



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	914 405 025
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ISLAND OFFSHORE INTERNATIONAL SHIPPING AS
Forretningsadresse:	Stålhaugen 5 6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Morselskap i konsern:	Nei
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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:	Mai-Britt Myklebust
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, 31.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREKNESKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Annan driftskostnad	2,4,5	19 290	24 880
Sum kostnader		19 290	24 880
Driftsresultat		-19 290	-24 880
Finansinntekter og finanskostnader			
Anna renteinntekt		145	4 009
Anna finansinntekt	3	3 203 675	4 918
Sum finansinntekter		0	0
Rentekostnad til føretak i same konsern		54 869	83 218
Annan finanskostnad	3	3 203 002	5 205
Sum finanskostnader		0	0
Netto finans		-54 051	-79 496
Ordinært resultat før skattekostnad		-73 342	-104 376
Skattekostnad på ordinært resultat	6	1 098 067	-22 962
Ordinært resultat etter skattekostnad		0	0
Årsresultat		-1 171 408	-81 414
Totalresultat		-1 171 408	-81 414
Overføringer og disponeringar			
Udekt tap		-1 171 409	-81 414
Sum overføringer og disponeringar		-1 171 409	-81 414



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIGEDELAR			
Anleggsmiddel			
Immaterielle egedelar			
Utsett skattefordel	6		199 539
Sum immaterielle egedelar		0	199 539
Varige driftsmiddel			
Sum varige driftsmiddel		0	0
Finansielle anleggsmiddel			
Sum finansielle anleggsmiddel		0	0
Sum anleggsmiddel		0	199 539
Omløpsmiddel			
Varer			
Sum varer		0	0
Krav			
Kundekrav		10 228 488	
Andre krav			900 321
Sum krav		10 228 488	900 321
Investeringar			
Sum investeringar		0	0
Bankinnskot, kontantar og liknande			
Bankinnskot, kontantar og liknande		44 121	58 109
Sum bankinnskot, kontantar og liknande		44 121	58 109
Sum omløpsmiddel		10 272 609	958 429
SUM EIGEDELAR		10 272 609	1 157 968

BALANSE - EIGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Eigenkapital			
Innskoten eigenkapital			
Selskapskapital	8	100 000	100 000
Overkurs		-5 666	-5 666
Annan innskoten eigenkapital		0	0
Sum innskoten eigenkapital		94 334	94 334
Opptent eigenkapital			
Annan eigenkapital		-3 451 318	-2 279 910
Sum opptent eigenkapital		-3 451 318	-2 279 910
Sum eigenkapital	7	-3 356 984	-2 185 576
Gjeld			
Langsiktig gjeld			
Sum avsetjinger for plikter		0	0
Anna langsiktig gjeld		0	0
Sum anna langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	5	2 691	
Anna kortsiktig gjeld	5	13 626 902	3 343 544
Sum kortsiktig gjeld		13 629 593	3 343 544
Sum gjeld		13 629 593	3 343 544
SUM EIGENKAPITAL OG GJELD		10 272 609	1 157 968



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 740895

Enheten

Organisasjonsnummer: 914 405 025
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND OFFSHORE INTERNATIONAL SHIPPING AS
Forretningsadresse: Stållhaugen 5
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: Mai-Britt Myklebust
Dato for fastsettelse av årsregnskapet: 11.06.2021

Revisjon

Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører: Ja
Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: Ja

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, 27.09.2021

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 914 405 025
ISLAND OFFSHORE INTERNATIONAL
SHIPPING AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2020	2019
RESULTATREKNESKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Annan driftskostnad	2,4,5	19 290	24 880
Sum kostnader		19 290	24 880
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Finansinntekter og finanskostnader			
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Organisasjonsnr: 914 405 025
ISLAND OFFSHORE INTERNATIONAL
SHIPPING AS

BALANSE

<u>Beløp i: NOK</u>	<u>Note</u>	<u>2020</u>	<u>2019</u>
BALANSE - EIGEDLAR			
Anleggsmiddel			
Immaterielle egedelar			
Utsett skattefordel	6		199 539
Sum immaterielle egedelar		0	199 539
Varige driftsmiddel			
Sum varige driftsmiddel		0	0
Finansielle anleggsmiddel			
Sum finansielle anleggsmiddel		0	0
Sum anleggsmiddel		0	199 539
Omløpsmiddel			
Varer			
Sum varer		0	0
Krav			
Kundekrav		10 228 488	
Andre krav			900 321
Sum krav		10 228 488	900 321
Investeringar			
Sum investeringar		0	0
Bankinnskot, kontantar og liknande			
Bankinnskot, kontantar og liknande		44 121	58 109
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SUM EIGEDLAR		10 272 609	1 157 968
BALANSE - EIGENKAPITAL OG GJELD			
Eigenkapital			
Innskoten eigenkapital			
Selskapskapital	8	100 000	100 000
Overkurs		-5 666	-5 666
Annan innskoten eigenkapital		0	0



Sum innskoten egenkapital		94 334	94 334
Opptent egenkapital			
Annan egenkapital		-3 451 318	-2 279 910
Sum opptent egenkapital		-3 451 318	-2 279 910
Sum egenkapital	7	-3 356 984	-2 185 576
Gjeld			
Langsiktig gjeld			
Sum avsetjinger for plikter		0	0
Anna langsiktig gjeld			
Sum anna langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	5	2 691	
Anna kortsiktig gjeld	5	13 626 902	3 343 544
Sum kortsiktig gjeld		13 629 593	3 343 544
Sum gjeld		13 629 593	3 343 544
SUM EIGENKAPITAL OG GJELD		10 272 609	1 157 968



Organisasjonsnr: 914 405 025
ISLAND OFFSHORE INTERNATIONAL
SHIPPING AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Rekneskapsprinsipp

Island Offshore International Shipping AS is included in the consolidated financial statements for Island Offshore Shipholding LP, 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. Recording of rent agreements Rent agreements are recorded in accordance with the transaction principle and is in accordance with the economic content of the agreement. Operating agreements are accounted for as expenses and are collocated with the corresponding revenue in the corresponding period. 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 Receivables 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 liabilities are recorded at the exchange rate at the balance sheet date. When the company enters into long term charter hire contracts in foreign currency, the normal procedure is to hedge contract revenue by use of forward FX contracts. The maturity if these contracts are aligned with the monthly cash flow thus are recognized as 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. Deferred tax asset is based on taxable loss to be utilized in future taxable profit. Cash flow statement The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term cash equivalents.

Note

1

Er det usikkerheit om vidare drift?: Nei

Note



8

Tal på aksjar og aksjeeigarar

<u>Aksjeklasse</u>	<u>Ant. aksjar</u>	<u>Pålydande</u>	<u>Bokført verdi</u>
Ordinære	100.00	1000.00	100000.00

<u>Aksjeeigare - fritekst</u>	<u>Antall</u>	<u>Eigarpart</u>	<u>Aksjeklasse</u>
Borgstein Skipsinvest AS	1.00	1.00%	Ordinære
Island Offshore	99.00	99.00%	Ordinære
Shipholding L.P			

<u>Sum</u>	<u>Sum antall</u>	<u>Sum eigarpart</u>
	100.00	100.00%

Note

4

Lønn og ytingar

Note

4

Ytingar til leiande personer

Er det gitt ytingar til leiande person: Nei

Ytingar til dagleg leiar

<u>Ytingar</u>	<u>Lønn</u>	<u>Pensj.plikt</u>	<u>Andre godtgj.</u>
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Note

4

Ytingar til andre leiande personer

Note

4

Ytingar til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	16503.00	23678.00

<u>Sum godtgjersle til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	16503.00	23678.00

Note

4

Antall årsverk i regnskapsåret

Verksemda har hatt følgjende tal på årsverk:

0.00

Note



4

Obligatorisk tenestepensjon

Er verksemda pliktig til å ha tenestepensjonsordning etter lov: Nei

Oppfyller pensjonsordninga krava etter lov: Nei

Note

4

Lån og sikkerheitsstilling til leiande personar

Er det gitt lån eller sikkerheitsstilling til leiande personar: Nei



**Financial Statements
2020**

Island Offshore International Shipping AS



ISLAND OFFSHORE



Income statement

Island Offshore International Shipping AS

Tekst	Note	2020	2019
Other operating expenses	2,4,5	19 290	24 880
Total operating expenses		19 290	24 880
Operating profit		-19 290	-24 880
Interest income		145	4 009
Other financial income	3	3 203 675	4 918
Interest expenses, intercompany		54 869	83 218
Other financial expenses	3	3 203 002	5 205
Total financial income & expenses		-54 051	-79 496
Ordinary result before tax		-73 342	-104 376
Tax on ordinary result	6	1 098 067	-22 962
Net profit for the year		-1 171 408	-81 414
Transfer to valuation reserves		-1 171 409	-81 414
Total transfers		-1 171 409	-81 414



Balance sheet

Island Offshore International Shipping AS

Tekst	Note	2020	2019
Assets			
Fixed assets			
Intangible fixed assets			
Deferred tax asset	6	0	199 539
Total intangible assets		0	199 539
Financial fixed assets			
Total fixed assets		0	199 539
Current assets			
Accounts receivables		10 228 488	0
Other receivables		0	900 321
Total debtors		10 228 488	900 321
Cash and bank deposits		44 121	58 109
Total current assets		10 272 609	958 429
Total assets		10 272 609	1 157 968



Balance sheet

Island Offshore International Shipping AS

Tekst	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity			
Share capital	8	100 000	100 000
Share premium reserve		-5 666	-5 666
Total paid in equity		94 334	94 334
Retained earnings			
Other equity		-3 451 318	-2 279 910
Total retained earnings		-3 451 318	-2 279 910
Profit not allocated		0	0
Total equity	7	-3 356 984	-2 185 576
Liabilities			
Provision for liabilities			
Current liabilities			
Trade creditors	5	2 691	0
Other short term liabilities	8	13 626 902	3 343 544
Total current liabilities		13 629 593	3 343 544
Total liabilities		13 629 593	3 343 544
Total equity and liabilities		10 272 609	1 157 968

Ulsteinvik, 31.12.2020 / 29.04.2021
Board of Directors, Island Offshore International Shipping AS

Morten Ulstein
Chairman of the Board

Håvard Ulstein
Deputy Chairman of the Board

Gary Chouest
Board Member

Dino Chouest
Board Member





Balance sheet

Island Offshore International Shipping AS

Tekst	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity			
Share capital	8	100 000	100 000
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Total liabilities		13 629 593	3 343 544
Total equity and liabilities		10 272 609	1 157 968

Ulsteinvik, 31.12.2020 / 29.04.2021
Board of Directors, Island Offshore International Shipping AS


Morten Ulstein
Chairman of the Board


Håvard Ulstein
Deputy Chairman of the Board

Gary Chouest
Board Member

Dino Chouest
Board Member



Notes to the financial statements 2020

Island Offshore International Shipping AS

NOTE 1 ACCOUNTING PRINCIPLES

Island Offshore International Shipping 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.

Recording of rent agreements

Rent agreements are recorded in accordance with the transaction principle and is in accordance with the economic content of the agreement. Operating agreements are accounted for as expenses and are collocated with the corresponding revenue in the corresponding period.

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. When the company enters into long term charter hire contracts in foreign currency, the normal procedure is to hedge contract revenue by use of forward FX contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred.



Notes to the financial statements 2020

Island Offshore International Shipping AS

NOTE 1 ACCOUNTING PRINCIPLES

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Notes to the financial statements 2020

Island Offshore International Shipping AS

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.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term cash equivalents.

NOTE 2 THE COMPANY'S BUSINESS AND GEOGRAPHICAL SPLIT OF REVENUE

The Company's business comprises operation of offshore service vessels for end-clients in the oil and gas and renewables industry worldwide. The vessels are hired from both related party ship owners and external ship owners on bareboat terms, Considering the nature of the business, it is expected that revenue will fluctuate with changes in the contract portfolio and market state.

The Company entered into Agent Contract with related party Island Offshore X KS regarding the operation of the SCV Ocean Intervention III in Angola. Back to back agreement hence no risk for the Company, thus all expenses relating to the vessel are recharged to related party. Thus, net income NOK 56.584.385,- is netted off vessel expenses NOK 56.584.385,- in the Income Statement. The Company was dormant in 2019.

NOTE 3 SPECIFICATIONS OTHER FINANCIAL ITEMS

Other financial income comprises:

	2020	2019
Foreign exchange gain	3 203 675	4 918
Total other financial income	3 203 675	4 918

Other financial expenses comprises:

	2020	2019
Foreign exchange loss	3 203 002	5 205
Total other financial expenses	3 203 002	5 205



Notes to the financial statements 2020

Island Offshore International Shipping AS

NOTE 4 PAYROLL, EMPLOYEES

The Company does not have employees and no obligation to have pension funds, and no compensation has been paid to the Board of Directors. Payroll expenses in the financial statements relate to hired crew.

Auditor

Audit fee has been paid with NOK 16.503 excluding VAT during 2020.

NOTE 5 RELATED PARTIES

Transactions with related parties

	2020	2019
Other short term liabilities Island Offshore Management AS	-3 351 610	-3 296 742
Other short term liabilities Island Offshore Shipholding, L.P.	-42 458	-42 458
Other short term liabilities Island Offshore X KS	-10 228 488	0

Intercompany liabilities are charged with interests according to transfer pricing rules.

	2020	2019
Outlay agent revenue	56 584 385	-
Outlay agent expenses	- 56 584 385	-

The Company entered into management agreements with Island Offshore Management AS to carry out technical and commercial services for the vessels. The services included crewing, purchase, administration, sales, accounting and technical operations.

According to the management agreement, the ship operating companies will refund all direct costs related to the vessels, to the management company. An annual fee is paid based on arm's length principle. Since the Company has been dormant in 2019 and operating on agent contract in 2020, no administration services has been charged from the Manager.

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.



Notes to the financial statements 2020

Island Offshore International Shipping AS

Deferred tax / tax asset has been calculated as follows:

	2020	2019
Total temporary differences	-	-
Tax loss carried forward	-980 346	-907 004
Basis of deferred tax	-980 346	-907 004
Deferred tax + / deferred tax asset - in the balance sheet	-215 674	-199 540
Tax rate	22 %	22 %

Calculation of this year's tax expenses:

	2020	2019
Profit before tax	-73 342	-104 376
<i>Change in temporary differences:</i>		
Tax loss carried forward	-	104 376
This year's payable tax basis	-73 342	-

Tax in Profit and Loss Accounts consists of:

	2020	2019
Paid taxes in the US	898 528	-
Change in deferred taxes	199 539	-22 962
This year's tax result	1 098 067	-22 962

In 2015 and 2016, the Company was on bareboat contract for the operation of the SCV Island Pride in the US. Taxes paid to the IRS in USA has in 2015 to 2019 wa capitalized in the balance sheet pending credit refunds. However, the foreign tax paid has been expensed in the Income Statement in 2020.

As it will take some time for the Company to utilize the accumulated deferred tax losses it has been decided not to capitalize deferred tax asset in 2020.

**Notes to the financial statements 2020**

Island Offshore International Shipping AS

NOTE 7 EQUITY

	Paid in Capital	Share Premium reserve	Other Equity	Total
Equity as per 01.01.	100 000	-5 666	-2 279 910	-2 185 576
<i>This year change in equity:</i>				-
Profit for the year		-	-1 171 408	-1 171 408
Equity as per 31.12.	100 000	-5 666	-3 451 318	-3 356 984

NOTE 8 OWNERSHIP

The share capital of NOK 100.000 consist of 100 shares à NOK 1.000,-.

Owners at 31.12:

Shareholders	Number of shares	in %
Borgstein Skipsinvest AS	1	1 %
Island Offshore Shipholding, L.P.	99	99 %
Total number of shares	100	100 %

NOTE 9 GOING CONCERN

The Company is dependent on receiving financial support in order to finance further operations of the Company as a Going Concern.

Due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the parent company Island Offshore Shipholding, L.P., 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.



Notes to the financial statements 2020

Island Offshore International Shipping AS

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 28.4.2021.

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 10 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
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Offshore International Shipping AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Offshore International Shipping AS, 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 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.

Material uncertainty related to going concern

We draw attention to note 9 and note 10 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 9 and note 10, 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.

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

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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)

Independent auditor's report - Island Offshore International Shipping AS

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Jørn Knutsen

Statsautorisert revisor

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Skattedirektoratet

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

ISLAND OFFSHORE MANAGEMENT AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

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

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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