



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 991 860 533
Organisasjonsform: Aksjeselskap
Foretaksnavn: K LINE OFFSHORE AS
Forretningsadresse: Kystveien 14
4841 ARENDAL

Regnskapsår

Årsregnskapets periode: 01.04.2021 - 31.03.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Henrik Mortensen
Dato for fastsettelse av årsregnskapet: 12.05.2022

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 14.06.2022



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		268 491 000	300 690 000
Annen driftsinntekt		53 000	26 000
Sum inntekter	2, 11	268 544 000	300 716 000
Kostnader			
Varekostnad	2, 14	238 758 000	257 327 000
Lønnskostnad	3	19 576 000	11 081 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	90 161 000	118 148 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		1 044 561 000	122 700 000
Annen driftskostnad	3, 18	3 222 000	3 463 000
Sum kostnader		1 396 278 000	512 719 000
Driftsresultat		-1 127 734 000	-212 003 000
Finansinntekter og finanskostnader			
Annen finansinntekt	4	2 141 000	14 472 000
Urealisert agio på gjeld i fremmed valuta	4	74 934 000	30 493 000
Sum finansinntekter		77 075 000	44 965 000
Annen finanskostnad	4	105 386 000	89 720 000
Sum finanskostnader		105 386 000	89 720 000
Netto finans		-28 311 000	-44 755 000
Ordinært resultat før skattekostnad		-1 156 045 000	-256 758 000
Skattekostnad på ordinært resultat	13		
Ordinært resultat etter skattekostnad		-1 156 045 000	-256 758 000
Årsresultat		-1 156 045 000	-256 758 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	5, 10, 19	0	1 789 456 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	11	158 000	3 203 000
Sum varige driftsmidler		158 000	1 792 659 000
Sum anleggsmidler		158 000	1 792 659 000
Omløpsmidler			
Varer			
Varer	12	0	9 305 000
Sum varer		0	9 305 000
Fordringer			
Kundefordringer	6, 14, 15, 16, 17	1 638 000	49 513 000
Andre fordringer	6, 15, 16, 17	3 437 000	20 279 000
Sum fordringer		5 075 000	69 792 000
Investeringer			
Andre finansielle instrumenter	7, 15, 16, 17	0	164 000
Sum investeringer		0	164 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5, 15, 16, 17	27 661 000	85 040 000
Sum bankinnskudd, kontanter og lignende		27 661 000	85 040 000
Sum omløpsmidler		32 736 000	164 301 000



Balanse

Beløp i: NOK	Note	2022	2021
SUM EIENDELER		32 894 000	1 956 960 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	9	2 812 919 000	2 511 919 000
Sum innskutt egenkapital		2 812 919 000	2 511 919 000
Opptjent egenkapital			
Udekket tap		2 794 606 000	1 638 561 000
Sum opptjent egenkapital		-2 794 606 000	-1 638 561 000
Sum egenkapital		18 313 000	873 358 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5, 8, 10, 11, 14, 15, 16, 17, 19	0	778 873 000
Sum annen langsiktig gjeld		0	778 873 000
Sum langsiktig gjeld		0	778 873 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	5, 10, 11, 14, 15, 16, 17, 19	0	199 137 000
Leverandørgjeld	14, 15, 16, 17	14 581 000	60 125 000
Annen kortsiktig gjeld	7, 15, 16, 17	0	45 467 000
Sum kortsiktig gjeld		14 581 000	304 729 000



Balanse

Beløp i: NOK	Note	2022	2021
Sum gjeld		14 581 000	1 083 602 000
SUM EGENKAPITAL OG GJELD		32 894 000	1 956 960 000
POSTER UTENOM BALANSEN			
Pantstillelser	10	0	778 873 000



Brønnøysundregistrene

Kundenr : 1987307
K LINE OFFSHORE AS
Att: Ben B Boiling
Kirkegaten 5
4836 ARENDAL

Deres ref.	Vår ref.	Dato
	2012038133	24.10.2012

**Endring av regnskapsåret for
991 860 533 K LINE OFFSHORE AS**

Vi viser til din henvendelse mottatt den 24.10.2012.

Regnskapsregisteret har registrert at enheten har endret avslutningsdato. Den registrerte avslutningsdatoen er nå 31.03.

Årsregnskapet som skal sendes inn, må omfatte regnskapsperioden:

01.01.2012 - 31.03.2013

Årsregnskapet skal fastsettes senest seks måneder etter regnskapsårets slutt, jf. regnskapsloven § 3-1. Komplette årsregnskap skal sendes til Regnskapsregisteret senest innen en måned etter at det er fastsatt, jf. regnskapsloven § 8-2.

Altinn

Vi oppfordrer dere til å sende årsregnskapet elektronisk ved å bruke Regnskapsregisteret sine skjema på www.altinn.no. Dersom dere skal sende årsregnskapet i posten, må dere laste ned og fylle ut skjemaet "Vedlegg til årsregnskap" fra www.brreg.no/regnskap/vedlegg/. Skjemaet må dere skrive under og legge ved årsregnskapet.

Med hilsen

Brønnøysundregistrene - Regnskapsregisteret

Anne Claassen
Anne Claassen
saksbehandler



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 23.02.2011	Vår dato 25.02.2011
Telefon 22078139	Deres referanse Johan Bringsverd	Vår referanse 2011/214162

Ernst & Young AS
Oslo Atrium, P.O.Box 20
0051 Oslo

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for K Line Offshore AS, org. nr. 991 860 533

Det vises til deres brev av 23. februar 2011 i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for K Line Offshore AS.

Bakgrunn

K Line Offshore AS er et shippingselskap som driver med utleie av fartøy både time charter og spot marked i internasjonalt farvann og opererer i en bransje av sterk internasjonal karakter. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet benytter også engelsk som arbeidsspråk og rapporterer all informasjon på engelsk. Selskapets største aksjonær, Kawasaki Kisen Kaisha Ltd, med en eierandel på 95,30 % er basert i Japan. De fleste av selskapets kontraktsparter er utenlandske eller har engelsk som arbeidsspråk. Selskapet har ansatte fra mange land og det interne arbeidsspråk er på denne bakgrunn engelsk. Det er opplyst at det er ingen indikasjoner på at det vil kunne oppstå problemer ved å benytte et annet språk. Brukerne av regnskapet utgjør en lukket krets av interessenter bestående av utenlandske brukere. Selskapets administrerende direktør samt to av styremedlemmene ikke norsk-kyndige. Det er ingen forhold rundt selskapets finansiering som skulle tilsi behov for regnskap på norsk da bankforbindelser etterspør kun informasjon på engelsk. Den norske versjonen utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering og konklusjon

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 skjevt fordelt informasjon."

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se www.skatteetaten.no Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
For elektronisk henvendelse se www.skatteetaten.no		



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, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.


Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapets virksomhet er utpreget internasjonal og arbeidsspråket er engelsk. Selskapet er i det vesentlige eiet av et japansk selskap. Videre er selskapets leder og to av styremedlemmene ikke norsk språklige. Brukerne av selskapets regnskap er en lukket krets av interessenter som ikke stiller krav til norsk språk.

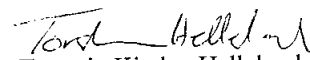
Skattedirektoratet gir på bakgrunn av en helhetsvurdering K Line Offshore AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Jan Hjelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Torstein Kinden Helleland



FY2021 Annual financial statements

Directors' report for the 12 months ended 31 March 2022

1. Company background, operating activity and place of business

K Line Offshore AS ("Company") was incorporated in 2007 and is fully owned by one of Japan's largest shipowning companies, Kawasaki Kisen Kaisha, Ltd. ("K Line").

The Company has owned and operated a fleet of Offshore Support Vessels ("OSV"). The Company is registered and has its head office in Arendal, Norway. In the beginning of the fiscal year "K" Line as shareholder decided to exit the OSV-market by selling the vessels. Sales agreements were signed in November 2021, and the vessels were delivered new owners in January and February 2022. It is decided to dissolve the Company in June 2022.

2. Vessel fleet

The Company has operated a fleet of six OSV's, of which four are Platform Supply Vessels ("PSV") and two are Anchor Handling Tug Supply ("AHTS").

PSV

KL Brofjord with NOR-flag has been on contract on the Norwegian Continental Shelf, while the three sister-vessels with international flag have been trading on short term time charters or in the spot market out of Aberdeen for the UK Continental Shelf.

AHTS

The AHTS's with NOR-flag KL Sandefjord and KL Saltfjord, which are the two most powerful vessels in the North Sea, have both been trading in the North Sea spot market. The Company has had frame agreements (call-off agreements) with some charterers which secure a certain fixed activity for the fiscal year. Both vessels have work-class Remote Operated Vehicles ("ROV"), and the ROV's have had acceptable utilization and very little downtime during the year.

The technical management, including crewing, of the vessels has since delivery been performed by OSM Offshore AS.

3. Comments related to the financial statements

The financial statements cover the 12-month period from 1. April 2021 to 31. March 2022.

Despite the decision to sell the vessels the Company were able to maintain a quite good activity with revenue of NOK 268,5 million and positive EBITDA (earnings before interest, tax, depreciation and amortization) of NOK 7,0 million.

The Company had a net loss after tax for the period of NOK 1.156,0 million which is including loss on disposal of vessels of NOK 1.044,6 million and unrealized gain on translation of loans denominated in foreign currencies of NOK 74,9 million.

The Board proposes to allocate the loss for the period of NOK 1.156,0 million to uncovered losses. At the period end the Company had a book equity of NOK 18,3 million.

The accounts give a fair view of the financial performance and position of the company. Due to the decision to dissolve the Company no considerations related to going concern is required. The liquidity for the remaining period of the Company is covered by the cash at fiscal yearend of NOK 27,7 million.



NOK LINE under dissolution

FY2021 Annual financial statements

4. The working environment and the employees

There were ten employees employed by the Company at the start of the period and at the period end there are four employees in the Company. One of the employees is a woman.

The working environment is perceived to be good. The Company does not discriminate regarding sex, race, religions or otherwise. All Directors of the Board are men.

The Company has entered a Directors and Officers Liability Insurance with a coverage of NOK 40.8 mill.

All crew on the Company's vessels are employed through a third-party contractor (companies within the OSM Group). Seafarer nationality reflects the trading areas of the vessels, and for international flag vessels, the seafarers are Pilipino and Polish. All crew are employed on contracts that are in compliance with local legislation.

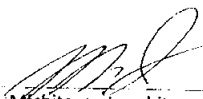
FY2021 has as FY2020 been strongly affected by the Covid-19 pandemic. The crew have experienced many challenges and complications in connection with crew changes. In the office the work has for longer periods been performed from home office.

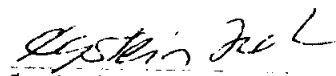
5. Health, safety, environment and quality (HSEQ)

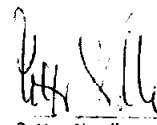
The Company has implemented a health, safety, environment and quality (HSEQ) management system with the goal to reduce the risk of injuries to people and harm to the environment to a minimum. The Company's management system is based upon internationally recognised standards and is supported by management commitment, personal accountability, training and performance measurement. The Company's management system is certified pursuant the ISO 9001:2015. During the last audit no findings were observed.

The vessels have not polluted the environment beyond what such vessels normally do (emissions to air) and all the vessels being delivered in 2010/11 are designed to be environment friendly with clean design as a class notation. There have been no significant accidents involving employees, the vessels or crew on board during the year.

Arendal, May 12th 2022


Michitomo Iwashita
Chairman


Øystein Løken
Director


Petter Nordby
Director



INCOME STATEMENT		FY2021		FY2020	
		From 1 April 2021		From 1 April 2020	
(All figures in 1 000 NOK)		To 31 March 2022		To 31 March 2021	
	Note	12 months	12 months		
Revenue					
Operating revenue		268,491		300,690	
Other revenue		53		26	
Total revenue	2, 11	268,543		300,715	
Operating Expenses					
Vessel operating expenses	2, 14	238,758		257,327	
Salary and other employee benefits	3	19,576		11,081	
Sales, general and administrative expenses	3, 18	3,222		3,462	
Depreciation and impairment of fixed assets	5	90,161		240,848	
Loss on disposal of fixed assets	5	1,044,561		0	
Total operating expenses		1,396,277		512,718	
Operating profit/(loss)		-1,127,734		-212,003	
Financial Income and expenses					
Finance income	4	2,141		14,472	
Finance cost	4	105,386		89,720	
Unrealized finance income/(cost) on foreign currency debt	4	74,934		30,491	
Net finance income		-28,312		-44,756	
Profit/(loss) before tax		-1,156,045		-256,758	
Income tax	13	0		0	
Profit/(loss) for the year		-1,156,045		-256,758	

OTHER COMPREHENSIVE INCOME		FY2021		FY2020	
		From 1 April 2021		From 1 April 2020	
(All figures in 1 000 NOK)		To 31 March 2022		To 31 March 2021	
	Note	12 months	12 months		
Profit/(loss) for the year		-1,156,045		-256,758	
Other comprehensive income					
Net movement on cash flow hedges	16	0		0	
Income tax effect		0		0	
Net other comprehensive income to be classified to profit or loss in subsequent periods:		0		0	
Other comprehensive income for the year, net of tax		0		0	
Total comprehensive income for the year, net of tax		-1,156,045		-256,758	
Allocated					
Allocated Retained earnings		0		0	
Allocated Uncovered losses		-1,156,045		-256,758	
Allocated Share premium		0		0	
Allocated Cash flow hedge reserve		0		0	
Total allocated		-1,156,045		-256,758	



STATEMENT OF FINANCIAL POSITION

(All figures in 1 000 NOK)	Note	31.03.2022	31.03.2021
ASSETS			
Non-current assets			
Vessels	5, 10, 19	0	1,789,456
Other property, plant and equipment	11	158	3,203
Total non-current assets		158	1,792,659
Current assets			
Holdings on board vessels	12	0	9,305
Trade and other receivables	6, 14, 15, 16, 17	1,638	49,513
Prepayments	6, 15, 16, 17	3,437	20,279
Other current financial assets	7, 15, 16, 17	0	164
Cash and short-term deposits	8, 15, 16, 17	27,661	85,040
Total current assets		32,737	164,301
TOTAL ASSETS		32,894	1,956,960
EQUITY AND LIABILITIES			
Equity			
Issued share capital	9	2,812,919	2,511,919
Uncovered losses		-2,794,606	-1,638,561
Total equity		18,313	873,358
Non-current liabilities			
Interest-bearing loans and borrowings	5, 8, 10, 11, 14, 15, 16, 17, 19	0	778,873
Total non-current liabilities		0	778,873
Current liabilities			
Trade and other payables	14, 15, 16, 17	14,581	60,125
Interest-bearing loans and borrowings - current portion	5, 10, 11, 14, 15, 16, 17, 19	0	199,137
Other current financial liabilities	7, 15, 16, 17	0	45,467
Total current liabilities		14,581	304,729
Total liabilities		14,581	1,083,602
TOTAL EQUITY AND LIABILITIES		32,894	1,956,960



CHANGES IN EQUITY

(All figures in 1 000 NOK)

For the financial year ended 31 March 2022	Share Capital	Share premium	Retained earnings	Cash flow hedge reserve	Total
Balance at 31 March 2021	2,511,919	0	-1,638,561	0	873,358
Profit/ (Loss) for the year	0	0	-1,156,045	0	-1,156,045
Capital increase	301,000	0	0	0	301,000
Balance at 31 March 2022	2,812,919	0	-2,794,607	0	18,312

No dividend was proposed or paid in the year.

For the financial year ended 31 March 2021	Share Capital	Share premium	Retained earnings	Cash flow hedge reserve	Total
Balance at 31 March 2020	2,296,919	0	-1,381,803	0	915,116
Profit/ (Loss) for the year	0	0	-256,758	0	-256,758
Capital increase	215,000	0	0	0	215,000
Balance at 31 March 2021	2,511,919	0	-1,638,561	0	873,358

No dividend was proposed or paid in the year.



STATEMENT OF CASH FLOW

(All figures in 1 000 NOK)

	Note	FY2021 From 1 April 2021 To 31 March 2022 12 months	FY2020 From 1 April 2020 To 31 March 2021 12 months
Operating activities			
Profit before tax		-1,156,045	-256,758
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and impairment of vessels and other PPE	5	90,161	240,848
Periodical maintenance	5	0	0
Amortization of intangible assets		0	0
Loss on disposal of fixed assets	5	1,044,561	0
Unrealized finance income/(cost) on foreign currency debt	4	-74,934	-30,491
Finance income	4	-2,141	-14,472
Finance cost	4	105,386	89,720
<i>Working capital adjustments:</i>			
Change in trade and other receivables		37,985	15,253
Change in inventories		9,305	2,688
Change in trade and other payables		-52,293	39,553
		1,985	86,340
Interest received		0	0
Interest paid		-6,662	-16,940
Net cash flows from operating activities		-4,677	69,400
Investing activities			
Purchases of other property, plant and equipment	5	-27,259	-111,858
Sale of other property, plant and equipment	5	680,393	0
Purchase of intangible assets		0	0
Net cash flows from investing activities		653,134	-111,858
Financing activities			
Proceeds from issue of new shares	9	301,000	215,000
Net proceeds from borrowings	8	0	0
Repayment of borrowings		-1,008,615	-221,678
Payment of finance lease liabilities		0	0
Net cash flows from financing activities		-707,615	-6,678
Net change in cash and cash equivalents		-59,157	-49,137
Effects of forex changes on cash and cash equivalents		1,778	-6,323
Cash and cash equivalents at beginning of the financial year		85,040	140,500
Cash and cash equivalents at end of the financial year		27,661	85,040



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K Line Offshore AS is a limited company, incorporated in Norway, headquartered in Arendal.

Address to Company headquarter is: Kystveien 14, 4841 Arendal, Norway.

The financial statements of K Line Offshore AS for the fiscal year 2021 were approved in the board meeting at April 30th 2022.

1.1 Accounting period

The company financial year ends on 31 March 2022. These financial statements cover the 12-month period from 1 April 2021 to 31 March 2022 (hereafter referred to as "FY2021"). Comparative figures are shown for the 12-month period from 1 April 2020 to 31 March 2021 (hereafter referred to as "FY2020").

1.2 Basis for preparation of the annual accounts

The financial statements have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulations for simplified IFRS (2014) issued by the Ministry of Finance on 3 November 2014.

This means that recognition and measurement comply with International Financial Reporting Standards (IFRS) and the presentation and disclosures are in accordance with the Norwegian Accounting Act, general accepted accounting practice and chapter 4 in the regulations for simplified IFRS. A detailed reference for legal framework of each part of the financial statements are listed below:

<u>Item:</u>	<u>Legal framework:</u>
Measurement and recognition	Regulations for simplified IFRS (2014) § 3-1
Director's report	Norwegian Accounting Act § 3-3a
P&L	Norwegian Accounting Act § 6-1
Other comprehensive income	IAS 1
Balance sheet	Norwegian Accounting Act § 6-2
Statement of changes in equity	Norwegian Accounting Act § 7-25
Cash flow statement	IAS 7
Notes disclosures	Norwegian Accounting Act Chapter 7, NGAAP and Regulations for simplified IFRS (2014) § 4-2 and § 4-3

1.3 Accounting policy

The Company has the option to adopt simplification to the measurement and recognition criteria's according to IFRS in accordance with the Norwegian Accounting Act § 3-9 and Regulations for simplified IFRS § 3-1, issued by the Ministry of Finance on 3 November 2014. In the FY2021 financial statements the Company has however not adopted any simplifications to the measurement and recognition criteria's according to IFRS.

Financial instruments designated as cash flow hedges are measured at fair value through other comprehensive income, vessel loans are measured at amortized cost. Otherwise the financial statements are based on historical cost.

The financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

1.4 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. No new amendments due to IFRS has been implemented in the current financial year.



1.5 Functional currency and presentation currency

The Company's presentation and functional currency is NOK.

1.6 The use of estimates and assessment of accounting policies when preparing the annual accounts

Estimates and assumptions

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities. This particularly applies to the evaluation of impairment and depreciation of vessels and amortization of intangible assets. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience. Changes in accounting estimates are recognized during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

Judgments

The management has, when preparing the financial statements; made certain significant assessments based on critical judgment when it comes to application of the accounting principles. The following items have been subjected to a significant level of judgment when applying the accounting principles:

Impairment of vessels

The vessels are reviewed for impairment on an annual basis or whenever changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined individually for each PSV, while the two AHTS is considered to be one cash generating unit (CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds the recoverable amount.

Impairment losses of NOK 123 million is recognized in FY2020. No impairment losses are recognized for any vessels in FY2021 due to all vessels are sold.

1.7 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Revenues from charter parties, both spot and time charters including ROV services are recognized as revenue on a straight-line basis over the term of the charter party.

Revenues from the sale of bunkers and other charterer's expenses are recognized as revenue once delivery has taken place and most of the risk and return has been transferred.

1.8 Segments

The Company concluded that the operating segments in accordance with IFRS 8 are the same as the business segments previously identified under NGAAP. The Company separates the PSVs and the AHTSs into separate operating segments.

For management purposes, the Company is organized into three departments which are technical and operation, chartering and corporate departments. These departments do however not comprise the basis for primary segment reporting. The financial information relating to segments and geographical distribution is presented in Note 2.



1.9 Borrowing costs

All borrowing costs, including borrowing costs directly related to the construction of a qualifying asset, are recorded in the income statement when they occur. Borrowing costs consist of interest and other costs that the Company has incurred in connection with the borrowing of funds, which together form the effective interest cost calculated on interest-bearing debt. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognized. Vessel loans and leasing obligations are recognized by amortized cost and interest expenses are calculated and recognized based on the effective interest.

1.10 Income tax

Income tax expense consists of tax payable and any changes in deferred tax. Deferred tax is calculated based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax asset is only recognized if it is probable that the Company will have sufficient taxable profit in future periods to utilize the tax asset. The Company accounts for previously not recognized deferred tax assets in the occurrence that it becomes probable that the Company will be able to utilize the deferred tax asset.

The Company is taxed in compliance with the Norwegian Tonnage Tax regime for shipping companies. This scheme entails no tax on profits and, instead, an amount based on the tonnage of the vessels is charged. Under the scheme, net taxable finance income is taxable at a rate of 22%. The tonnage tax charge is recorded as a vessel operating expense.

1.11 Tangible assets

Property, plant and equipment is recorded at cost, net of accumulated depreciation and accumulated impairment, if any. The cost of an asset includes all costs directly attributable to preparing the asset for its intended use. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates accordingly. Likewise, when a major inspection is performed, such as special surveys and dry docking, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Vessels 30 years

Periodical maintenance 3 - 5 years

Office equipment and stationary 3 - 5 years

Costs directly attributable to obtaining TC contracts are capitalized as part of the related vessel asset cost and depreciated over the lifetime of the TC contract.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recorded in the income statement when the asset is derecognized.

The assets' residual values, estimated useful lives and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.12 Leasing

The Company has applied IFRS 16 using the modified retrospective approach.



Significant accounting policies

Identifying a lease

At the inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company as a lessee

Separating components in the lease contract

For contracts that constitute, or contain a lease, the company separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The company then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions

At the lease commencement date, the company recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the company recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities

The lease liability is recognized at the commencement date of the lease. The company measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the company is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the company under residual value guarantees
- The exercise price of a purchase option, if the company is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The company does not include variable lease payments in the lease liability. Instead, the company recognizes these variable lease expenses in profit or loss.

The company presents its lease liabilities as separate line items in the statement of financial position.



Right-of-use assets

The company measures the right-of-use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprises:

- The amount of the initial measurement of the lease liability recognized
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the company. An estimate of the costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The company applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Operating leases

For operating leases, the company recognizes lease payments as other income, mainly on a straight-line basis, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The company recognizes costs incurred in earning the lease income in other operating expenses. The company adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the rental income.

1.13 Intangible assets

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognized at their fair value in the Company's opening balance sheet. Capitalized intangible assets are recognized at cost less any amortization and impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized but are expensed as occurred.

The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortized over their economic life and tested for impairment if there are any indications. The amortization method and period are assessed at least once a year. Changes to the amortization method and/or period are accounted for as a change in estimate.

1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 17.

1.15 Inventory on board vessels

Inventory consists of fuel, lube oil and other supplies on board the vessels. Inventory is valued at the lower of historic cost and net realizable value.

1.16 Classification of items in the balance sheet

Current assets and current liabilities consist of receivables and payables due within one year, and items related to the normal operating cycle. Other balance sheet items are classified as non-current assets / liabilities.



1.17 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

1.18 Equity

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities. Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity will be recorded directly in equity.

1.19 Pension

The Company contributes to a defined contribution pension scheme. Contributions are based on a percentage of the employees' gross salaries and there is no mandatory contribution required from the employees. The pension contributions are recorded in the income statement when incurred.

1.20 Contingent liabilities and assets

Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognized in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Company.

1.21 Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency spot rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are recorded in the income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The exchange rates applied as of balance sheet dates were:

	March 31, 2022	March 31, 2021
USD/NOK	8,7479	8,5249
EUR/NOK	9,7110	9,9955
GBP/NOK	11,4794	11,7306
JPY/NOK	0,071843	0,076942

The company applies foreign currency rates as reported by Norges Bank.

1.22 Events after the reporting period

New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.



K LINE OFFSHORE under dissolution FY2021 Annual financial statements

1.23 Going concern assumption – decision on dissolution

In March 2022, the company decided on dissolution of the business. The company is expected to close in the first half of 2022. The decision on dissolution does not affect the booked values as at 31 March 2022.

The company has made agreements with the employees regarding final packages. There are made accruals for estimated payments in FY2022 in the financial statement for FY2021.



NOTES

(All figures in 1 000 NOK)

NOTE 2 – SEGMENT REPORTING AND OTHER REVENUE

SEGMENT REPORTING

For management purposes the Company is organised into two business units based on the different types of vessels it operates and has two reportable segments, as follows:

- AHTS – Anchor Handling Tug Supply
- PSV – Platform Supply Vessel

Management monitors the operating results of its business units separately for the purpose of making decisions about performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

Segment reporting by business unit for the 12 months from 1 April 2021 to 31 March 2022

	AHTS	PSV	Non-allocated	Total
Revenue	162,296	106,247	0	268,543
Vessel operating expense	142,959	95,799	0	238,758
Gross profit	19,337	10,448	0	29,786
SG&A and salary expenses	9,133	13,664	0	22,798
EBITDA	10,204	-3,216	0	6,988
Depreciation and amortization	48,248	41,913	0	90,161
Loss on disposal of fixed assets	672,387	372,174	0	1,044,561
Operating profit/(loss)	-710,431	-417,303	0	-1,127,734
Net finance income/(cost) before unrealized FX loans	-65,085	-38,160	0	-103,245
Unrealized finance income/(cost) on foreign currency debt	0	0	74,934	74,934
Profit for the year	-775,516	-455,463	74,934	-1,156,045

Segment reporting by business unit for the 12 months from 1 April 2020 to 31 March 2021

	AHTS	PSV	Non-allocated	Total
Revenue	175,766	124,950	0	300,715
Vessel operating expense	138,691	118,636	0	257,327
Gross profit	37,075	6,313	0	43,388
SG&A and salary expenses	5,779	8,765	0	14,543
EBITDA	31,297	-2,452	0	28,845
Depreciation and amortization	62,021	54,034	2,093	118,147
Impairment loss	60,600	62,100	0	122,700
Operating profit/(loss)	-91,324	-118,585	-2,093	-212,002
Net finance income/(cost) before unrealized FX loans	-65,490	-9,757	0	-75,247
Unrealized finance income/(cost) on foreign currency debt	0	0	30,491	30,491
Profit for the year	-156,814	-128,342	28,398	-256,758

Company financing is only allocated to a segment if it relates directly to that segment. Realized foreign exchange gains and losses on such segment financing are allocated to the segment. Unrealized foreign exchange gains and losses are not allocated to operating segments, nor are realized foreign exchange gains and losses on items such as trade payables and receivables.

The table below shows the geographic location of where revenue was generated in the period.

Geographic reporting of revenue	FY2021	FY2020
North Sea and Barentz Sea	268,491	300,690
Other	53	26
Total	268,544	300,715

OTHER REVENUE

In FY2021 other revenue is related to reimbursed expenses not related to vessel operation with kNOK 53.

In FY2020 other revenue is related to reimbursed expenses not related to vessel operation with kNOK 26.

**NOTE 3 – SALARIES AND OTHER EMPLOYEE BENEFITS**

	FY2021	FY2020
Salaries and other employee benefits:		
Wages	9,813	9,206
Social security costs	1,528	1,355
Pension costs	476	379
Other remunerations	7,759	141
Total salaries and other employee benefits	19,576	11,081
Number of full time employee years	9.4	8.3

Pension scheme

The Company has set up a defined contribution pension scheme in favour of the employees. The pension fund is managed by a third party pension fund provider. Under the pension scheme the Company contributes an amount on behalf of each employee into the pension fund. The contribution is a fixed percentage of the employee's gross salary and is equal for all Norwegian employees. Japanese employees participates in a defined contribution pension scheme in Japan. No mandatory contribution is required from the employees. The Company has no ownership of the pension fund and its only obligation is to pay pension contributions to the pension fund in line with earned salary. The pension scheme fulfills the Company's obligations under Norwegian law regarding pensions for employees.

Payments to key employees	CEO
Salary	1,562
Other employment benefits	10
Total	1,572

Payments to key employees is for the calendar year 2021.

Other employment benefits include taxable benefits such as company car, telephone and internet allowances. The CEO does not have any compensation benefit package in relation to termination of employment contract.

The Company does not have a formal bonus scheme for any employees, nor share-based compensation schemes. No bonuses were paid out for FY2021.

Auditor:	FY2021	FY2020
Statutory audit	422	312
Other assurance and tax related services	93	22
Total	515	334

Amounts invoiced excluding VAT.

NOTE 4 – FINANCIAL INCOME AND EXPENSES**Net finance items**

	FY2021	FY2020
Finance income		
Realized forex gain on repayment of borrowings	0	13,832
Realized forex gain on bank revaluation	1,778	0
Interest income	78	503
Forex gain on other financial assets and liabilities	284	137
Total finance income	2,141	14,472
Finance cost		
Realized forex loss on repayment of borrowings	51,560	62,201
Financial cost of borrowings	39,351	20,356
Forex loss on other financial assets and liabilities	14,475	7,163
Total finance cost	105,386	89,720
Unrealized forex gain/(loss) on foreign currency debt	74,934	30,491
Net finance income/(cost)	-28,312	-44,756



NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

<u>Vessels</u>	<u>AHTS</u>	<u>PSV</u>	<u>Total</u>
Cost			
Balance as of 31 March 2021	2,004,867	1,896,314	3,901,181
Additions	24,735	199	24,934
Balance as of 31 March 2022	2,029,602	1,896,513	3,926,115
Depreciation			
Balance as of 31 March 2021	669,382	653,896	1,323,278
Depreciation for the year	47,958	41,478	89,436
Balance as of 31 March 2022	717,340	695,374	1,412,714
Impairment loss/ (gain)			
Balance as of 31 March 2021	316,900	471,547	788,447
Impairment loss/ (gain) for the year	0	0	0
Balance as of 31 March 2022	316,900	471,547	788,447
Sale of vessels	322,975	357,418	680,394
Loss sale of vessels	672,387	372,174	1,044,561
Carrying amounts			
Balance as of 31 March 2021	1,018,585	770,871	1,789,456
Balance as of 31 March 2022	0	0	0
Of which carrying amounts held under finance lease:			
Balance as of 31 March 2021		0	0
Balance as of 31 March 2022		0	0

Five of the six owned vessels, has during FY21 been pledged as security for the bank loans, see Note 10 *Interest bearing loans and borrowings*.
All vessels was sold and delivered to new owners in January and February 2022.



NOTE 6 – TRADE & OTHER RECEIVABLES AND PREPAYMENTS

	31.mar.22	31.mar.21
Trade receivables	457	16,395
Accrued revenue	0	14,213
Total receivable from customers	457	30,608
Prepayments	3,437	37,627
VAT receivable	1,009	963
Other receivable	173	594
Total trade & other receivables and prepayments	5,076	69,792

The standard terms of trade receivables are 30 days credit terms and interest is chargeable at 8,50% per annum on overdue amounts. During the financial year ended 31 March 2022 no interest on late payments from customers was recognized (FY2020: KNOK 0).

Accrued revenue is revenue earned at the period end that has not yet been invoiced to customers. For term contracts, the Company invoices customers for revenue at the beginning of the next month. For spot contracts, generally the Company invoices customers on completion of the spot contract.

The Company's typical customer base consists of large, well known oil and oil service companies, with good credit ratings. The Company has not recognized any provision for doubtful debt either as of 31 March 2022 or as of 31 March 2021. Furthermore the company has not experienced losses on bad debt to date.

The other receivables are not interest bearing and are all short-term in nature.

NOTE 7 – OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Other financial assets	31.mar.22	31.mar.21
Forward exchange forward contracts	0	164
Total other financial liabilities	0	164

Other financial liabilities	31.mar.22	31.mar.21
Foreign exchange forward contracts	0	45,467
Total other financial liabilities	0	45,467

Financial assets and liabilities reflects fair value of open foreign exchange contracts booked to P&L. See also note 16 - Derivative financial instruments and hedging.



NOTE 8 – CASH AND SHORT-TERM DEPOSITS

	31.mar.22	31.mar.21
Cash at banks (non-restricted)	27,286	84,720
Restricted bank deposits	375	321
Total cash and short-term deposits	27,661	85,040

Cash at banks earn interest at floating rates based on the daily bank deposit rates.

Restricted bank deposits are employee salary taxes withheld and paid over to the taxation authorities on behalf of the employees.

NOTE 9 – SHARE CAPITAL

The total issued share capital of K Line Offshore AS as of 31 March 2022 consists of 2 812 919 shares (31 March 2021: 2 511 919 shares), each with par value NOK 1 000. All issued shares are fully paid. There is only one class of share. Each share carries the same voting rights.

The shareholders of the Company are	31.mar.22		31.mar.21	
	Number of shares	Ownership	Number of shares	Ownership
Kawasaki Kisen Kaisha, Ltd	2,812,919	100 %	2,511,919	100 %
Total	2,812,919	100 %	2,511,919	100 %

The Company's financial statements is consolidated into the consolidated financial statements of parent company Kawasaki Kisen Kaisha Ltd, which is headquartered in Tokyo, Japan. The consolidated financial statements of Kawasaki Kisen Kaisha Ltd. can be delivered by sending a request to Kawasaki Kisen Kaisha Ltd., Iino Building, 1-1, uchisaiwaicho 2- Chome, Chiyoda- ku, Tokyo 100-8540, Japan.

NOTE 10 - INTEREST BEARING LOANS AND BORROWINGS

Non-current liabilities measured at amortized cost	Maturity	31.mar.22	31.mar.21
JPY 4 310 million bank loan	2012 – '23	0	61,683
JPY 4 321 million bank loan	2012 – '23	0	165,736
JPY 4 297 million bank loan	2012 – '23	0	61,236
EUR 96 million bank loan	2012 – '23	0	479,870
USD 132 million bank loan	2012 – '23	0	209,484
Total interest bearing loans and borrowings		0	978,010
Current liability portion (total installments due within 12 months)		0	199,137
Non-current liability		0	778,873

The external loans are secured by a mortgage on the owned vessels, see Note 5 - Property, plant and equipment. All loans are re-paid in January and February 2022 due to sale of the vessels.



NOTE 10 - INTEREST BEARING LOANS AND BORROWINGS - continues

Vessels as collateral for bank loans	31.mar.22	31.mar.21
Carrying value of owned vessels pledged as collateral	0	1,599,566
The shareholder, Kawasaki Kisen Kaisha Ltd., has provided bank guarantees for the bank loans.		
	31.mar.22	31.mar.21
The amount of the bank loans due for repayment after 5 years	0	0

NOTE 11 - LEASES

The company as lessee

The company leases several assets such as offices and a company car. The company's right-of-use assets are categorised and presented in the table below.

Right-of-use assets	Offices	Vehicles	Total
Acquisition cost April 1st 2021	3,487	387	3,874
Addition to right-of-use assets	0	0	0
Changes due to termination of lease contracts	-2,208	-116	-2,324
Acquisition cost March 31st 2022	1,278	271	1,550
Accumulated depreciation April 1st 2021	490	181	671
Depreciation	631	90	721
Accumulated depreciation March 31st 2022	1,121	271	1,392
Carrying amount of right-of-use assets March 31st 2022	158	0	158
<u>Lease liabilities</u>			Total
Undiscounted lease liabilities and maturity of cash outflows			
Less than 1 year			158
1-2 years			0
Total undiscounted lease liabilities at March 31st 2021			158

NOTE 12 - HOLDINGS ON BOARD VESSELS

	31.mar.22	31.mar.21
Lube oils	0	3,075
Bunkers	0	6,229
Total	0	9,305



NOTE 13 – TAXATION

The Company is taxed under the Norwegian tonnage tax regime for shipping companies. Under this scheme the Company pays no standard corporate income taxation on operational shipping activities and only pays income tax on certain net finance income.

The Company pays a tonnage duty based on the Company's net tonnage of its vessels. An amount of kNOK 72 relating to tonnage duty was paid in FY2021 and in FY2020 an amount of kNOK 72 was paid. Tonnage tax is recorded as an operating cost.

	FY2021	FY2020
Payable tax:		
Profit/(loss) for the period	-1,156,045	-256,758
Less: Profit/(loss) outside tonnage tax regime & non-taxable	1,154,489	258,518
Taxable profit/(loss)	-1,556	1,760
Utilized/allocated to taxable losses brought forward	1,556	-1,760
Payable tax	0	0
Tax charge:		
Income tax charge	0	0
Change in deferred tax	0	0
Total tax charge:	0	0
Specification of deferred tax:		
Taxable losses carried forward	-87,917	-86,361
Total	-87,917	-86,361
Deferred tax assets	19,342	18,999
Nominal tax rate	22 %	22 %

The taxable loss carried forward is the accumulated net taxable finance cost/income that is taxable as a corporate income tax under the Norwegian tonnage taxation scheme. The deferred tax asset is not recognized as there is uncertainty as to whether the Company will make a future taxable net finance income in order to utilize the deferred tax asset.



NOTE 14 – RELATED PARTIES

The Company had the following transactions with related parties in the reporting period:

	Costs charged by related parties		Amounts owed to related parties	
	FY2021	FY2020	31.mar.22	31.mar.21
<i>Transactions with the entity that controls the Company (the "Parent")</i>				
Kawasaki Kisen Kaisha Ltd.	869	1,376	252	0

Total transactions invoiced from related parties	869	1,376	252	0
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	Costs charged to related parties		Amounts owed by related parties	
	FY2021	FY2020	31.mar.22	31.mar.21
<i>Transactions with the entity that controls the Company (the "Parent")</i>				
Kawasaki Kisen Kaisha, Ltd.	53	26	0	0

Total transactions invoiced to related parties	53	26	0	0
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Costs charged by related parties include operating costs. Amounts owed to related parties include both amounts included in trade and other payables.

Transactions with the Parent and Group companies

The Parent company of the Company is Kawasaki Kisen Kaisha, Ltd, a Japanese company. Transactions with Kawasaki Kisen Kaisha, Ltd relate to a bank loan guarantee fees, consultancy fees and reimbursements of expenses. Transactions with other Group companies are consultancy fees and service fees.

NOTE 15 – FINANCIAL RISK

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings. The main purpose of these financial liabilities is to finance the Company's vessels and operations. In addition the Company has financial instruments such as account receivables, accounts payables etc. which are directly linked to the every day operation. The Company's principal financial assets are trade and other receivables, and cash and short-term deposits that arrive directly from its operations. In addition the company enters into derivatives financial instruments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of financial risks, supported by the Board of Directors. There has been no change since the previous year in the type of financial risk exposure, nor in the way the Company manages or measures its financial risk.

The Company seeks to minimize the effects of financial risks by using derivative financial instruments. The derivative financial instruments are not accounted for as hedging. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments the Company has that are affected by market risk include loans and borrowings, and trade receivables. The Company does not have any financial instruments significantly affected by commodity price risk or other price risk.

Interest rate risk

The Company is exposed to interest rate risk because the Company borrows funds at both floating and fixed interest rates.

The Company manages its interest rate risk by having what it views as an appropriate mix of fixed and variable rate loans. To further diversify the interest rate risk, the variable interest rates are pegged against a spread of currency interest rates, NIBOR, LIBOR and EURIBOR, so to increase the chance that any adverse changes in one of the interest rates may be offset by positive changes in another. All loans are re-paid in January and February 2022 due to sale of vessels



NOTE 15 – FINANCIAL RISK - continues

Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency), long-term debt obligations and trade receivables.

The Company's operating activities are primarily in NOK, with a significant portion also in GBP.

Trade receivables denominated in foreign currencies are payable on standard credit terms within 30-days and due to the short nature of trade receivables the foreign currency risk related to trade receivables is considered negligible.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	31.mar.22		31.mar.21	
	Assets	Liabilities	Assets	Liabilities
Currency – JPY	254	0	693	310,765
Currency – BRL	0	0	828	0
Currency – USD	735	0	17,358	221,376
Currency – EUR	853	0	828	502,380
Currency – GBP	741	0	18,356	1,997
Total in foreign currency	2,582	0	38,062	1,036,518
Total in NOK	30,155	14,581	116,934	47,084
Total monetary assets/liabilities	32,737	14,581	154,997	1,083,602

As of 31 March 2022 0% of the Company's borrowings are denominated in foreign currencies (31 March 2020: 94%). The Company has managed its exposure to foreign currency risk related to borrowings by potentially entering into forward foreign exchange contracts for the installments due up to one year ahead. The position of the Company is evaluated on an ongoing basis by Management with respect to expectations about the foreign exchange rates and the Company's risk appetite.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. The Company has not provided any guarantees for third parties liabilities.

Trade receivables

The Company's customers are primarily established, credit worthy oil and oil service companies and management evaluate the creditworthiness of each customer on an individual basis when evaluating whether or not to enter a contract with the customer. Outstanding customer receivables are monitored on an ongoing basis. Each customer has a standard credit period of 30 days and interest is chargeable on late payments.

As of 31 March 2022 the Company had five customers (31 March 2021: thirteen customers) that owed trade receivable balances. There were no customer (31 March 2021: one customer) with a balance greater than NOK 10 000. The Company has no history of customers who have defaulted on balances owed and, therefore, the Company has not recorded any bad debts to date. The Company's maximum exposure to credit risk relating to trade receivables is the amount presented as trade and other receivables in the balance sheet.

Cash deposits

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company's maximum exposure to credit risk relating to cash deposits is the amount presented as cash and short-term deposits in the balance sheet.



NOTE 15 – FINANCIAL RISK - continues

Liquidity risk

Liquidity risk is the risk that the Company has insufficient liquid funds to meet obligations when they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors.

All interest bearing loans are re-paid in FY21.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with earliest repayment periods.

31.mar.22	< 1 yr	1 – 5 yrs	> 5 yrs	Total
Trade & other payables	14,581	0	0	14,581
Interest-bearing borrowings	0	0	0	0
Total	14,581	0	0	14,581

31.mar.21	< 1 yr	1 – 5 yrs	> 5 yrs	Total
Trade & other payables	60,125	0	0	60,125
Interest-bearing borrowings	199,137	778,873	0	978,010
Total	259,262	778,873	0	1,038,134

The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the amount is based on the interest rate at the end of the reporting period. For liabilities denominated in foreign currencies, the amounts have been translated to NOK at exchange rates prevailing at the end of the reporting period.

Other disclosures

No financial assets have been reclassified in such a way that the valuation method has been changed from amortised cost to fair value or vice versa.

Capital structure and equity

	31.mar.22	31.mar.21
Interest-bearing debt	0	978,010
Accounts payable	14,581	60,125
Less cash	-27,661	-85,040
Net debt	-13,080	953,094
Equity	18,313	873,358
Sum equity and net debt	5,233	1,826,452


NOTE 16 – DERIVATIVE FINANCIAL INSTRUMENTS

	31.mar.22		31.mar.21	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange forward contracts	0	0	164	45,467
Fair value	0	0	164	45,467

Foreign exchange forward contracts

The Company enters into forward currency contracts to fix the exchange rate for certain contractual payments related to its foreign currency denominated borrowings.

Gains and losses recognized on forward foreign exchange contracts are recognized in the income statement in the period(s) during which the transaction affects the income statement.

The following table details the forward foreign currency (FC) contracts outstanding as of 31 March 2022 (31 March 2021). These contracts are not designated as hedge accounting.

There are no outstanding forward currency contracts as at 31 March 2022.

	31.mar.21	Maturity	Average forex rate	Foreign currency	Notional value	Fair value asset/
						(liability)
				FC'000	NOK'000	NOK'000
Buy JPY		08.04.2021	12.039000	3,602,676	299,250	-20,967
Buy EUR		08.04.2021	10.507600	48,100	505,416	-23,357
Buy USD		08.04.2021	8.530900	19,744	168,437	87
Buy USD		08.04.2021	8.512200	4,960	42,218	77
Buy JPY		08.04.2021	0.084140	162,038	13,634	-1,143
Fair value						-45,303

All FX forward contracts have forward dates less than 12 months from the reporting period.

No separate derivative financial instruments relating to items other than borrowings were held at 31 March 2020 or 31 March 2019.

Determination of fair value

The fair value of forward exchange contracts is determined using the forward exchange rate at the end of the reporting period. For all above mentioned derivatives, the fair value is confirmed by the financial institution with which the Company has entered into the contracts.

The following of the Company's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, trade payables, other current liabilities, current portion of long-term debts and long-term debts.

The fair value of loan notes have been calculated using interest rates for debt with similar time to maturity and credit risk.

The fair value of financial assets and liabilities recognised at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the end of the reporting period. This applies to liabilities resulting from finance lease (see note 11).

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments.

	31.mar.22		31.mar.21	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	27,661	27,661	85,040	85,040
Prepayments	3,437	3,437	20,279	20,279
Trade receivables	1,638	1,638	49,513	49,513
Foreign exchange derivatives	0	0	164	164
Total financial assets	32,737	32,737	154,995	154,995
Financial liabilities				
Trade and other payables	14,423	14,423	60,125	60,125
Interest rate swaps	0	0	45,467	45,467
<i>Interest-bearing loans and borrowings:</i>				
Bank loans	0	0	974,808	1,018,778
Obligations under finance lease	158	158	3,203	3,203
Total financial liabilities	14,581	14,581	1,083,605	1,127,573

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For recurring level 3 measurements, transfers between the levels in the fair value hierarchy are evaluated when reassessing the categories of the financial instruments at the end of the period.

No financial instruments was measured as at 31 March 2022.



NOTE 17 - CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31.mar.22					
Assets	Financial assets	Accounts receivable	Other current assets	Cash and cash equivalents	Total Financial assets
<i>Financial assets at fair value</i>					
Designated as such upon initial recognition					0
Held-to-maturity investments					
Loans and receivables		1,638	3,437	27,661	32,737
Available for sale financial assets					
Total					32,737
Liabilities	Financial liabilities	Provisions	Short term financial liabilities	Accounts payable	Total financial liabilities
<i>Financial liabilities at fair value</i>					
Designated as such upon initial recognition					0
<i>Financial liabilities measured at amortised cost</i>					
Other financial liabilities				14,581	14,581
Total					14,582
31.mar.21					
Assets	Financial assets	Accounts receivable	Other current assets	Cash and cash equivalents	Total Financial assets
<i>Financial assets at fair value</i>					
Designated as such upon initial recognition	164				164
Held-to-maturity investments					
Loans and receivables		49,513	20,279	85,040	154,832
Available for sale financial assets					
Total					154,996
Liabilities	Financial liabilities	Provisions	Short term financial liabilities	Accounts payable	Total financial liabilities
<i>Financial liabilities at fair value</i>					
Designated as such upon initial recognition	45,467				45,467
<i>Financial liabilities measured at amortised cost</i>					
Other financial liabilities	778,873		199,137	60,125	978,010
Total					1,083,601



BRØNNØYSUNDREGISTRERNE under dissolution

FY2021 Annual financial statements

NOTE 18 SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Specification of sales, general and administrative expenses

	FY2021	FY2020
Rental and leasing costs	54	181
Travel, courses and meeting costs	472	275
Office related costs	131	266
IT and telephone costs	609	636
Consultancy fees and external personnel	551	473
Other costs	1,522	1,528
Total	3,222	3,462

Auditor remuneration is included in consultancy fees and external personnel expenses listed above. See note 7 regarding specification of remuneration to auditors.


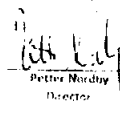
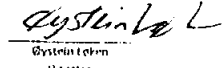
NOTE 19 ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies in accordance to IFRS, management has made various judgments and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Changes in key assumptions may have significant effects and may cause material differences to the carrying amounts of assets and liabilities, equity and the profit for the year.

The company's most important accounting estimates are the following items:
• Depreciation and impairment of vessels
• Impairment of vessels

All vessels are sold and delivered to new owners in January and February 2022.

Arendal, May 12th 2022

 Mikkelmo Swastika Chairman	 Petter Nordby Director
 Øystein Eken Director	



RSM

RSM Norge AS

To the General Meeting of K Line Offshore AS - under liquidation

Frolandsveien 6, 4847 Arendal
Org.nr: 982 316 588 MVA

T +47 38 07 07 00
F +47 23 11 42 01

www.rsmnorge.no

Independent Auditor's Report

Opinion

We have audited the financial statements of K Line Offshore AS - under liquidation (the Company), which comprise the balance sheet as at 31 March 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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 are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities 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.

Emphasis of Matter

We draw attention to Note 1 to these financial statements and the Board of Director's report, which refers to the intention of management to liquidate the Company subsequent to the balance sheet date, subject to approval from the General Meeting. These financial statements have therefore been prepared using a liquidation basis of accounting. Our opinion is not modified in respect of this matter.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Norge AS er et medlem av RSM Group, som er et globalt nettverk av selskaper som tilbyr tjenester innen revisjon, skatt og rådgivning. RSM Norge AS er et selskap som er registrert i Norge og er underlagt norsk lov. RSM Norge AS er et selskap som er registrert i Norge og er underlagt norsk lov.

RSM Norge AS er et selskap som er registrert i Norge og er underlagt norsk lov.

Pemseo Dokumenttrakk: UNFY-6LCSY-1E130-POP85-2K6LK-66MK2



Independent Auditor's Report 2021 for K Line Offshore AS -
under liquidation



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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. Management has decided to liquidate the Company.

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 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 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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. Management has decided to liquidate the Company. 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 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.

Arendal, 12 May 2022
RSM Norge AS

Johan Bringsverd
State Authorised Public Accountant
(This document is signed electronically)

Fornøso Dokumenttrekkel: UNFSY-6EC3Y-1E13D-PDP85-2IG6LK-6NKN2



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Johan Thulin Bringsverd

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