



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 915 143 415
Organisasjonsform: Kommandittselskap
Foretaksnavn: ISLAND NAVIGATOR HOLDING KS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund
Dato for fastsettelse av årsregnskapet: 22.06.2020

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, 01.10.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2		7 500 000
Sum inntekter		0	7 500 000
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	6	74 208	
Varekostnad	3	439 800	674 493
Annen driftskostnad	3	2 157 628	246 729
Sum kostnader		2 671 636	921 222
Driftsresultat		-2 671 636	6 578 778
Finansinntekter og finanskostnader			
Inntekt på andre investeringer	4		11 969 642
Annen renteinntekt	5	8 782	31 621
Annen finansinntekt	5	6 822	242
Sum finansinntekter		15 604	12 001 505
Rentekostnad til foretak i samme konsern		852 418	509 702
Annen rentekostnad	5	1 386	
Annen finanskostnad	5	452	82 243
Sum finanskostnader		854 256	591 945
Netto finans		-838 652	11 409 560
Ordinært resultat før skattekostnad		-3 510 288	17 988 338
Ordinært resultat etter skattekostnad		-3 510 288	17 988 338
Årsresultat		-3 510 288	17 988 338
Overføringer og disponeringer			
Utbytte		0	0
Udekket tap		-3 510 287	17 988 337
Sum overføringer og disponeringer	9	-3 510 287	17 988 337



Resultatregnskap

Beløp i: NOK	Note	2019	2018
---------------------	-------------	-------------	-------------



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Varer	6	53 281 956	53 281 956
Sum varer		53 281 956	53 281 956
Fordringer			
Andre fordringer	7	179 498	1 849 331
Sum fordringer		179 498	1 849 331
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		635 477	570 161
Sum bankinnskudd, kontanter og lignende		635 477	570 161
Sum omløpsmidler		54 096 931	55 701 448
SUM EIENDELER		54 096 931	55 701 448

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2019	2018
Egenkapital			
Innskutt egenkapital			
Selskapskapital		1 600 000	1 600 000
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital	10	1 600 000	1 600 000
Opptjent egenkapital			
Annen egenkapital		13 363 273	16 873 560
Sum opptjent egenkapital		13 363 273	16 873 560
Sum egenkapital	9	14 963 273	18 473 560
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	7	18 178 899	16 817 508
Sum annen langsiktig gjeld		18 178 899	16 817 508
Sum langsiktig gjeld		18 178 899	16 817 508
Kortsiktig gjeld			
Leverandørgjeld	7	2 605 327	547 500
Annen kortsiktig gjeld	7	18 349 433	19 862 878
Sum kortsiktig gjeld		20 954 760	20 410 378
Sum gjeld		39 133 659	37 227 886
SUM EGENKAPITAL OG GJELD		54 096 932	55 701 446



Skattedirektoratet

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

ISLAND OFFSHORE MANAGEMENT AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

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

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318 E-post: skatteetaten.no/sendepost	Sentraltbord 800 80 000 Telefaks 22 17 08 60
--	--	---



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut speulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eiet av et utenlandsk selskap. Eierkretsen er begrenset. Selskapenes forretningspråk er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Island Navigator Holding KS

Annual report 2019

Annual accounts

- Income statement
- Balance sheet
- Notes

Auditors' report



Island Navigator Holding KS

Income statement

	Note	2019	2018
Revenue			
Sales revenue	2	<u>0</u>	<u>7 500 000</u>
Operating expenses			
Cost of stocks	6	74 208	389 493
Other operating expenses	3	<u>2 597 427</u>	<u>531 729</u>
Total operating expenses		<u>2 671 635</u>	<u>921 222</u>
Operating result		<u>-2 671 635</u>	<u>6 578 778</u>
Financial income and expenses			
Income from investments in subsidiaries and associated companies	4	0	11 969 642
Other financial income	5	15 604	31 863
Interest paid to group companies		852 418	509 702
Other financial expenses	5	<u>1 838</u>	<u>82 243</u>
Net financial items		<u>-838 652</u>	<u>11 409 560</u>
Ordinary result before tax		<u>-3 510 287</u>	<u>17 988 338</u>
Net profit or loss for the year		<u>-3 510 287</u>	<u>17 988 338</u>
Allocated as follows			
Transferred to other equity		-3 510 287	16 873 560
Uncovered losses		<u>0</u>	<u>1 114 777</u>
Total allocations	9	<u>-3 510 287</u>	<u>17 988 337</u>



Island Navigator Holding KS

Balance sheet as of December 31

	Note	2019	2018
Current assets			
Inventories	6	<u>53 281 956</u>	<u>53 281 956</u>
<i>Receivables</i>			
Other receivables	7	<u>179 498</u>	<u>349 329</u>
Total accounts receivable		<u>179 498</u>	<u>349 329</u>
Cash and cash equivalents		<u>635 477</u>	<u>570 161</u>
Total current assets		<u>54 096 931</u>	<u>54 201 446</u>
Total assets		<u>54 096 931</u>	<u>54 201 446</u>

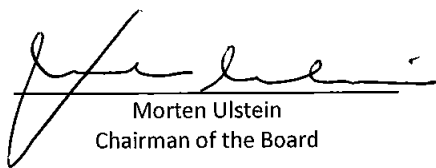


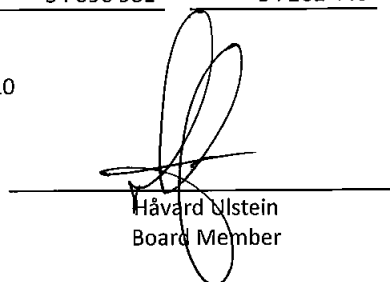
Island Navigator Holding KS

Balance sheet as of December 31

	Note	2019	2018
Equity			
<i>Paid-in capital</i>			
Share capital	10	<u>1 600 000</u>	<u>1 600 000</u>
Total paid-in capital		<u>1 600 000</u>	<u>1 600 000</u>
<i>Retained earnings</i>			
Other equity		<u>13 363 273</u>	<u>16 873 560</u>
Total retained earnings		<u>13 363 273</u>	<u>16 873 560</u>
Total equity	9	<u>14 963 273</u>	<u>18 473 560</u>
Liabilities			
<i>Other long-term liabilities</i>			
Other long-term liabilities	7	<u>18 178 899</u>	<u>16 817 508</u>
Total other long term liabilities		<u>18 178 899</u>	<u>16 817 508</u>
<i>Current liabilities</i>			
Trade creditors	7	2 605 327	547 500
Other short-term liabilities	7	<u>18 349 432</u>	<u>18 362 878</u>
Total current liabilities		<u>20 954 759</u>	<u>18 910 378</u>
Total liabilities		<u>39 133 658</u>	<u>35 727 886</u>
Total equity and liabilities		<u>54 096 931</u>	<u>54 201 446</u>

Ulsteinvik,
31 December 2019/ 28 April 2020


Morten Ulstein
Chairman of the Board


Håvard Ulstein
Board Member



Notes to the financial statements 2019

Island Navigator Holding KS

NOTE 1 ACCOUNTING PRINCIPLES

Island Navigator Holding KS is included in the consolidated financial statement for Island Offshore Shipholding, L.P. , c/o Island Offshore Shipping AS, Stålhaugen 12, 6065 Ulsteinvik, Norway.

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles for small businesses (NRS 8) in Norway.

The significant principles are described below.

Revenue and expense recognition

Revenue is recognized at the time of the earned income principle and expenditure should be expensed in the same period as the corresponding income. Other costs are expensed when incurred.

Classification criteria

Assets to be owned or utilized permanently, and receivables falling due later than one year from the end of the accounting year, are classified as fixed assets. Other assets are classified as current assets. Same principles are assumed for liabilities.

Valuation of current assets

Current assets are recorded net of expected future losses and at the lowest value of cost price and market value.

Bunkers and lube oil balances are accrued in the balance sheet based upon consumption and purchase price.

Stock

Value of stock are determined at the lower of acquisition cost and fair value. The fair value is defined as the estimated sales value after deduction for sales costs on the date of valuation. The value of stock takes into consideration any obsolete items which will be written down to fair value.

Receivables

Account Receivables and other Receivables are recorded in the balance sheet at face value after deduction of expected loss. Loss on debtors is accounted for on basis of individual assessment of the receivables.

Currency

Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and current liabilities are recorded at the exchange rate at the balance sheet date.

Taxes

Deferred tax/tax asset is calculated on the basis of all differences between accounting and tax values for assets and liabilities. Deferred tax is estimated with 22% rate based on the temporary differences between tax and accounting values, as well as deferred tax loss carried forward at the end of the accounting year. Deferred tax asset is based on taxable loss to be utilized in future taxable profit.



Notes to the financial statements 2019

Island Navigator Holding KS

NOTE 2 THE COMPANY BUSINESS

The Company's main purpose was to be the ship-owner of Island Navigator a UT777 Top-hole Drilling vessel. The partnership had a contract with Kawasaki Heavy Industries to build the vessel and planned delivery was in January 2019. In January 2018, the parties agreed a termination agreement whereby the shipbuilding contract was terminated. The Company received a compensation for the cancelled contract by way of repayment of instalment paid, annulment of seller financing and the receipt of project specific equipment purchased by the builder.

In 2018, the Company sold an umbilical winch from the project specific equipment to its ultimate parent company Island Offshore Shipholding, L.P. of which NOK 7.5 mill was recognized as sales revenue as per 31.12.18. There has been no sale from the stock in 2019.

NOTE 3 PAYROLL, EMPLOYEES, AUDIT FEES

The company has no employees and no obligation to have pension funds, and no fees or remuneration has been paid to the Board of Directors.

Audit fee has been paid in total NOK 123.779 for Island Navigator Holding KS and Island Navigator Holding AS. Of this, the Company has expensed NOK 70.760 as fee to the auditor for the assistance of tax reporting in relation to the restructuring of the Company and its subsidiaries.

NOTE 4 INVESTMENT IN FINANCIAL FIXED ASSETS

The Company has previous years recognized value of shares in limited companies and partnerships in accordance with the equity method. Due to the reorganization and liquidation of subsidiaries in 2018, the Company recorded NOK 11.696.642 as net profit related to the liquidation settlement and results from partnerships as per 31.12.18 in accordance with equity method.

NOTE 5 SPECIFICATIONS OTHER FINANCIAL ITEMS

Other financial income comprises:

	2019	2018
Interest income	7 973	181
Other interest receivable	809	31 440
Foreign exchange gain	6 822	242
Total other Financial Income	15 604	31 863

Other Financial expenses comprises:

	2019	2018
Loss related to sale of shares		82 001
Other interest expense	1 386	
Foreign exchange gain	452	242
Total other Financial Expenses	1 838	82 243

**Notes to the financial statements 2019**

Island Navigator Holding KS

NOTE 6 VALUATION OF STOCK

With reference to Note 2, the Company received in 2018 a compensation for the cancelled Island Navigator contract by way of repayment of instalment paid, annulment of seller financing and the receipt of project specific equipment purchased by the builder.

Estimated market value of the equipment received is assessed to NOK 53,3 mill recorded as inventory as per 31.12.19. The estimate is based on net realizable value of each equipment category, applying conservative assumptions due to significant uncertainty regarding the demand for and application of specialized marine and drilling equipment. The analysis includes consulting vendors and other external sources, however price references are limited.

NOTE 7 RELATED PARTIES

Transactions with related parties:	2019	2018
Trade creditor Island Offshore Management AS	-2 605 327	-277 086
Other short term loan Island Navigator Holding AS	-3 918 186	-3 905 374
Other short term loan Island Investment LLC	-4 467	-13 033
Other short term liabilities Island Offshore Management AS	-13 348 416	-13 348 416
Accrued interests on intercompany creditors	-852 418	-811 056
Long term liabilities Island Offshore Shipholding L.P.	-18 178 899	-16 817 508

Loans from related parties have been charged with interests at market rates based on arm's length principles. Other short term loan from the general partner Island Navigator Holding AS relates to the liquidation settlement regarding Island Navigator I KS as 10% of the settlement belongs to the general partner.

Transactions with related parties in Profit and Loss Accounts	2019	2018
Management fee	-439 800	-285 000

The company has entered into management agreements with Island Offshore Management AS to carry out commercial services for the Company including the supervisory services for the storage of stock. The services also includes administration, sales, accounting and technical operations. According to the management agreement, the Company will refund all direct costs related to the company, to the management company. An annual fee is paid based on arm's length principle.

**Notes to the financial statements 2019**

Island Navigator Holding KS

NOTE 8 TAXES

Deferred tax is calculated on the basis of temporary differences between accounting and tax values existing at the end of the accounting period.

Negative temporary differences and positive temporary differences that are reversible in the same period are offset and recorded net.

	<u>2019</u>	<u>2018</u>
Temporary differences	-	-
Deferred tax basis	-	-
Deferred tax +/- Deferred tax asset -	-	-
Deferred tax rate	22 %	22 %

Calculation of this year's tax expense:

	<u>2019</u>	<u>2018</u>
Profit before tax	-3 510 287	17 988 338
Permanent differences	-	82 002
Reversed accounting loss on subsidiarie	-	-11 969 642
Taxable loss on partnership	-	11 240 227
Basis for payable tax	-3 510 287	17 340 925
Payable tax rate	22 %	23 %

Deferred tax asset is not expensed or capitalized in the balance sheet for the partnership in accordance with Norwegian Accounting principles.

NOTE 9 EQUITY**Summary of the Company's Equity:**

	<u>2019</u>	<u>2018</u>
Tied up capital	800 000	800 000
Committed capital	2 000 000	2 000 000
Uncalled Capital	400 000	400 000
Paid in Capital	1 600 000	1 600 000
Previous year's profit +/- loss-	16 873 560	-1 114 777
This year's loss-/ profit +	-3 510 287	17 988 338
Retained earnings	13 363 273	16 873 560
Total equity	14 963 273	18 473 560



Notes to the financial statements 2019

Island Navigator Holding KS

NOTE 10 OWNERSHIP

The company's committed capital of NOK 2.000.000 consist of 2.000 shares a NOK 1.000.

Owners at 31.12:

Shareholders	Number of shares	Ownershare
Island Navigator Holding AS	200	10 %
Island Offshore Shipholding, L.P.	1 800	90 %
Total number of shares	2 000	100 %

NOTE 11 GOING CONCERN

Due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the parent company Island Offshore Shipholding, L.P., concluded a restructuring agreement with secured and unsecured lenders effective April 12th 2018. The term of the restructuring agreement is until end of 2020 and includes modified amortization schedules for each vessel, in addition to lifting of certain financial covenants. Negotiations with stakeholders for agreements effective post 2020 are expected to start in Q2-20.

Due to the COVID-19 pandemic in conjunction with the collapse of oil price and that the cash covenant as of 31.03.2020 is not met in one sub-group, in which a cross default will result that the Group will not be in compliance with covenants as of 31.03.2020. The Group is in dialogue with the lenders on receiving a waiver for the covenant until new terms is agreed in the above mentioned new restructuring agreement.

The high market volatility caused by the COVID-19 pandemic in conjunction with the collapse of the oil price, increases the risk regarding the going concern assumption for most companies, and this is also the case for the Company. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company and the Parent at 31.12.2019, and the condition that a new restructuring agreement is agreed and made effective with secured and unsecured lenders before 31.12.2020.

Due to the COVID-19 pandemic, the collapse of the oil price and breach of the cash covenant for one sub-group there is uncertainty for the Company to continue as a going concern over the next 12 months.

NOTE 12 SUBSEQUENT EVENTS

The COVID-19 pandemic is causing operational disruptions to vessel activity and increases the overall risk of activity deferrals and cancellations following a significant decline in oil demand. As a result, the oil price has dropped significantly in April 2020 causing uncertainty with regards to future activity in the oil & gas sector. Accordingly, the demand for OSV vessels has also declined across markets and there is increased risk of negative future financial implications for the Company. This could impact the long-term market outlook and future assessments of recoverable amounts of Island Offshore Group's assets. The Board of Directors continues to monitor the financial situation.



Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Partnership Meeting of Island Navigator Holding KS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Navigator Holding KS, which comprise the balance sheet as at 31 December 2019, the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 11 and note 12 in the financial statements, which describes that the Company and Group is dependent on an agreement with its creditors for an acceptable and sustainable restructuring to continue as going concern. These events or conditions, along with other matters as set forth in note 11 and note 12, indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The financial statements do not reflect impairment charges or provisions that might be required if the Company or Group was liquidated or the assets sold in a distressed situation.

Responsibilities of management for the financial statements

The Board of Directors (management) is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: OZKZV-TMUMM-OQTZV-B00MA-7TX6-MDCPV



accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 30 April 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Independent auditor's report - Island Navigator Holding KS

A member firm of Ernst & Young Global Limited

Pennec Dokumentnøkkel: OZKZY-TMUMM-OQTZW-500MA-7TX6I-MDCPV



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Jørn Knutsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-3012515

IP: 84.214.xxx.xxx

2020-04-30 13:30:07Z



Penneo Dokumentnøkkel: OZKZV-TMUMMF-OOTZW-B00MA-7TX6-MDCPV

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service** <penneo@penneo.com>. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>