



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 920 998 240  
Organisasjonsform: Norskreg. utenlandsk foretak  
Foretaksnavn: PROSAFE HOLDING LIMITED  
Forretningsadresse: Forusparken 2  
4031 STAVANGER

### Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Stig Harry Christiansen  
Dato for fastsettelse av årsregnskapet: 02.06.2020

### Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert  
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

*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, 06.11.2020



### Resultatregnskap

Beløp i: USD	Note	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Dividend income	11	471 380	1 319 864
<b>Sum inntekter</b>		<b>471 380</b>	<b>1 319 864</b>
<b>Kostnader</b>			
Administrative expenses	4	18 605	36 358
<b>Sum kostnader</b>		<b>18 605</b>	<b>36 358</b>
<b>Driftsresultat</b>		<b>452 775</b>	<b>1 283 506</b>
<b>Finansinntekter og finanskostnader</b>			
Finance income		1 048 467	161 263
<b>Sum finansinntekter</b>		<b>1 048 467</b>	<b>161 263</b>
Finance cost		1 798	74 673
<b>Sum finanskostnader</b>		<b>1 798</b>	<b>74 673</b>
<b>Netto finans</b>		<b>1 046 669</b>	<b>86 590</b>
<b>Ordinært resultat før skattekostnad</b>		<b>1 499 444</b>	<b>1 370 096</b>
Tax	6	-14 271	17 780
<b>Ordinært resultat etter skattekostnad</b>		<b>1 513 715</b>	<b>1 352 316</b>
Invesetment at FVOCI - net change in fair value		-55 273 637	30 948 555
<b>Årsresultat</b>		<b>-53 759 922</b>	<b>32 300 871</b>
<b>Overføringer og disponeringer</b>			
Transferred to retained earnings		-53 759 922	32 300 871
<b>Sum overføringer og disponeringer</b>		<b>-53 759 922</b>	<b>32 300 871</b>



## Balanse

Beløp i: USD	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	7	96 270 000	162 102 544
<b>Sum finansielle anleggsmidler</b>		<b>96 270 000</b>	<b>162 102 544</b>
<b>Sum anleggsmidler</b>		<b>96 270 000</b>	<b>162 102 544</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	8	12 417 239	24 215 214
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>12 417 239</b>	<b>24 215 214</b>
<b>Sum omløpsmidler</b>		<b>12 417 239</b>	<b>24 215 214</b>
<b>SUM EIENDELER</b>		<b>108 687 239</b>	<b>186 317 758</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	9	3 624 758	3 624 758
<b>Sum innskutt egenkapital</b>		<b>3 624 758</b>	<b>3 624 758</b>
<b>Opptjent egenkapital</b>			
Reserves		93 899 916	182 659 838
<b>Sum opptjent egenkapital</b>		<b>93 899 916</b>	<b>182 659 838</b>
<b>Sum egenkapital</b>		<b>97 524 674</b>	<b>186 284 596</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	10	11 162 565	18 891
Current tax liabilities		0	14 271
<b>Sum kortsiktig gjeld</b>		<b>11 162 565</b>	<b>33 162</b>
<b>Sum gjeld</b>		<b>11 162 565</b>	<b>33 162</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>108 687 239</b>	<b>186 317 758</b>



**PROSAFE HOLDING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
For the year ended 31 December 2019



**PROSAFE HOLDING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**PROSAFE HOLDING LIMITED**

**OFFICERS AND PROFESSIONAL ADVISORS**

<b>Board of Directors</b>	Stig Harry Christiansen, Norway Jesper Kragh Andresen, Danish Karine Betty Cosemans, Belgian
<b>Alternate Directors</b>	Niki Stylianou for Stig Harry Christiansen Efthymoulla Anna Theano Christofi for Jesper Kragh Andresen
<b>Secretary</b>	Vimatex Limited
<b>Independent Auditors</b>	KPMG Limited
<b>Bankers</b>	Nordea Bank Norge ASA
<b>Registered Office</b>	73 Metochiou 2407 Egkomi Cyprus
<b>Registration number</b>	HE199308



KPMG Limited  
Chartered Accountants  
11, June 16th 1943 Street, 3022 Limassol, Cyprus  
P.O.Box 50161, 3601 Limassol, Cyprus  
T: +357 25 869000, F: +357 25 363842

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF

### PROSAFE HOLDING LIMITED

#### Report on the audit of the financial statements

##### *Opinion*

We have audited the accompanying financial statements of **Prosafe Holding Limited** (the "Company"), which are presented on pages 5 to 17 and comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

##### *Basis for opinion*

We conducted our audit in accordance with 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 remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards)' ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Emphasis of matter*

We draw attention to note 2(b) to the financial statements, which indicates that these were not prepared on a going concern basis. Assets and liabilities continue to be measured at the measurement provisions of the International Financial Reporting Standards as adopted by the European Union that would otherwise apply to those assets and liabilities until the obligations are discharged, cancelled or expire. Our opinion is not modified in respect of this matter.



***Responsibilities of the Board of Directors for the financial statements***

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors 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, the Board of Directors 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 there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

***Auditors' 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 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 a true and fair view.

We communicate with the Board of Directors 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.



**Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L53(I)/2017, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Sylvia A. Lozides  
Certified Public Accountant and Registered Auditor  
for and on behalf of

KPMG Limited  
Certified Public Accountants and Registered Auditors  
KPMG Center,  
No. 11, 16<sup>th</sup> June 1943 street,  
3022 Limassol,  
Cyprus.

2 June 2020



**PROSAFE HOLDING LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**For the year ended 31 December 2019**

	Note	2019 US\$	2018 US\$
Dividend income	11	471.380	1.319.864
Administrative expenses	4	<u>(18.605)</u>	<u>(36.358)</u>
<b>Operating profit</b>		<u>452.775</u>	<u>1.283.506</u>
Finance income		1.048.467	161.263
Finance expenses		<u>(1.798)</u>	<u>(74.673)</u>
<b>Net finance income</b>	5	<u>1.046.669</u>	<u>86.590</u>
<b>Profit before tax</b>		1.499.444	1.370.096
Tax	6	<u>14.271</u>	<u>(17.780)</u>
<b>Profit for the year</b>		<u>1.513.715</u>	<u>1.352.316</u>
<b>Other comprehensive income</b>			
Investment at FVOCI – net change in fair value	7	<u>(55.273.637)</u>	<u>30.948.555</u>
<b>Total comprehensive (expense)/income for the year</b>		<u>(53.759.922)</u>	<u>32.300.871</u>

The notes on pages 9 to 17 are an integral part of these financial statements.



PROSAFE HOLDING LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 US\$	2018 US\$
<b>ASSETS</b>			
Investments at FVOCI	7	<u>96.270.000</u>	<u>162.102.544</u>
<b>Total non-current assets</b>		<u>96.270.000</u>	<u>162.102.544</u>
Cash and cash equivalents	8	<u>12.417.239</u>	<u>24.215.214</u>
<b>Total current assets</b>		<u>12.417.239</u>	<u>24.215.214</u>
<b>Total assets</b>		<u>108.687.239</u>	<u>186.317.758</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	9	3.624.758	3.624.758
Reserves		<u>93.899.916</u>	<u>182.659.838</u>
<b>Total equity</b>		<u>97.524.674</u>	<u>186.284.596</u>
Trade and other payables	10	11.162.565	18.891
Current tax liabilities		-	<u>14.271</u>
<b>Total current liabilities</b>		<u>11.162.565</u>	<u>33.162</u>
<b>Total equity and liabilities</b>		<u>108.687.239</u>	<u>186.317.758</u>

On 2 June 2020 the Board of Directors of Prosafe Holding Limited approved and authorised these financial statements for issue.

Stig Harry Christiansen  
Director

Karine Betty Cosemans  
Director

The notes on pages 9 to 17 are an integral part of these financial statements.



**PROSAFE HOLDING LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

	Share capital (Note 9) US\$	Share premium US\$	Fair value reserve US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2018	3.624.758	159.779.340	-	(9.420.373)	153.983.725
<b>Comprehensive income</b>					
Profit for the year	-	-	-	1.352.316	1.352.316
Other comprehensive income	-	-	<u>30.948.555</u>	-	<u>30.948.555</u>
Balance at 31 December 2018	<u>3.624.758</u>	<u>159.779.340</u>	<u>30.948.555</u>	<u>(8.068.057)</u>	<u>186.284.596</u>
Balance at 1 January 2019	3.624.758	159.779.340	30.948.555	(8.068.057)	186.284.596
<b>Comprehensive income</b>					
Profit for the year	-	-	-	1.513.715	1.513.715
Other comprehensive income	-	-	(55.273.637)	-	(55.273.637)
<b>Transactions recognized directly in equity</b>					
Share Premium reduction (note 11)	-	<u>(35.000.000)</u>	-	-	<u>(35.000.000)</u>
Balance at 31 December 2019	<u>3.624.758</u>	<u>124.779.340</u>	<u>(24.325.082)</u>	<u>(6.554.342)</u>	<u>97.524.674</u>

The notes on pages 9 to 17 are an integral part of these financial statements.



## PROSAFE HOLDING LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 US\$	2018 US\$
<b>Cash flows from operating activities</b>			
Profit for the year before tax		1.499.444	1.370.096
Adjustments for:			
Net exchange (gain)/loss	5	(36.290)	74.206
Dividend income		(471.380)	(1.319.864)
Interest income	5	(1.012.177)	(161.263)
Interest expense	5	<u>1.752</u>	<u>-</u>
<i>Cash used in operations before working capital changes</i>		(18.651)	(36.825)
Decrease in trade and other payables		<u>(7.956)</u>	<u>(1.923.535)</u>
<i>Cash generated from/(used in) operations</i>		(26.607)	(1.960.360)
Dividends received		471.380	1.319.864
Taxes paid		<u>-</u>	<u>(3.509)</u>
<i>Net cash generated from/(used in) operating activities</i>		<u>444.773</u>	<u>(644.005)</u>
<b>Cash flows from investing activities</b>			
Proceeds from return of capital from FVOCI investment	7	10.558.907	22.626.228
Interest received	5	163.807	161.263
Interest paid	5	<u>(1.752)</u>	<u>-</u>
<i>Net cash generated from investing activities</i>		<u>10.720.962</u>	<u>22.787.491</u>
<b>Cash flows from financing activity</b>			
Net exchange gain/(loss)	5	36.290	(74.206)
Loans advanced during the year	11 (ii)	<u>(23.000.000)</u>	<u>-</u>
<i>Net cash used in financing activity</i>		<u>(22.963.710)</u>	<u>(74.206)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(11.797.975)	22.069.280
<b>Cash and cash equivalents at beginning of the year</b>	8	<u>24.215.214</u>	<u>2.145.934</u>
<b>Cash and cash equivalents at end of the year</b>	8	<u>12.417.239</u>	<u>24.215.214</u>

The notes on pages 9 to 17 are an integral part of these financial statements.



**PROSAFE HOLDING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

**1. INCORPORATION AND PRINCIPAL ACTIVITIES**

Prosafe Holding Limited (the "Company") was incorporated in Cyprus on 14 May 2007 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 73 Metochiou, Engomi, CY-2407, Nicosia, Cyprus. The principal activity of the Company is the holding of investments.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap.113.

**(b) Basis of preparation**

The shareholder of the Company has the intention to liquidate the Company. Because of this, the financial statements have not been prepared on a going concern basis on the assumption that the Company will not continue as an active business in the foreseeable future. Assets and liabilities continue to be measured at the measurement provisions of IFRS-EU that would otherwise apply to those assets and liabilities until the obligations are discharged, cancelled or expire.

**(c) Basis of measurement**

The financial statements have been prepared under the historical cost convention.

**(d) Adoption of new and revised IFRS-EU**

As from 1 January 2019, the Company adopted all changes to IFRS as adopted by the EU which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Company. At the date of approval of these financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The impact on the financial statements in the period of initial application of these new and revised standards, is not expected to be material.

**(e) Use of estimates and judgments**

The preparation of financial statements in accordance with IFRS-EU requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

*Judgments*

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 3 "Impairment of available-for-sale financial assets" and specifically concerning the determination of whether an investment is other-than-temporarily impaired.



PROSAFE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

2. **BASIS OF PREPARATION** *(continued)*

**(e) Use of estimates and judgments** *(continued)*

*Measurement of fair values*

The Company's accounting policies and disclosures require the measurement of fair values, for financial assets.

When measuring the fair value of an asset, the Company uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(f) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States dollars (US\$) which is the functional currency of the Company.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been applied consistently for all the years presented in these financial statements.

Revenue recognition

- *Divident income*  
Divident income is recognised when the right to receive payment is established.
- *Interest income*  
Interest income is recognised as it is earned using the effective interest method.

Finance expenses

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Translation differences on available-for-sale financial assets are recognised in other comprehensive income and then included in the fair value reserve in equity (except on impairment, in which case translation differences that have been recognised in other comprehensive income are reclassified to profit or loss). Non-monetary items that are measured based on historical cost in a foreign currency are not translated.



**PROSAFE HOLDING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

***Deferred tax***

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

**Dividends**

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are declared.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

- Classification and subsequent measurement

***Financial assets:***

On initial recognition, the Company classifies financial assets as "financial assets at amortised cost" or "financial assets at fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortised cost if it meets both of the following conditions and it is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost comprise of cash at bank.

On initial recognition of an equity investment that it is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.



PROSAFE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial instruments *(continued)*

- Classification and subsequent measurement *(continued)*

*Financial assets (continued):*

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

All financial assets are classified as current assets unless the Company has an unconditional responsibility to accept deferral of receipt for at least twelve months after the balance sheet date, in which case they are classified as non-current assets.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss.

Trade and other payables are classified as other financial liabilities and are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

- Impairment of financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. The loss allowances are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Impairment losses are recognised in profit or loss.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Share capital

Ordinary shares are classified as equity. The difference between the issue price and the nominal value of the share capital is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.



## PROSAFE HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

## 4. ADMINISTRATIVE EXPENSES

	2019 US\$	2018 US\$
Audit fees		
Current year	4.316	7.620
Prior year over provision	(779)	-
Secretarial and other professional fees	<u>15.068</u>	<u>28.738</u>
	<u>18.605</u>	<u>36.358</u>

## 5. NET FINANCE INCOME AND EXPENSES

	2019 US\$	2018 US\$
Bank interest income	163.806	161.263
Net foreign exchange gains	36.290	-
Interest income from intercompany loan	<u>848.370</u>	<u>-</u>
<i>Finance income</i>	<u>1.048.466</u>	<u>161.263</u>
Bank charges	(45)	(467)
Net foreign exchange losses	-	(74.206)
Other financial expenses	<u>(1.752)</u>	<u>-</u>
<i>Finance expenses</i>	<u>(1.797)</u>	<u>(74.673)</u>
<b>Net finance income</b>	<u>1.046.669</u>	<u>86.590</u>

## 6. TAXATION

	2019 US\$	2018 US\$
<b>Corporation tax</b>		
Corporation tax current year	<u>(14.271)</u>	<u>14.271</u>
<b>Defence tax</b>		
Current tax	-	1.728
Under provision – prior years	<u>-</u>	<u>1.781</u>
	<u>-</u>	<u>3.509</u>
<b>Tax</b>	<u>(14.271)</u>	<u>17.780</u>



**PROSAFE HOLDING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

**6. TAXATION (continued)**

Reconciliation of tax based on the taxable income and tax based on accounting losses:

	2019	2018
	US\$	US\$
Accounting profit before tax	<u>1.499.444</u>	<u>1.370.096</u>
Tax calculated at the applicable tax rates	187.430	171.262
Tax effect of		
Expenses not deductible for tax purposes	-	11.784
Allowances and income not subject to tax	-	(165.697)
Loss for the year	(187.430)	-
Utilise losses from prior year	-	(4.375)
Additional tax at 10%	-	1.297
Overprovision of corporation tax	<u>(14.271)</u>	-
Tax as per statement of profit or loss and other comprehensive income - charge	<u>(14.271)</u>	<u>14.271</u>

The Company's profits, as adjusted for tax purposes, were subject to corporation tax at the rate of 12,5% (2017: 12,5%), until April 2018, when the Company's tax residency was relocated to Norway. Tax losses may be carried forward in Norway indefinitely. Group companies may deduct losses against profits arising during the same tax year.

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	2019	2018
	US\$	US\$
<b>Shares in Prosafe Rigs Pte Ltd (Singapore)</b>		
Balance at 1 January	162.102.544	153.780.217
Return from capital reduction	(10.558.907)	(22.626.228)
Net change in fair value recognized in OCI	<u>(55.273.637)</u>	<u>30.948.555</u>
Balance at 31 December	<u>96.270.000</u>	<u>162.102.544</u>

In 2019, Prosafe Rigs Pte Ltd returned US\$10.558.907 to the Company following a reduction in capital. As at 31 December 2019, the Company has a participation of 9,4% (2018: 9,4%) in the share capital of Prosafe Rigs Pte Ltd.

Prosafe Rigs Pte Ltd (Singapore) is a private limited liability company, whose principal activity is the chartering of rig accommodation vessels.

**8. CASH AND CASH EQUIVALENTS**

	2019	2018
	US\$	US\$
Cash at bank	<u>12.417.239</u>	<u>24.215.214</u>



PROSAFE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

9. SHARE CAPITAL

	2019 Number of shares	2019 US\$	2018 Number of shares	2018 US\$
<b>Authorised</b>				
Shares of US\$1,00 each	<u>3.624.758</u>	<u>3.624.758</u>	<u>3.624.758</u>	<u>3.624.758</u>
<b>Issued and fully paid</b>				
<i>Ordinary shares</i>				
Balance at 1 January	<u>3.624.758</u>	<u>3.624.758</u>	<u>3.624.758</u>	<u>3.624.758</u>
Balance at 31 December	<u>3.624.758</u>	<u>3.624.758</u>	<u>3.624.758</u>	<u>3.624.758</u>

10. TRADE AND OTHER PAYABLES

	2019 US\$	2018 US\$
Payables to related companies (note 11 (ii))	11.151.630	-
Accruals	<u>10.935</u>	<u>18.891</u>
	<u>11.162.565</u>	<u>18.891</u>

11. RELATED PARTY TRANSACTIONS

The Company is controlled by Prosafe AS., incorporated in Norway, which owns 100% of the Company's shares. The Company's ultimate controlling party is Prosafe SE, a Cyprus based Company listed on the Oslo Stock Exchange.

The transactions and balances with related parties are as follows:

(i) Income from investee

<u>Name</u>	<u>Nature of transactions</u>	2019 US\$	2018 US\$
Prosafe Rigs Pte Ltd	Dividend	<u>471.380</u>	<u>1.319.864</u>

(ii) Receivables from related companies

<u>Name</u>	<u>Nature of relationship</u>	2019 US\$	2018 US\$
Prosafe AS	Controlling company		
Balance 1 January		-	-
Loan granted		23.000.000	-
Interest (note 5)		848.370	-
Set off with amount payable		<u>(23.848.370)</u>	<u>-</u>
		<u>-</u>	<u>-</u>

On 12 February 2019 the Company lent Prosafe AS US\$23.000.000 at an interest rate of 3-month libor plus 2,15%. The loan was fully settled on 21 October 2019 by the set off of part of the payable created following the Company's reduction of capital (see (iii) below).



PROSAFE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

11. RELATED PARTY TRANSACTIONS (continued)

(iii) Payables to related companies-Non cash transactions (note 10)

<u>Name</u>	<u>Nature of relationship</u>	2019 US\$	2018 US\$
Prosafe AS	Controlling company		
Balance 1 January		-	-
Capital reduction (note 11(iv))		35.000.000	-
Set of with amount receivable (note 11(ii))		(23.848.370)	-
		<u>11.151.630</u>	<u>-</u>

The above balance was unsecured, interest free and repayable on demand. It was settled on 20 February 2020.

(iv) Other transactions with shareholders

On 21 October 2019 the Company, with the approval of the court, reduced its share premium from US\$159.779.339 to US\$124.779.339 by the return to its sole shareholder of US\$35.000.000 (note 11(iii)).

12. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk factors

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market price risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework but does not have formal risk management policies.

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

The maximum exposure to credit risk at the reporting date was as follows:

	2019 US\$	2018 US\$
Bank current accounts	<u>12.417.239</u>	<u>24.215.214</u>
	<u>12.417.239</u>	<u>24.215.214</u>

Bank balances are held with Nordea Bank rated Aa3 (the short-term rating is P1) (Global Local Currency Deposit Ratings) by Moody's. None of the above are considered impaired.



PROSAFE HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Financial risk factors (continued)

(ii) *Liquidity risk*

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and are undiscounted, and include estimated interest payments:

	Carrying amounts	Contractual cash flows	Between 3-12 months	Between 1-5 years	More than 5 years
	US\$	US\$	US\$	US\$	US\$
31 December 2018					
Accruals	18.891	18.891	18.891	-	-
Tax liabilities	14.271	14.271	14.271	-	-
	<u>33.162</u>	<u>32.679</u>	<u>32.679</u>	-	-
31 December 2019					
Payables to related parties	11.151.630	11.151.630	11.151.630	-	-
Accruals	10.935	10.935	10.935	-	-
	<u>11.162.565</u>	<u>11.162.565</u>	<u>11.162.565</u>	-	-

(iii) *Market price risk*

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices or interest rates.

*Market prices*

The Company's available-for-sale financial assets are susceptible to market price risk arising from uncertainties about future prices of the investments. An increase/decrease in the investee's fair value price per share by 5% at 31 December 2019 would have increased/decreased equity by US\$67.500 (2017: US\$8.105.127).

*Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

There is no material exposure to interest rate risk at 31 December 2019 as the Company did not have variable rate financial assets or financial liabilities at the year end.



**PROSAFE HOLDING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**13. FAIR VALUES**

The carrying amounts and fair values of certain financial assets and liabilities are as follows:

	Carrying amount		Fair value	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
Investments at FVOCI	<u>96.270.000</u>	<u>162.102.544</u>	<u>96.270.000</u>	<u>162.102.544</u>

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
<b>31 December 2019</b>				
<b>Financial assets</b>				
Investments at FVOCI	<u>-</u>	<u>-</u>	<u>96.270.000</u>	<u>96.270.000</u>
<b>31 December 2018</b>				
<b>Financial assets</b>				
FVOCI Investments	<u>-</u>	<u>-</u>	<u>162.102.544</u>	<u>162.102.544</u>

The Company has not disclosed the fair value for cash at bank because their carrying amounts are a reasonable approximation of fair value.

**14. EVENTS AFTER THE BALANCE SHEET DATE**

Covid-19 and the oil price crash since early March 2020 have resulted in a dramatic impact on the global macro economy, global ways of living and working, oil prices and consequently capital markets and market outlook. Oil companies have reacted to these developments with significant general cuts in ongoing and planned activity and future spending. As a result of this, the Group has seen both cancellation of existing contracts as well as vessels being put on stand-by at somewhat reduced rates. The Group is at risk that further contract cancellations or deferrals may occur which will have further negative impact on order backlog, activity and earnings in the near term. These developments may have significant impact on the Company and the carrying values of its assets.