjøvt 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 vekt på at indirekte majoritetsiere er to utenlandske familier der den ene er utenlandsk. Morselskapene til tre av selskapene har tillatelse til å benytte engelsk språk. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

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