



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 912 838 706
Organisasjonsform: Aksjeselskap
Foretaksnavn: CAR CARRIER INVESTMENTS AS
Forretningsadresse: c/o Norwegian Car Carriers AS
Drammensveien 167
0277 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Erik Rønning
Dato for fastsettelse av årsregnskapet: 13.06.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

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, 01.09.2020



Resultatregnskap

Beløp i: USD	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Annen driftskostnad	2	85 098	80 440
Sum kostnader		85 098	80 440
Driftsresultat		-85 098	-80 440
Finansinntekter og finanskostnader			
Annen renteinntekt		1 838	2 050
Annen finansinntekt			33 011
Sum finansinntekter		1 838	35 061
Nedskrivning av finansielle eiendeler			2 593 670
Rentekostnad til foretak i samme konsern		17 290	7 406
Annen finanskostnad		22 902	459
Sum finanskostnader		40 193	2 601 535
Netto finans		-38 354	-2 566 474
Ordinært resultat før skattekostnad		-123 453	-2 646 914
Skattekostnad på ordinært resultat	7		30 922
Ordinært resultat etter skattekostnad		-123 453	-2 677 836
Årsresultat		-123 453	-2 677 836
Årsresultat etter minoritetsinteresser		-123 453	-2 677 836
Totalresultat		-123 453	-2 677 836
Overføringer og disponeringer			
Utbytte		0	0
Udekket tap		-123 453	-2 677 836
Sum overføringer og disponeringer		-123 453	-2 677 836



Resultatregnskap

Beløp i: USD	Note	2018	2017
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Balanse

Beløp i: USD	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Investering i datterselskap	5	118 107 234	118 107 234
Sum finansielle anleggsmidler		118 107 234	118 107 234
Sum anleggsmidler		118 107 234	118 107 234
Omløpsmidler			
Varer			
Sum varer		0	0
Fordringer			
Andre fordringer		1 438	
Sum fordringer		1 438	0
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	3	293 313	540 473
Sum bankinnskudd, kontanter og lignende		293 313	540 473
Sum omløpsmidler		294 751	540 473
SUM EIENDELER		118 401 985	118 647 708

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2018	2017
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4	38 931	38 931
Overkurs	4	166 513 965	166 513 965
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		166 552 896	166 552 896
Opptjent egenkapital			
Annen egenkapital	4	-48 193 566	-48 070 113
Sum opptjent egenkapital		-48 193 566	-48 070 113
Sum egenkapital		118 359 331	118 482 783
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld		0	0
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Kortsiktig konserngjeld	6	31 502	151 699
Annen kortsiktig gjeld		11 153	13 226
Sum kortsiktig gjeld		42 655	164 925
Sum gjeld		42 655	164 925
SUM EGENKAPITAL OG GJELD		118 401 985	118 647 708



Konsernets resultatregnskap

Beløp i: USD	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	3	41 516 551	44 012 283
Sum inntekter		41 516 551	44 012 283
Kostnader			
Lønnskostnad		2 166 121	2 141 910
Avskrivning på varige driftsmidler og immaterielle eiendeler	8	14 172 848	14 877 898
Nedskrivning av varige driftsmidler og immaterielle eiendeler			3 297 959
Annen driftskostnad	4, 5	11 585 337	14 310 012
Sum kostnader		27 924 306	34 627 779
Driftsresultat		13 592 246	9 384 504
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		1 929 500	1 929 500
Inntekt på andre investeringer		9	9
Renteinntekt fra foretak i samme konsern		763 733	906 437
Annen renteinntekt		201 028	152 724
Annen finansinntekt	6	18 763 959	61 681 695
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi	6, 15	715 208	811 055
Sum finansinntekter		22 373 437	65 481 420
Rentekostnad til foretak i samme konsern		763 733	906 437
Annen rentekostnad		11 400 330	9 709 838
Annen finanskostnad	6	20 725 736	64 558 102
Sum finanskostnader		32 889 799	75 174 377
Netto finans		-10 516 363	-9 692 957
Ordinært resultat før skattekostnad		3 075 883	-308 453
Skattekostnad på ordinært resultat	7	-1 783	-2 351
Ordinært resultat etter skattekostnad		3 077 666	-306 102
Årsresultat		3 077 666	-306 102



Konsernets resultatregnskap

Beløp i: USD	Note	2018	2017
Minoritetsinteresser		-229 533	1 069 638
Årsresultat etter minoritetsinteresser		3 307 199	-1 375 740
Totalresultat		3 307 199	-1 375 740
Overføringer og disponeringer			
Utbytte		0	0
Udekket tap		3 307 199	-1 375 740
Sum overføringer og disponeringer		3 307 199	-1 375 740



Konsernets balanse

Beløp i: USD	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Skip, rigger, fly og lignende	8	323 759 515	337 918 916
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	8	68 672	59 807
Sum varige driftsmidler		323 828 187	337 978 723
Finansielle anleggsmidler			
Investeringer i aksjer og andeler		183	193
Andre fordringer	15	781 827	129 643
Sum finansielle anleggsmidler		782 010	129 835
Sum anleggsmidler		324 610 198	338 108 558
Omløpsmidler			
Varer			
Varer		1 062 802	673 430
Sum varer		0	0
Fordringer			
Kundefordringer	10	203 059	411 895
Andre fordringer	10, 15	1 998 998	1 165 077
Sum fordringer		2 202 056	1 576 972
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	11	17 928 945	23 883 725
Sum bankinnskudd, kontanter og lignende		17 928 945	23 883 725
Sum omløpsmidler		21 193 804	26 134 127



Konsernets balanse

Beløp i: USD	Note	2018	2017
SUM EIENDELER		345 804 001	364 242 686
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	19	38 931	38 931
Overkurs		166 513 965	166 513 965
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		166 552 896	166 552 896
Opptjent egenkapital			
Annen egenkapital		-31 761 566	-35 040 286
Minoritetsinteresser		15 309 250	15 538 782
Sum opptjent egenkapital		-16 452 317	-19 501 504
Sum egenkapital		150 100 579	147 051 393
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	5	235 486	241 869
Utsatt skatt	7	39 239	54 078
Sum avsetninger for forpliktelser		274 724	295 947
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12	169 312 342	189 614 922
Øvrig langsiktig gjeld	15	182 533	
Sum annen langsiktig gjeld		169 494 875	189 614 922
Sum langsiktig gjeld		169 769 599	189 910 869
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	12	20 772 592	20 772 592
Leverandørgjeld	13	798 581	412 786
Betalbar skatt		91 273	93 838
Skyldige offentlige avgifter		151 498	157 169
Annen kortsiktig gjeld	13, 15	4 119 879	5 844 040
Sum kortsiktig gjeld		25 933 823	27 280 425



Konsernets balanse

Beløp i: USD	Note	2018	2017
Sum gjeld		195 703 422	217 191 293
SUM EGENKAPITAL OG GJELD		345 801 001	364 242 686



CAR CARRIER INVESTMENTS AS

ANNUAL REPORT 2018





BOARD OF DIRECTORS' REPORT

The market for car carriers started the year on a promising note with increasing rates and improving utilization, however, at the beginning of the second part of 2018 the market was taken by surprise as the demand substantially declined resulting in idling of vessels and declining rates. The explanation for the sudden decline in demand is best explained by the introduction of WLTP, uncertainties related to U.S "trade wars" and geopolitical uncertainty. Despite a weak 2nd half of 2018, CCI posted a positive net result of USD 3.1 million for the full year of 2018.

BUSINESS SUMMARY

Car Carriers investments AS ("CCI") is the parent company for Norwegian Car Carriers AS ("NOCC"), and its subsidiaries (collectively, the "Group"). The Group owns and operates a fleet of seven pure car and truck carriers ("PCTC's") specially designed for the transportation of cars and other rolling cargo. Commercial management is handled from the Group's office in Oslo, Norway while the technical management, including crewing of the vessels, is outsourced to third party managers. The strategy of the Group is to grow its presence as a PCTC tonnage provider with focus on large and flexible PCTCs to be employed under period charters to car carrier operators.

2018 started promisingly for the PCTC market as world car sales continued to increase and vessel time charter rates firmed along with improving vessel utilization, indicating that 2018 may be the year when the market rebalanced. Nevertheless, the market was taken by surprise in the second half, as car sales declined in September linked to the introduction of WLTP in Europe and uncertainty related to trade wars, resulting in a dramatic drop in vessel demand and subsequently declining charter rates.

As a result of the weak market rates available, the Group continued to re-employ vessels on short-term employment awaiting the anticipated market recovery. The operational performance of the fleet kept improving during the year and expenses were reduced compared to previous year. The technical managers operated the fleet without any serious incidents. One vessel was dry-docked during the year, on time and in line with budgeted cost.

The Group posted a consolidated net profit after tax of USD 3.1 million for 2018 compared to a net loss of USD 0.3 million for 2017.

As at 31 December 2018, the Group had total assets of USD 345.8 million and a book equity ratio of 43% up from 40% at 31 December 2017.

The Group owns a modern fleet, has an efficient organization and is well positioned for an expected market recovery.

ANNUAL ACCOUNTS

The annual accounts have been prepared on a going concern basis and, in the opinion of the Board, the accounts provide an accurate representation of the Group's business. The Board confirms that the going concern assumption has been met. The Group has obtained an exemption from the Norwegian Accounting Act (§ 3-4), and will only issue its annual report in English. Numbers in parenthesis refer to the previous year (2017).

CCI – Group

Income statement

For the full year 2018, the Group's charter income was USD 41.5 million, down from USD 44.0 million last year.

The vessel operating expenses amounted to USD 10.7 million, down from USD 13.0 million last year. The reduction reflects a full year of bare-boat charter of two vessels as well as general reduction in vessel operating expenses per day. Administration cost for the year was USD 3.1 million down from USD 3.4 million last year, the reduction is related to additional legal fees expensed in 2017 in connection with delivery of newbuildings as well as the subsequent change of flag of the same two vessels.

EBITDA for the year was USD 27.8 million compared to USD 27.6 million last year.

Ordinary depreciation was USD 14.2 million (USD 14.9 million). There was no impairment loss recognized in 2018 compare to USD 3.3 million of impairment loss recognised in 2017 related to NOCC Kattegat and Liberty Passion.



Net financial items amounted to USD -10.5 million (USD -9.7 million) of which net unrealized gain from financial instruments was USD 0.7 million (USD 0.8 million) due to mark-to-market adjustments of interest rate derivatives. Interest expenses during the year were USD -11.4 million (USD -10.7 million). The increase from last year is due to a full year of increased debt related to the two vessels delivered in 2017.

Profit after tax was USD 3.1 million, compared to a loss of USD 0.3 million in 2017.

Statement of financial position as at 31 December 2018

Total assets at the end of the year were USD 345.8 million down from USD 364.2 million. Book value of the vessels was USD 323.8 million (USD 338.0 million). The decrease reflects ordinary depreciation of USD -14.2 million. Cash and equivalents were USD 17.9 million compared to USD 23.9 million at the end of 2017.

Total long-term liabilities at the end of the year were USD 169.8 million (USD 189.9 million). The decrease reflects ordinary instalment of USD 20.8 million. Current liabilities amounted to USD 25.9 million (USD 27.3 million).

The consolidated book equity as of 31 December 2018 was USD 150.1 million (USD 147.1 million). Excluding minority interests, the book equity attributable to the Group's shareholders at the end of 2018 was USD 134.8 (USD 131.5 million).

Cash flow

Cash flow from operations during the year was USD 14.6 million compared to USD 16.5 million for 2017.

Net cash flow from investment activities was USD 0.2 million compared to investing activities of USD -85.0 million in 2017 related to delivery of two newbuildings.

Net cash flow from financing activities was USD -20.8 related to ordinary repayment of debt compared to USD 71.8 million net cash flow from financing activity in 2017, of which USD 14.9 million was new equity and USD 56.9 million of new debt.

The net change in cash was USD -6.0 million (USD 3.3 million), and cash at year end amounted to USD 17.9 million (USD 23.9 million).

Parent Company – Car Carrier Investments AS

Car Carrier Investments AS had no operating income in 2018 or the previous year. Total operating expenses were TUSD - 85 (TUSD - 80) with a corresponding operating loss of TUSD 85 (TUSD 80). Net financial items were TUSD - 38 (TUSD -2 566). The result after tax for 2018 was TUSD - 123 (TUSD - 2 678).

It is proposed that the result for 2018 of TUSD - 123 is added to other equity. As per 31 December 2018, the parent company had Other Equity of USD -48.2 million.

MARKET

2018 started promisingly with global new car sales increasing by about 3.5 % for the first 6 months of 2018¹, building confidence in a firming market. However, the market was taken by surprise as car sales weakened substantially in the second half with a decline of about 4 %. The result was declining annual new car sales growth of about -0.5 % for 2018 and for the first time since 2009 the global sales declined. Europe was down -0.7 % and China down -3.1 %. Despite the world annual decline, there were some upturns as North America increased by 0.6 %, Brazil/Argentina was up by 7.1 %, and Korea and Japan up by 1.4 % and 0.8 % respectively. The weakening market for the second half is best explained by the introduction of WLTP in Europe, uncertainties linked to trade wars as well as geopolitical uncertainties.

Since 1998² about 15.8 % of global new car sales has been transported by sea, increasing by about 4.6 % per year. The seaborne exports from Asia to Europe have been the main driving force in the PCTC market.

In 2018 Japanese export decreased by 1.1 % while South Korean export decreased by 0.2 %

The total export from EU was up 1.3% while export from the US was down 2.0%. Furthermore, the Middle East car sales, which is close to 100 % dependent upon import, continued to disappoint in 2018 at same level as 2017³.

The charter rates for Medium and Large size vessels continued to firm for the first 6 months of 2018 creating confidence in a continued improving market. Nevertheless, with the substantially weakening car sales in the second half of 2018, the firming PCTC market turned to a bleach market.

The reported day rates for Large vessels started in 2018 at USD 16,000 per day and reached a high of USD 18 000 per day at the end of the 2nd quarter. In line with the declining car sales and the increasing number of idling vessels, the market rates dropped off and the year ended at about USD 15,000 per day according to Hesnes quarterly data.

During the year 14 newbuildings were delivered and 8 vessels recycled. The net fleet growth for the year was about 1.4 percent in terms of capacity (CEU).

Due to the weak market for PCTC vessels there were no ordering activity for newbuildings throughout the year. By the end of 2018 the deep-sea fleet of PCTC's counted 700 vessels and the order book counted 9 newbuildings all scheduled for delivery in 2019 (about 1.6 % of existing fleet in terms of capacity). The current orderbook is the lowest orderbook in more than 20 years.

EMPLOYMENT OF VESSELS

The Group is a tonnage provider which owns and manages a fleet of seven vessels for the transportation of cars and other rolling cargo. The vessels are employed under charterer

¹ Source: LMC Automotive.

² Source: Maritime Strategies International Ltd.

³ Source: HIS Markit



contracts with car carrier operators for various lengths. During 2018 five of the vessels were chartered out on time charter while two were chartered on bare boat charter.

The Group experienced a total of 79 commercial off-hire days in 2018 compared to 95 days in 2017.

OPERATION OF THE FLEET

The technical management including crewing of the fleet has been outsourced to third party managers. Wallem Ship Management (Hong Kong) is handling the technical management of NOCC Oceanic, NOCC Atlantic, NOCC Kattegat and Glovis Companion, while Wilhelmsen Ship Management (S. Korea) is handling Asian King. Liberty Passion and Liberty Peace are chartered out on bareboat contracts, and thus the Group is not responsible for the technical operation of the vessels.

The technical condition and performance of the fleet is closely monitored, and the technical performance was satisfactory during 2018, with no major technical incidents during the year. Asian King was dry-docked for periodic classification renewal in August, but due to the contract agreement, the vessel was on-hire for the entire docking period. Total technical off-hire days in 2018 was 5 days, compared to 26 days in 2017 of which 12 days was related to dry-docking.

FINANCING

The Group has two outstanding debt facilities, the NOCC Corporate loan agreement as well as the NOCC Atlantic debt facility.

The Corporate loan agreement was renegotiated and extended at the end of 2016 to include additional USD 75 million financing of the two newbuildings Liberty Passion and Liberty Peace. The Facility matures end-November 2021.

The NOCC Atlantic debt facility was refinanced through a 5-year USD 25 million senior secured facility with NIBC in 2017.

The Group was in compliance with all its financial covenants on 31 December 2018.

RISK FACTORS

The Group is exposed to several risk factors that can affect the Group's results. The risk factors can be divided into the following main components: market risk, operational risk and financial risk. Such risks are normally related to volatility in charter income, charter defaults, unforeseen operational events, operating expenses and unforeseen capital expenditure requirements, fluctuations in interest- and foreign exchange rates, as well as financing risk related to new capital expenditure requirements and refinancing of existing credit facilities.

Market Risk

Market risk relates to supply of PCTC vessels and the demand seaborne transportation of light vehicles. Historically, the car carrier segment has proven less volatile than certain conventional shipping segments, but it appears that the PCTC market has become more volatile over the last couple of years mainly due to oversupply of vessels. The market risk for the Group is primarily related to utilization and rates obtained in connection with the chartering of the vessels. The Group is striving to mitigate market risk by employing the vessels on long-term charters when satisfactory employment contracts are obtainable. During prolonged periods of reduced demand for car carrier tonnage, there is a risk that the Group will be unable to employ the vessels without incurring idle time between charters and that the rates obtained are unsustainable.

Operational risk

The Group is focused on delivering strong operational performance for the fleet and is striving towards operational excellence. Despite the Group's high degree of pre-emptive maintenance, there is a risk for equipment failure. Even though the Group obtains loss of hire insurance for contracts over a certain length, a technical breakdown will affect the earnings for a period of at least 14 days (deductible).

Risk related to changes in laws and regulation

The Group's operation and vessels are subject to international environmental laws and regulations which have become more stringent in recent years. Although the Group is doing its utmost to comply, changes in laws and regulations may expose the Group.

Financial risk

New investments are typically financed from equity proceeds injected by the shareholder as well as debt obtained primarily from Norwegian and international banks. At the end of the year, the Group had no re-financing need for the next 3 years. The Group is exposed to financing risk related to potential new investments and refinancing of existing debt. There is no guarantee that future debt financing can be raised at attractive terms.

Interest rate risk

The Group's bank loans are generally subject to floating interest rates. For 2019 approx. 56% of the interest rate exposure has been fixed through interest rate swaps under which floating interest payment obligations have been converted into fixed rate. For the period 2019-2021, on average 51% of the interest rate exposure is fixed.

Currency risk

Revenues, operating expenses, assets and liabilities are denominated in USD and the only foreign exchange risk is related to administrative expenses, which are primarily in NOK. A 10% fluctuation in the USD/NOK exchange rate has approx. 1.0% impact on the projected EBITDA of the Group for 2018.

Counterparty risk

The Group generally has solid counterparties and the counterparty risk is considered manageable. The focus on credit and counterparty risk is increasing during times of



weaker market conditions. All of the Group's charterers are current on their payments under the charter contracts.

Liquidity risk

The shipping market is capital intensive. Insufficient liquidity will severely impact the ability to operate. The Group's approach to manage liquidity risk is to ensure, as far as possible that it will have sufficient liquidity at all times to meet its obligations. The Group evaluates its capital structure and explores various options to safeguard liquidity. The Group has a minimum liquidity covenant in its credit facility and has thus agreed to keep this as a minimum level.

ORGANIZATION

The Group's administration is located in Oslo. The Group employed nine full time staff in 2018. The sick leave during 2018 amounted to 31 days (71 days) or 1.5 % of the total working days. The Group has not been affected by serious work-related accidents during the year. As per 31 December 2018, one out of nine employees was a woman (equivalent to 11%). The working environment is regarded as good. The organization is considered to be well-qualified, staffed at a minimum and cost-effective level to perform the tasks within its remit. As per 31 December 2018, the Board of directors consisted of six members, including one woman (equivalent to 17%).

CORPORATE SOCIAL RESPONSIBILITY

The Board and management at CCI believe that the Group needs to perform its business in a responsible manner in order to be sustainable. The aim is to operate the Group in a way which generates long-term profitability in combination with care for the environment, the people involved in our business as well as the society at large.

In 2018 the Group implemented guidelines to comply with the General Data Protection Regulation.

ENVIRONMENT

Deep sea, oceangoing freight is a significant contributor to greenhouse gas emissions globally: primarily CO₂, NO_x and SO_x. The main source of CO₂ emissions is bunker fuel. Although this is a major source of emissions, seaborne transportation is in most cases far more fuel efficient per unit transported than most other transport sectors.

The Group is striving to reduce its environmental footprint and has undertaken measures and projects in order to reduce its emissions.

The Group is actively investing in its fleet to improve the fuel efficiency of its vessels, including a major vessel conversion to improve energy efficiency undertaken in 2014. The Group has also installed a trim and speed optimization tool on one vessel to enable the crew to optimize the trim of the vessel with a view to optimizing its fuel consumption and to allow for a corresponding reduction in CO₂ emissions. In connection with the ordering of new vessels in 2015, the fuel efficiency of the various vessel designs was among the important and

decisive factors. In 2016, a vessel performance monitoring system was implemented, and data collection has started with a view to building a database on which valuable information on the operations of the vessels may be retrieved with a view to improving operational efficiency and reducing fuel consumption.

In connection with the new IMO 2020 regulations the Group has evaluated options in order to comply with the new regulations, and has resolved to burn compliant fuel rather than install scrubbers onboard the vessels. The usage of compliant fuel will substantially reduce the NO_x and SO_x emissions compared to the bunker burned today. During 2019 the Group will prepare for the transition from today's bunker to the compliant fuel in order to be fully compliant as of beginning of 2020.

The recycling of vessels is a potential source of contamination of the environment. The Group is aware of the environmental aspects relating to the recycling of vessels and therefore takes necessary precautions when selling vessels for recycling. The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (the "Hong Kong Convention") has been ratified by Norway, and the Group is committed to following the standards set out therein and the guidelines established by the Norwegian Shipowners Association.

HUMAN AND LABOR RIGHTS

The staff and crew onboard the vessels are key resources for the Group. The safety, health and well-being of the staff and crew employed by the Group are key factors for the Group's success and are therefore highly prioritized in order to attract highly-qualified and motivated employees.

The Group employs nine full time staff in the administration in Oslo, Norway. The technical management, including crewing of the vessels, has been outsourced to third party managers. Its managers are reputable, highly-qualified and experienced with the management of PCTCs and are accredited with ISO certifications and Green Awards. The crew onboard the vessels are sourced primarily from the Philippines, Ukraine and India. International and local legislation is adhered to by the Group and its managers, including the Maritime Labor Convention (2006) which sets out the rights of the seafarers when it comes to, for example, general working conditions, payment of wages, working hours and rest, right to medical care and annual leave.

Compliance procedures are followed and monitored by our in-house technical department and ship managers according to internal and external rules and regulations. The Group has a 'zero vision' approach when it comes to accidents regarding the operation of the fleet. During 2018 there were zero fatal accidents and for the whole fleet there was zero incidents which led to a lost time injury. There were no accidents involving any administrative staff during 2018. The attention to and performance of the safety management of the crew and other employees are part of the KPIs which have been implemented for the Group's management.



ANTI-CORRUPTION

The Group has, together with its employees, developed a set of core values, which have been implemented throughout the organization and shall be a guiding factor for all the Group's activities. The vision, mission and core values of the Group are available on the Group's website, www.nocc.com.

The Group has developed and implemented a Code of Conduct, which applies to all employees. With regards to anti-corruption, the Code of Conduct states that: "all employees of the Group shall be opposed to and will contribute to counteract all forms of corruption. Accepting or offering bribes of any nature by any Group employee is prohibited". The Code of Conduct specifically states that it is prohibited by any Group employee to pay to obtain something we do not have a legal entitlement to, even in cultures where such payments are commonplace.

The CFO, the Director Chartering and Commercial and the Technical Director are each tasked with enforcing the anti-corruption policies in their respective departments/areas of responsibility. The CEO is ultimately responsible for enforcing anti-corruption policies and follows up pertinent issues with the relevant departments as part of his daily routines.

The Group has reviewed the contracted ship managers' ethical rules and anti-corruption policies.

STRATEGY

The main strategy for the Group is to create shareholder value through efficient, high quality and customer oriented service to the major global car carrier operators. The Group will continue to evaluate growth opportunities with focus on creating sustainable value through investments in high quality and efficient car carriers.

OUTLOOK

The demand for car carrier tonnage is dependent upon the volumes of cars and other rolling cargo transported by the sea, which again is dependent upon the development in the world economy and commodity prices. Additional factors are geographical production and transport patterns of light vehicles. These factors combined with the current PCTC fleet capacity and supply of vessel will determine the market balance going forward.

The demand for PCTC vessels has been weak for several years due to periods of oversupply of PCTC vessels as well as periods with weak economic growth, low commodity prices, trade wars and geopolitical uncertainty.

New car sales and subsequently demand for PCTC vessels is strongly correlated to economic growth. 2018 ended on a low note with uncertainties linked to trade wars, low oil price as well as political uncertainties. Due to market and political uncertainties, the IMF revised the 2019 world annual growth rate down from 3.7 % to 3.5 % in January 2019, however still

at a healthy level. The average annual growth since 2008 has been 3.4 %⁴.

Despite the continued struggles for certain car manufactures in order to adopt to the WLTP standards, the global new-car sale is expected to grow in the area of 3.1% in 2019 according to Maritime Strategies International Ltd. Furthermore, on the basis of strong forecast for high and heavy equipment manufacturers, the demand for high and heavy equipment is also expected to continue to grow in 2019.

Based on the above, industry analysts expect the global demand for PCTC to grow in the region of 2% over the coming years. However, there are great uncertainties linked to economic growth, trade wars, commodity prices and political uncertainty.

The orderbook for PCTC vessel at the end of the year was 9 vessels, all scheduled for delivery in 2019. Based on an anticipated recycling of PCTC vessels at the age of 30 years, industry analysts expect the fleet to decrease by 3 vessels in 2019, but represent a net fleet growth of about 0.5% in terms of capacity growth since the newbuilding has larger capacity than the recycling candidates.

Based on the above, the market fundamentals are set for slow improvement in 2019 as the current oversupply of vessels is expected to gradually be reduced.


Even though the outlook is firming, the Group expects the return to sustainable rates may take some time and that the market will remain volatile for the first part of the year.

The Group is well positioned for an improving market with a fleet of high quality Panamax vessels and a strong and efficient operational platform.

⁴ Source: IMF




Oslo, 14 May 2019


Jon Christian Syvertsen

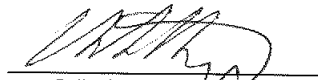

Andrian Roman Dacy


James-Michael Stepp (Chairman)


Tore Bergsjø


Olav Sollie (CEO)


Kristine Klaveness


Colin James Whittington



CCI Group

Consolidated Income statement

(USD 1 000)

OPERATING REVENUES AND EXPENSES	Note	2018	2017
OPERATING INCOME			
Charter income		41 470	43 962
Other income		47	50
Total income	Note 3	41 517	44 012
OPERATING EXPENSES			
Depreciation	Note 8	(14 173)	(14 878)
Operating expenses vessels	Note 4	(10 694)	(13 014)
Impairments	Note 8	0	(3 298)
Other operating and administrative expenses	Note 4, 5	(3 058)	(3 438)
Total operating expenses		(27 924)	(34 628)
OPERATING PROFIT/(LOSS)		13 592	9 385
FINANCIAL INCOME AND EXPENSES			
Other financial income	Note 6	201	153
Net gain/(loss) foreign exchange	Note 6	3	46
Unrealised gain/(loss) on financial instruments	Note 6/15	715	811
Interest and other financial expenses	Note 6	(11 436)	(10 703)
NET FINANCIAL ITEMS		(10 516)	(9 693)
PROFIT/(LOSS) BEFORE TAX		3 076	(308)
Taxes	Note 7	2	2
PROFIT/(LOSS) AFTER TAX		3 078	(306)
Profit/(loss) attributable to:			
Non-controlling interest		(230)	1 070
Shareholders of the parent company		3 307	(1 376)

Consolidated statement of comprehensive income

(USD 1 000)

	Note	2018	2017
PROFIT/(LOSS) AFTER TAX		3 078	(306)
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of pension plan	Note 5	(28)	(135)
Total comprehensive income/(loss) for the year		3 049	(441)
Total comprehensive income attributable to			
Shareholders of the parent company		3 279	(1 511)
Non-controlling interest		(230)	1 070
Total comprehensive income/(loss) for the year		3 049	(441)



CCI Group

Consolidated statement of financial position as at 31 December

(USD 1 000)

ASSETS	Note	2018	2017
LONG-TERM ASSETS			
Long-term operating assets			
Other assets	Note 8	69	60
Vessels	Note 8	323 760	337 919
Total long-term operating assets		323 828	337 979
Other long-term receivables		0	0
Long term derivatives	Note 15	782	130
Total financial fixed assets		782	130
TOTAL FIXED ASSETS		324 610	338 109
CURRENT ASSETS			
Accounts receivables and other current assets	Note 10	3 094	2 250
Current derivatives	Note 15	171	0
Cash and cash equivalents	Note 11	17 929	23 884
TOTAL CURRENT ASSETS		21 194	26 134
TOTAL ASSETS		345 804	364 243



CCI Group

Consolidated statement of financial position as at 31 December

(USD 1 000)

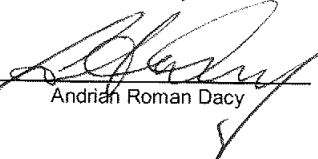
EQUITY AND LIABILITIES	Note	2018	2017
EQUITY			
Share capital	Note 19	39	39
Share premium reserve		166 514	166 514
Retained earnings		(31 762)	(35 040)
Non-controlling interest		15 309	15 539
Total equity		150 101	147 051
LONG-TERM LIABILITIES			
Deferred tax	Note 7	39	54
Pension liability	Note 5	235	242
Long-term debt	Note 12	169 312	189 615
Long-term derivatives	Note 15	183	0
Total long term liabilities		169 770	189 911
CURRENT LIABILITIES			
Current portion of long-term debt	Note 12	20 773	20 773
Other current liabilities	Note 13	4 918	6 182
Derivatives	Note 15	0	75
Public duties payable		243	251
Total current liabilities		25 934	27 280
TOTAL LIABILITIES		195 703	217 191
TOTAL EQUITY AND LIABILITIES		345 804	364 243


Oslo, 14 May 2019



Jon Christian Syvertsen

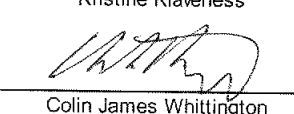

James Michael Stepp (Chairman)


Kristine Klaveness


Andrian Roman Dacy


Tofe Bergsjø


Olav Sollie (CEO)


Colin James Whittington



CCI Group

Consolidated statement of cash flows

(USD 1 000)

		2018	2017
Cash flow from operating activities			
Cash flow from operations		25 736	26 738
Interest paid		(11 106)	(10 226)
Cash flow from operating activities		14 630	16 512
Cash flow from investment activities			
Investment in fixed assets	Note 8	(22)	(85 185)
Sale of fixed assets	Note 8	0	0
Interest received	Note 6	208	153
Net cash flow from investment activities		186	(85 031)
Cash flow from financing activities			
Issue of ordinary shares		0	14 900
New loans borrowed		0	103 900
Repayment of loans		(20 773)	(46 970)
Net cash flow from financing activities		(20 773)	71 830
Net change in cash, cash equivalents and drawings facilities utilised		(5 956)	3 310
Cash and cash equivalents 1 Jan		23 884	20 574
Cash and cash equivalents at 31 Dec	Note 11	17 929	23 884
CASH FLOW FROM OPERATIONS			
Profit/-(loss) before income tax		3 076	(308)
Adjusted for:			
Depreciation	Note 8	14 173	14 878
Impairment loss	Note 8	0	3 298
Increase/decrease in pension funds	Note 5	100	78
Profit/Loss on sale of fixed assets		0	0
Financial costs	Note 6	11 436	10 703
Other financial income	Note 6	(201)	(153)
Unrealized currency (gain)/loss	Note 6	(3)	(46)
Unrealised value change financial instruments	Note 6	(715)	(811)
Change in working capital			
Customer receivables and other receivables		(828)	(25)
Due to suppliers and other short-term debt		(1 301)	(876)
Cash flow from operations		25 736	26 738
Restricted cash deposits included in cash holdings	Note 11	1182	215



CCI Group

Consolidated statement of changes in equity

<u>Equity belonging to shareholders of the Company</u>							
(USD 1 000)							
	Share capital	Share premium reserve	Capital increase unregistered	Retained earnings	Total	Non-controlling interests	Total
Equity 31 Dec 2016	28	142 925	8 700	(33 529)	118 124	14 469	132 593
2017							
Profit/(loss) after tax				(1 376)	(1 376)	1 070	(306)
Other comprehensive income							
Remeasurement of pension plan				(135)	(135)		(135)
Total comprehensive income	0	0	0	(1 511)	(1 511)	1 070	(441)
Transactions with shareholders:							
Share issue from 2016 registered	4	8 696	(8 700)				
Issue of shares	7	14 893			14 900		14 900
Total transactions with shareholders	11	23 589	(8 700)	0	14 900		14 900
Equity 31 Dec 2017	39	166 514	0	(35 040)	131 513	15 539	147 051
2018							
Profit/(loss) after tax				3 307	3 307	(230)	3 078
Other comprehensive income							
Remeasurement of pension plan				(28)	(28)		(28)
Total comprehensive income	0	0	0	3 279	3 279	(230)	3 049
Transactions with shareholders							
Issue of shares	0	0			0		0
Total transactions with shareholders	0	0	0	0	0	0	0
Equity 31 Dec 2018	39	166 514	0	(31 762)	134 791	15 309	150 101



CCI Group

Note index for CCI Group

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Note 19	Share capital and shareholder information
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The notes in the list above are presented in the following pages and are an integral part of the financial statements.



CCI Group

Note 1 Accounting Principles

The office of Car Carrier Investments AS is located at Drammensveien 167, Oslo.

PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of Car Carrier Investments (the "Parent Company") and all the subsidiaries (the "Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared at historical cost except for financial instruments, which are measured at fair value, and financial assets and liabilities which are measured at amortized cost. The consolidated financial statements are presented in USD, rounded to the nearest thousand unless otherwise stated.

The income statement is specified according to the nature of the individual income and cost items.

SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. The estimates and assessments are based on previous experience and other factors that are considered to be reasonable and prudent under the circumstances. The assessments form the basis for evaluating the book value of assets and liabilities which is not possible using other available sources. Actual results may differ from the estimates. The main areas of estimate uncertainty on the balance sheet date, and which involve a risk of material change in the financial statements in the carrying value of assets and liabilities in the subsequent financial year, are discussed below.

Depreciation of vessels

Depreciation is based on management's estimates of the useful lives of the vessels and the residual value of the vessels less the costs associated with scrapping. The estimates may change due to changes in scrap values, technological developments, competition, as well as environmental and statutory requirements. Management reviews annually the future useful lives of the vessels taking into consideration the factors referred to above. In case of change in useful life and/or residual value, the depreciation of the vessels is adjusted prospectively.

Impairment testing of fixed assets

The Group assesses whether there is any need to adjust the value of its assets at each reporting date. Fixed assets are evaluated for any impairment where there are indications that future earnings or fair value may not justify the assets' balance sheet value. The value in use is compared with fair value less cost to sell.

On each reporting date, management assesses whether there are any indications of value impairments related to non-financial assets. Whether there is a requirement to write down the book value of the vessels is assessed based on a) vessel value appraisals obtained from two independent ship brokers, b) the discounted estimated cash flows from the vessels, based on the net result before financial items over the useful lives of the vessels and their expected residual value after 30 years in operation. The cash flows are based on existing contracts as well as estimated future cash flows from new contracts, MSI forecasts for future TC rates, and a Weighted Average Cost of Capital (WACC) of 7.9% has been applied to calculate the present value of the cash flows.

CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at the balance sheet date.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies etc. An entity is consolidated in the consolidated financial statements from the date the Group acquires control over the entity. Correspondingly, the company is removed from the consolidated financial statements when control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Intercompany transactions, intra-group accounts and unrealised Group gains are eliminated in the consolidated financial statements. Unrealised losses are also eliminated unless the transaction clearly shows that the asset transferred has a reduced value. Accounting principles used by subsidiaries have been changed where this has been necessary to ensure uniform accounting practice in the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

INCOME RECOGNITION

Implementation of IFRS 15 'Revenue' from contracts with customers' was mandatory from 1 January 2018 and the Group has implemented the standard accordingly. The standard has replaced the existing revenue recognition guidance, including IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The implementation has not changed the timing of revenue recognition for the Group's revenue streams, and has furthermore not had any significant impact on the financial statements of the Group.

Income is recognized when an agreement has been signed, the service has been delivered, the income has been determined and is possible to quantify, claims are undisputed and when other obligations have been fulfilled.

Charter income

The type of contracts the Group has with its customers are either a time charter contract or a bareboat charter contract. Both types of contracts have a lease element and this type of revenue is accounted for as operating leases under IAS 17. A time charter contract will also include a service component which can include operation and maintenance of the vessel. The service component will be within the scope of IFRS 15. The volume of services provided are usually stable throughout the leasing period, and revenue will therefore be recognised on a linear basis over the lease term. Current practice of revenue recognition will therefore be in accordance with IFRS 15.

Expenses incurred between the end of a charter party contract and the start up of the next charter party contract are expensed if the expenses are not directly related to the new charter party contract.

As the recognition of revenue has not changed because of IFRS 15, there was no implementation effect of IFRS 15 recorded against equity.

SEGMENT REPORTING

The Group has one business area: international shipping within the car carrier and ro-ro segment. The Group's internal reporting does not distinguish between different segments.

RELATED PARTIES

Parties are regarded as being related if one party has the opportunity to directly or indirectly exercise control over the other party or has material influence over the other party's financial or operational decisions. Parties are also related if they are subject to common control or subject to common material influence. All transactions are based on the arm's-length principle (estimated market value).

SHARES AND SHARE PREMIUMS

Ordinary shares are classified as equity. Expenses that are directly related to the issue of new shares or options, less tax, are entered as a reduction in the consideration received under equity capital.

FOREIGN EXCHANGE TRANSACTIONS

Functional currency and presentation currency

The Group's presentation currency is USD. This is also the parent company's functional currency. Accounting transactions that are undertaken by the



CCI Group

respective Group companies are registered in the currency that is normally used in the financial environment in which the entities operate (functional currency).

Transactions and balance sheet items in foreign currencies

Foreign currency transactions are converted to the functional currency at the rate on the transaction date. Realised currency gains or losses on settlement and conversion of monetary items in foreign currencies to the rate of the balance sheet date, are posted to the income statement under "Net gain/(loss) on foreign exchange".

Group companies

The results and the financial position of a subsidiary or associated company using a functional currency different from the Group's presentation currency is converted using the following procedure:

- (a) assets and liabilities in each balance sheet presented (including comparable figures) are converted at the closing rate on the relevant balance sheet date.
- (b) income and expenses in each income statement (including comparable figures) are converted at the exchange rate on the dates of the transactions. The average exchange rate may in some circumstances be used if it does not deviate significantly from the exchange rate at the transaction date, and
- (c) translation differences are posted against the comprehensive revenue and specified under equity as a separate item.

On the sale of all or parts of a foreign business, the associated translation differences are reclassified from the comprehensive income as part of the gain or loss on sale and presented as part of gain/(-loss) under operating income.

PROVISIONS

Provisions are accounted for when the Group has a liability, whether legal or constructive, that follows from past events, and it is likely that there will be a financial settlement as a result of the event, and the liability can be reliably estimated.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and current liabilities include items that fall due for payment within one year after the balance sheet date. The current portion of long-term debt is classified as short-term debt. Financially motivated share investments are classified as current assets, while strategic investments are classified as fixed assets.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash holdings, bank deposits, other short-term and especially on-going investments that will be redeemed within three months from the original time of placement. Cash and cash equivalents are entered at nominal value in the balance sheet. Restricted funds are included. Bank overdrafts are shown under borrowings in current liabilities on the balance sheet.

CURRENT ASSETS

Short-term customer receivables are posted at par value less provisions for lifetime expected credit losses.

Stocks of luboil and bunkers are recognized in the balance sheet at cost, using the first-in/first-out method (FIFO).

FIXED ASSETS – VESSELS AND EQUIPMENT

Fixed assets are recognized in the statement of financial position at historical cost less accumulated depreciation and write-downs. The historical cost of an asset in the Group is kept in the functional currency associated with the asset and all accounting entries related to the asset take place in the functional currency before conversion to the presentation currency described above. In the case of rebuilding contracts, the cost price includes all costs incurred in the development and construction process, including construction supervision costs and other technical costs. In the case of vessels acquired, the cost price includes costs directly related to the purchase of the vessel. Depreciation is calculated on a linear basis after taking into account the asset's scrap value and costs related to scrapping. Estimates related to the lifetime and scrap value are reviewed at each reporting date. Vessels and equipment have an expected economic life of 10-30 years.

Ordinary repair and maintenance costs are posted to the financial statements when incurred. In accordance with IAS 16, docking costs are capitalized. Capitalization takes place when the docking has been completed and is

depreciated over the period until the next expected inspection. Any remaining capitalized amount from previous inspections is expensed.

Write-down of assets

Fixed assets are assessed for indications of impairment on each reporting date and always when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. When assessing the need for a write-down, the assets are grouped at the lowest level where there exist identifiable and independent cash flows. The write-down is calculated as the difference between the carrying value and the amount that is considered to be recoverable. The recoverable amount is the higher of the asset's net sale price and the value in use for the company. The value in use is calculated based on discounting the future cash flows that are expected to be generated from the asset. When it is estimated that the fair value is lower than the carrying value, the assets is written down to the recoverable amount. Write-downs posted in earlier periods are reversed only if there are changes in the estimates that are used to calculate the recoverable amount. However, the reversal amount may only be of such a size that the carrying value after the reversal as a maximum corresponds to the value the asset would have been carried at if the write-down had not been made. Such reversals are to be posted to the income statement.

INVESTMENTS AND FINANCIAL ASSETS

Implementation of IFRS 9 'Financial Instruments' was mandatory from 1 January 2018. The standard addresses classification, measurement and recognition of financial assets and financial liabilities, and has replaced the guidance in IAS 39 that relates to classification and measurement of financial instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in.

IFRS 9 contains three primary classification categories for financial assets: measured at amortized cost, fair-value through other comprehensive income (FVOCI) and fair-value through profit or loss (FVTPL). The Group has financial assets in following categories: fair-value through profit or loss (FVTPL) and measured at amortized cost.

1. Financial assets at fair value over profit or loss: Financial assets at fair value over profit or loss are financial assets held for trading purposes. A financial asset is classified in this category if it is primarily acquired with a view to providing a gain from short-term price fluctuations. Derivatives are classified as held for trading. Hedge accounting has not been applied. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

2. Financial assets and liabilities measured at amortized cost: Financial assets classified in this category are customer receivables and other receivables, held to maturity in a business model whose objective is to collect contractual cash-flows and with cash-flow characteristics being solely payment of principal and interest. Financial liabilities are in general measured at amortized cost. The financial assets and - liabilities are classified as current unless they fall due more than 12 months after the balance sheet date.

The Group has applied the simplified approach when implementing IFRS 9, with no effect on the Group accounts. Comparative figures have not been restated.

Accounting and measurement:

Normal purchases and sales of investments are entered at the date of the agreement, which is the date the Group undertakes to buy or sell the asset. All financial assets that are not accounted for at fair value over profit or loss are carried initially at fair value with the addition of transaction costs. Financial assets that are carried at fair value over profit or loss are entered on acquisition at fair value and the transaction costs are posted to the result. Investments are removed from the balance sheet when the rights to receive cash flows from the investments cease or when these rights have been transferred and the Group has substantially transferred all risks and all gain potential from ownership. Financial assets and liabilities measured at amortized cost are measured using the effective interest rate method.

Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling



CCI Group

interest's proportionate share of the acquirer's net assets. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in profit and loss. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Write-downs of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The expected credit loss model applies to instruments recorded at amortized cost.

The Group has applied the simplified approach when implementing IFRS 9 for all trade receivables within the scope of IFRS 15. The simplified approach requires the entity to recognize a loss allowance based on lifetime ECL's (expected credit losses) at each reporting date right from origination.

The Group has historically few losses, limited trade receivables and counterparties and has hence a limited risk on trade receivables.

Accounting for derivatives

All derivatives are according to IFRS 9 deemed to be held for trading and are measured at fair value through profit or loss (FVTPL). Subsequently the item is re-valued through the profit and loss on each reporting date.

As at 31 December 2018, the Group had no derivative transactions that qualified for hedge accounting under IFRS 9. A change in value of derivative transactions is thus posted immediately in the income statement.

LOANS

Borrowings are initially recognized net of transaction costs incurred, and are subsequently accounted for at amortised cost using a simplified effective interest rate method. The difference between the proceeds and the redemption value is recognized in the income statement over the term of the loan as part of the effective interest rate.

Premiums or discounts and transaction costs are taken into account in calculating the amortised cost when using the effective interest rate method.

BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

DIVIDENDS

Dividends proposed by the board are recognized as a liability in the financial statements when approved by shareholders in the general meeting.

PENSION LIABILITY

The Group has a defined benefit-based pension scheme. A benefit-based pension scheme defines the employee's right to agreed future pension benefits normally dependent on factors such as age, number of years of service and salary.

The liability is carried as the present value of pension liabilities on the balance sheet date less the fair value of pension funds allocated for payment of benefits together with corrections for non-recorded estimate differences and costs related to previous periods' pension accrual. The pension liability is calculated annually by independent actuaries based on a linear earnings model. The present value of the defined benefit obligation is determined by discounting the estimated future cash out flows using the market yield on government bonds, on the balance sheet date as there is no market for similar, high-quality corporate bonds in Norway that have terms of maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from new information and changes in actuarial assumptions are posted to other comprehensive income in the period in which they arise.

The Group has a defined contribution plan for some of its employees. The contributions are recognized as employee benefit expenses when they are due.

TAX

The tax charges in the income statement consist of tax payable and change in deferred tax. The annual tonnage tax is classified as other administration expenses in the financial statement.

Deferred income tax is calculated with 22%, using the liability method, on all temporary differences between the tax base of financial items, their carrying value for financial reporting purposes, their carrying value for financial reporting purposes as well as any financial tax losses carried forward.

Deferred tax/deferred tax asset is calculated on all differences between accounting and tax values of assets and liabilities except for:

- temporary differences related to investments in subsidiaries, associated companies or jointly controlled businesses when the temporary differences will be reversed and this is not expected to happen in the foreseeable future.

Tax payable and deferred tax is accounted for directly against equity to the extent that the tax items relate to equity transactions.

Deferred tax on underlying temporary differences related to participatory companies within the Norwegian tax area is included in the tax calculation. If a participatory company is to be sold, this will not give rise to a tax effect.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, and that the temporary differences can be deducted from this profit. Deferred tax is presented net in the balance sheet.

POST-BALANCE SHEET EVENTS

New information after the balance sheet date about the Group's financial position on the balance sheet date is included in the annual financial statements. See note 20 for detailed information. Events after the balance sheet date that do not affect the Group's financial position at the balance sheet date, but which will affect the Group's financial position in the future, are stated if these are material.

CHANGES TO ACCOUNTING POLICIES, NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

These consolidated financial statements have been prepared in accordance with all mandatory standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The new standards IFRS 9 and IFRS 15 are both mandatory, and have been implemented from 1 January 2018.

New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The standard IFRS 16 'Leases' was issued in January 2016 and is mandatory from 1 January 2019. This new standard covers the recognition of leases and related disclosure in the financial statements and will replace IAS 17 'Leases'. In the financial statement of lessees, the new standard requires recognition of all contracts that qualify under its definition of a lease as right-of-use assets and lease liabilities in the balance sheet, while lease payments should be split into interest expense and reduction of lease liabilities. The right-of-use assets are to be depreciated in accordance with IAS 16 'Property, Plant and Equipment'. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The only right-of-use assets for lessee in the Group in 2018 which qualify for recognition in the balance sheet with this new standard are the office lease agreement and lease of an office machine. In April 2017 The Group renewed the contract for office lease until Q1 2023. According to the new standard the total value of the contract will be capitalized as an asset and the obligation to make lease payments as a liability. The total amount booked as 'Right of use assets' and 'Lease obligations' as of 1 January 2019 will be about USD 1 million.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact



CCI Group

Note 2 Significant accounting estimates and judgements

The Group makes certain estimates, judgements and assumptions related to forecast. There is a significant risk that the actual condition will deviate from the estimated assumptions. Estimates and forecasts that will represent a significant risk of material changes to the balance sheet values of fixed assets during the next financial year are discussed below.

(a) Estimated useful life of vessels

The group applies a 30 years useful life for the vessels which is the basis for the depreciation profile. In cases where vessels are used for longer periods than their estimated useful lives these are subsequently entered in the balance sheet at the estimated residual value plus any periodic docking.

(b) Estimated residual value of vessels

The vessels are depreciated to an estimated residual value. The residual value is calculated using the price of steel on 1 January in the financial year less estimated demolition costs. The steel price is obtained from ship brokers based on recent recycling transactions involving similar vessels.

The residual value is calculated based on the lightweight of the vessels. As per 31 December 2018, the aggregate lightweight of the vessels was 115,768 tons. The lightweight of the vessels is multiplied by the steel price to derive the total scrap value. The below estimates of steel price have been applied in the Group's depreciation tables during the period 2012-2018:

	2018	2017	2016	2015	2014	2013	2012
USD/ton	450	250	250	450	450	450	480

The table below shows the Group sensitivity to fluctuations in steel price – other factors remaining constant:

	Increase/reduction in steel price	Effect on profit/(loss) before tax (USD 1 000)
2018	+/- 10 %	210/(210)
2017	+/- 10 %	121/(121)

(c) Impairment tests

Management assesses whether there are any indicators of impairment at each reporting date. Each vessel is regarded as a separate cash generating unit and thus the impairment testing is performed on each vessel separately. The vessels are tested for impairment when there are indicators that the carrying amounts may not be recoverable based on a) vessel value appraisals obtained from two independent ship brokers, b) the discounted estimated cash flows from the vessels, basis the net result before financial items over the useful lives of the vessels and their expected residual value after 30 years' operation. The cash flows take into consideration the existing contracts as well as estimated future cash flows from new contracts. MSI forecasts are used as basis for future TC rates. The budgeted net result is the company's best estimate of future earnings, costs, off-hire and docking over the remaining life of the vessel plus the residual value. A Weighted Average Cost of Capital (WACC) of 7.9% has been applied in order to calculate the present value of the cash flows. A write down of the vessel's book value will take place if both the FVLCTS (fair value less cost to sell) and the VIU (value in use) are lower than the book value of the vessel.

The table below shows the Group sensitivity to fluctuations in WACC and OPEX in impairment testing – other factors remaining constant:

	Increase/decrease	Effect on impairment (USD 1 000)	
		Increase	Decrease
WACC	+/- 0.1%	-8 000	0
OPEX	+/- 1.0%	-1 500	0

The Group did not hold any intangible assets as of 31 December 2018.



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Note 3 Operating segments

The Group's business is organised into one reporting segment. Operating income is categorized according to the domicile of the contractual counterparty. In 2018 four customers each represented more than ten per cent of the operating income, and total turnover for these customers was USD 33.3 million, compared to 39.6 million in 2017.

The operating income can be related to the following countries:
(USD 1 000)

	2018	2017
Japan	6 197	17 628
Korea	18 781	15 969
USA	9 776	6 643
Liberia	3 632	2 815
Norway	3 130	719
Italy	0	277
Greece	0	(39)
Total operating income	41 517	44 012

The Group's vessels are flagged in the following countries:
(USD 1 000)

	2018	2017
Book value vessels		
Norway	76 732	81 310
Marshall Islands	120 275	125 481
USA	126 752	131 128
Total book value vessels	323 760	337 919

Note 4 Other operating- and administrative expenses

(USD 1 000)

	2018	2017
Operating expenses vessels		
Crew expenses	(5 667)	(6 596)
Technical operating expenses	(3 148)	(3 477)
Insurance	(314)	(985)
Other operating expenses	0	(9)
Pre-operating expenses	(1 565)	(1 947)
Total	(10 694)	(13 014)
Administrative expenses		
Salaries/holiday pay	(1 814)	(1 754)
Employment tax	(256)	(251)
Legal fees	(53)	(319)
Other professional fees	(20)	(192)
Other operating expenses	(697)	(699)
Tonnage tax	(81)	(82)
Total	(2 921)	(3 298)
Pension costs:		
Defined benefit plan	(83)	(97)
Defined contribution plan	(54)	(43)
Total administrative expenses	(3 058)	(3 438)

Reference is made to note 16 for detailed information of the remuneration to the CEO. The average number of employees during the year was 9

	2018	2017
Specification of auditor fees*		
Audit fee	(72)	(73)
Other attestation services	0	(8)
Tax consultancy services	(8)	(10)
Other services	(7)	0
Total	(87)	(91)

*All amounts are excluding VAT.



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Note 5 Pensions

The Group has two pension plans, one defined benefit plan and one defined contribution plan. Both plans provide benefits to members in the form of a pension payable for a defined period when reaching the retirement age. The level of benefits provided depends on length of service of each member, their salary in the final years and the amount of benefits from the social security system leading up to retirement. The liability is covered through Storebrand Livsforsikring AS. The defined benefit plan was closed on 30 October 2012 and employees hired after this date will benefit from a defined contribution plan. The Company's pension scheme meets the requirements of the law on compulsory occupational pension. All former pensioners were bought out of the contract as per 31 March 2016. On the same date it was also undertaken a reorganization of the disability pension of the contract, and this resulted in a release of liability and reserves. The disability pension will in the future not be part of the actuarial calculation and is now a pure risk coverage that should not be capitalized.

Economic assumptions used as a basis for the calculation:

(USD 1 000)	2018	2017
Discount rate	2,60 %	2,30 %
Expected rate of compensation increase	2,75 %	2,50 %
Expected rate of pension increase	0,80 %	0,40 %
Increase of social security base amount (G)	2,50 %	2,25 %

The actuarial assumptions relating to demographic factors are based on assumptions generally applied to insurance (Table K2013BE for 2018 and Table K2013BE for 2017)

Average remaining service period	15,00	16,00
Payroll tax / social security tax	14,10 %	14,10 %
Actives total	3	3
Pensioners total	0	0

	2018	2017
Service cost	78	95
Interest cost on accrued pension liabilities	6	3
Net pension costs in period	83	98

Net liability (assets) at beginning of period	2 272	2 161
Service cost	64	95
Interest costs on accrued pension liabilities	21	23
Past service cost	0	0
Settlement	0	0
Payroll tax / social security tax on employers contribution	(12)	(14)
Benefits paid	0	0
Remeasurements loss/(gain)	24	7
Net liability/(assets) at the end of period	2 369	2 272

Fair value of assets at beginning of period	2 030	2 047
Return on pension funds	14	19
Settlement	0	0
Contribution from employer	107	106
Payroll tax / social security tax on employers contribution	(12)	(14)
Benefits paid	0	0
Remeasurement (loss) gain	(4)	(128)
Fair value of assets at end of period	2 134	2 030

Funded status (underfunded)	(235)	(242)
Net assets/(liability) recognised in the BS at the end of period	(235)	(242)

Net assets/(liability) recognised in the BS at the beginning of period	(242)	(115)
Pension cost	(83)	(97)
Employer contribution incl. payroll tax and currency effect	118	106
Remeasurement loss (gain)	(28)	(135)
Net assets/(liability) recognised in the Balance Sheet end period	(235)	(242)



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Note 6 Financial items

(USD 1 000)	2018	2017
Other financial income		
Interest income	201	153
Total interest and other financial income	201	153
Net gain/(loss) on foreign exchange	3	46
Unrealized gain/(loss) on financial instruments		
Unrealized value increase/(decrease), interest rate swap agreements	715	811
Total unrealized gain/(loss) on financial instruments	715	811
Interest and other financial expenses		
Interest expenses mortgage debt	(11 359)	(10 626)
Interest expenses capitalized	285	285
Other financial expenses	(361)	(361)
Total interest and other financial expenses	(11 436)	(10 703)
Net financial items	(10 516)	(9 693)

Note 7 Tax

With effect from 2012 all subsidiaries owning qualifying assets entered the Norwegian tonnage tax regime according to tax code §8-10, where there is a final tax exemption for shipping income. The tax exemption includes operating profit and gain on income. Net financial income will be taxed at the ordinary tax rate of 23%.

In order to qualify for the Norwegian tonnage tax regime, tonnage taxed companies can principally not engage in any business other than charter and operation of owned or chartered vessels.

Norwegian tonnage taxed companies are obliged to pay an annual moderate tonnage tax, based on the net registered tonnage. Tonnage tax is presented as operating cost. See note 4.

Income at entry USD 1 327 893 (NOK 7 391 581) was booked against gain/loss account and minimum 20% is taxable income per year. Current tax liability of USD 39 239 (NOK 341 028) was recognised as deferred tax in the financial statement. Current years financial result is calculated according to tax code § 8-10 to 8-20.

The applicable tax rate for calculating the payable tax was 24% for 2017 while for 2018 the tax rate is 23%.
The applicable tax rate for calculating deferred tax/(deferred tax benefits) was 23% for 2017 while for 2018 the tax rate is 22%.

(USD 1 000)	2018	2017
Tax on income as a result of entering the Norwegian tonnage tax regime		
Gain account opening balance	235	280
Taxable part of income (20%) at exchange rate USD/NOK year end	57	45
Gain account balance 31 December at USD/NOK exchange rate year end	178	235
Deferred tax on gain account balance (22% tax rate in 2018, 23% tax rate in 2017)	39	54
Tax payable on taxable part (23% tax rate in 2018) at USD/NOK exchange rate year end	10	14
Total deferred tax liabilities and payable tax 31 December	49	68
Basis for other deferred tax / tax benefits	2018	2017
Loss carried forward	(18 440)	(19 291)
Deferred tax benefits (22% in 2018, 23% in 2017)	4 057	4 437
These deferred tax benefits are not recognized in the balance sheet.		
Taxes in the Profit & Loss statement	2018	2017
Tax payable	10	14
Changes in deferred tax (tax benefits)	(12)	(16)
Total tax (tax income)	(2)	(2)
Taxable net financial profit/(loss)	(2 504)	(71)
Tonnage tax	81	80



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(USD 1 000)

Deferred tax and deferred tax benefits - ordinary taxed companies	Deferred tax benefit	Change	Deferred tax benefit
	OB 2018	2018	CB 2018
Deferred tax asset/(liability)			
Operating assets	3	(3)	1
Receivables and liabilities	(481)	(47)	(528)
Gains and losses account	(52)	14	(38)
Pensions	56	(4)	52
Other differences	94	(13)	81
Loss carried forward	2 997	(738)	2 259
Net deferred tax asset benefit/(liability)	2 617	(790)	1 827
Of which not recognised	2 617		1 827
Deferred tax asset/(liability) in the balance sheet	0		0

(USD 1 000)

Deferred tax and deferred tax benefits - ordinary taxed companies	Deferred tax benefit	Change	Deferred tax benefit
	OB 2017	2017	CB 2017
Deferred tax asset/(liability)			
Operating assets	9	(6)	3
Receivables and liabilities	(569)	88	(481)
Gains and losses account	(65)	13	(52)
Pensions	28	28	56
Other differences	92	2	94
Loss carried forward	3 450	(453)	2 997
Net deferred tax asset benefit/(liability)	2 945	(328)	2 617
Of which not recognised	2 945		2 617
Deferred tax asset/(liability) in the balance sheet	0		0

The basis for deferred tax (tax benefit) is calculated based on differences that exist at the end of the accounting year between accounting and tax values.

Temporary differences relating to the Group's vessels held in partnerships are not included in the Group's presentation of deferred tax and deferred tax liabilities.

(USD 1 000)

Reconciliation of effective tax rate	2018	2017
Profit/(loss) before tax	3 076	(308)
Tax income calculated on the result before tax	(707)	74
Tax effects of:		
- Adjusted tax - tonnage taxed companies	291	(516)
- Effect of change in tax rate	(2)	(2)
- Change in deferred tax benefit, not recognised	790	328
- Permanent differences	0	(7)
- Other differences	(370)	125
Tax income (expense) in the profit and loss statement	2	2



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Note 8 Fixed assets

(USD 1 000)

	Other assets	Vessels	Docking	Total vessels	Vessels under construction	Total
1 January 2017						
Acquisition cost	280	289 870	8 600	298 471	51 933	350 683
Accumulated depreciation and write downs	(265)	(72 957)	(6 776) ^F	(79 733)		(79 998)
Book value 1 January 2017	14	216 914	1 824	218 738	51 933	270 685
Accounting year 2017						
Book value 1 Jan	14	216 914	1 824 ^F	218 738	51 933	270 685
Additions	58	134 494	2 845	137 339	(51 933) ^F	85 464
Additions - non-depreciable	5					5
Disposals	0	0	0 ^F	0		0
Depreciation	(17)	(13 670)	(1 191) ^F	(14 861)		(14 878)
Impairments	0	(3 298)	0 ^F	(3 298)		(3 298)
Book value 31 December 2017	60	334 440^F	3 479	337 919^F	(0)	337 979
31 December 2017						
Acquisition cost	338	424 365	10 246	434 611	(0) ^F	434 948
Acquisition cost - non depreciable	5					5
Accumulated depreciation and write downs	(283)	(89 925)	(6 767)	(96 692)		(96 975)
Book value 31 December 2017	60	334 440	3 479	337 919	(0)	337 979
1 January 2018						
Acquisition cost	338	424 365	10 246	434 611	(0)	434 948
Acquisition cost - non depreciable	5					5
Accumulated depreciation and write downs	(283)	(89 925)	(6 767)	(96 692)		(96 975)
Book value 1 January 2018	60	334 440	3 479	337 919	(0)	337 979
Accounting year 2018						
Book value 1 Jan	60	334 440	3 479 ^F	337 919	(0)	337 979
Additions	22	0	0	0	0	22
Additions - non-depreciable	0					0
Disposals	0	0	0 ^F	0		0
Depreciation	(13)	(12 969)	(1 191) ^F	(14 159)		(14 173)
Impairments	0	0	0 ^F	0		0
Book value 31 December 2018	69	321 472	2 288	323 760	(0)	323 828
31 December 2018						
Acquisition cost	148	424 365	9 046	433 411	(0) ^F	433 559
Acquisition cost - non depreciable	5					5
Accumulated depreciation and write downs	(84)	(102 894)	(6 758)	(109 652)		(109 736)
Book value 31 December 2018	69	321 472	2 288	323 760	(0)	323 828
Useful life	3-5 years	30 years	2.5-5 years			

Write-down fixed assets

The book value of the vessels can be supported through a value in use calculation, and no impairment charge has been booked in 2018.

Current year's docking addition

There were no docking additions in 2018. (The docking addition in 2017 were USD 2,845 million).

Mortgages

All vessels owned by the Group have been mortgaged as security for bank loans. Please refer to Note 12.



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Note 9 Subsidiaries

See below the overview of the entities in the Car Carrier Investments AS Group:

Name	Country ¹⁾	Ownership/Controlling rights%	
		2018	2017
Wholly-owned subsidiaries:			
Norwegian Car Carriers AS	Norway	100 %	100 %
NOCC Shipowning AS	Norway	100 %	100 %
NOCC Atlantic AS	Norway	100 %	100 %
Other subsidiaries:			
NOCC Atlantic DIS	Norway	53,75 %	53,75 %

¹⁾ Oslo is the business address for all the subsidiaries

Note 10 Account receivables and other current assets

(USD 1 000)

Account receivables and other current assets	2018	2017
Prepaid costs	1 361	610
Prepaid insurance premiums	230	199
Accrued swap interest	100	0
Stocks of luboil, bunkers ¹⁾	720	673
Bunkers /MDO for sale	343	0
Other current receivables ²⁾	322	412
Insurance claims ³⁾	6	343
VAT receivables	13	13
Total	3 094	2 250

1) Stocks of luboil and bunkers are recognized in the balance sheet at cost, using the first-in/first-out method (FIFO).

2) At year-end 2018 the expected credit losses on trade receivables calculated under the simplified expected credit loss model is based on the average historical loss rate for the latest five years of 0.0%, following the fact that CCI the latest five years has not realised any credit losses on trade receivables. All outstanding trade receivables were not due as per 31 December 2018.

3) Insurance claims in connection with vessel damage are recognised at best estimate of recoverable amounts from the insurance company.

(USD 1 000)

Book value of the Group's Other long-term and current receivables by currency*:	2018	2017
NOK	43	55
USD	2 770	1 651
Total	2 813	1 706

* Excluding stocks of luboil and bunkers

Note 11 Cash and cash equivalents

(USD 1 000)

Bank deposits with restrictions (included in cash and cash equivalents)	2017	2017
Tax withholding funds	74	104
Restricted accounts	1 109	110
Total bank deposits with restrictions	1 182	215

In the cash flow statement, cash and cash equivalents consist of the following:

(USD 1 000)

Cash and cash equivalents (including restricted amounts)	17 929	23 884
Total	17 929	23 884

Amounts held on restricted accounts relate to office lease guarantees, cash held by NOCC Atlantic DIS on a debt service retention account and minimum liquidity.



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Note 12 Debt

SECURED DEBT

2018

Specification of secured debt

(USD 1 000)

Company	Vessel	Currency	Long-term Debt (>1 year)	Short-term Debt (< 1 year)	Nominal interest 31 Dec 2018	Fixed/ floating interest	Maturity
NOCC Shipowning AS ¹⁾	Fleet financing	USD	152 151	17 733	5,9 %	partly fixed	Nov 2021
NOCC Atlantic DIS ²⁾	NOCC Atlantic	USD	17 161	3 040	6,6 %	floating	June 2022
Total			169 312	20 773			

As per 31 December 2018, the proportion of fixed rate debt represented 52.0% of the interest-bearing debt. The variable proportion of the interest-bearing debt have 3 months rollover/repricing dates.

The bank debt facilities contain financial covenants including minimum value clause, adjusted equity, minimum asset coverage and minimum cash and positive working capital. The borrowers were in compliance with all financial covenants in the respective loan agreements on the balance sheet date.

The difference between book-value and actual value of interest bearing debt is immaterial. The debt is measured to be in level 2. See note 15 for description of the level.

Reconciliation secured debt to Cash-flow statement

(USD 1 000 - Nominal values)

Company	Bank	Currency	Initial amount - BOY	Drawdown principal during the year	Reimbursed principal during the year	Principal outstanding at year-end
NOCC Shipowning AS	DnB Bank/Nordea	USD	185 792	0	(17 733)	168 059
NOCC Atlantic DIS	NIBC	USD	23 480	0	(3 040)	20 440
			209 272	0	(20 773)	188 499

2017

Specification of secured debt

(USD 1 000)

Company	Vessel	Currency	Long-term Debt (>1 year)	Short-term Debt (< 1 year)	Nominal interest 31 Dec 2016	Fixed/ floating interest	Maturity
NOCC Shipowning AS	Fleet financing	USD	169 491	17 733	4,9 %	partly fixed ¹⁾	Nov 2021
NOCC Atlantic DIS	NOCC Atlantic	USD	20 124	3 040	5,4 %	floating ²⁾	June 2022
Total			189 615	20 773			

¹⁾In connection with delivery of the two newbuildings, two new tranches of the fleet financing facility in NOCC Shipowning AS, with a total amount of USD 71,783 million, were drawn in Q1 2017 in connection delivery of the two newbuildings. The interest rate exposure under the fleet financing in NOCC Shipowning AS is partly hedged by the use of interest rate swaps - see note 15.

²⁾The debt facility in NOCC Atlantic DIS was refinanced in Q2 2017. The mortgage in DnB Bank was repaid, and a new loan was drawn in NIBC Bank. The new mortgage debt is repaid in quarterly installments of USD 760 000 until final maturity in June 2022. Including the final installment, the balloon upon final maturity in June 2022 will be USD 10 560 000. The interest rate is currently floating, and as such the interest expenses are 100% exposed to fluctuations in the USD Libor rates.

As per 31 December 2017, the proportion of fixed rate debt represented 56.5% of the interest-bearing debt. The variable proportion of the interest-bearing debt have 3 months rollover/repricing dates.

Note 13 Other current liabilities

(USD 1 000)

	2018	2017
Accrued swap interest	0	115
Prepaid charter hire	1 628	2 608
Accrued costs	434	639
Debt to charterer	0	1 211
Due to suppliers	2 856	1 608
Total	4 918	6 182



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Note 14 Financial risk management

Risk management overview

The Group is exposed to financial risks such as market risk, credit risk and liquidity risk. Market risk comprise three types of risk: interest rate risk, foreign currency risk, and price risk.

In order to reduce and mitigate these risks, the management periodically reviews and evaluates the most important financial market risks. When a risk factor is identified, measures may be taken to reduce the specified risk. When deemed appropriate, the financial market risks are mitigated by applying derivative products for hedging purposes. If derivative transactions are entered into, only recognized ordinary derivative instruments are applied. It is the policy of the management to execute financial derivative transactions with recognised financial institutions only. None of the derivative transactions entered into by the Group are designated as accounting hedges, and hedge accounting is not applied.

Interest rate risks

The Group has applied derivatives only for the purpose of managing risks related to fluctuations in interest rates. The treatment of financial derivatives for accounting purposes is further discussed in note 15 for the Group.

Foreign exchange risks

The functional currency of the Group is in USD as most of the revenues, expenses, assets and liabilities are denominated in USD. The foreign exchange exposure is primarily related general and administrative expenses which is in NOK. The available liquidity is primarily held in USD and, to a lesser extent in NOK. As per 31 12 2018 the Group has not entered into any foreign exchange rate derivatives.

Price risk

The Group will normally have very limited exposure to risks associated with bunkers price fluctuations since the supply of fuel is for charterers account when the vessel is on contract. The Group has not entered into any bunker derivatives.

Net foreign exchange gains and losses recognized in the profit and loss account:

(USD 1 000)	2018	2017
Net gain/(loss) on foreign exchange (note 6)	3	46
Total	3	46

Interest rate risk

The Group is exposed to interest rate fluctuations, primarily related to the Group's long-term debt obligations. In order to reduce the interest rate risk, the Group has adopted a strategy to hedge a portion of the interest rate exposure associated with the long-term debt by entering into interest rate swaps.

Depending on developments in interest rates and certain internal guidelines, the Group enters into hedging transactions with a view to fix 50-70% of the interest rate exposure. The interest rate risk is assessed using a dynamic model which takes into account different scenarios based on refinancing, alternative financing and hedging.

As per 31 December 2018, the Group had entered into interest rate swap agreements for a total nominal value of USD 148.8 million, under which the Group received a floating interest rate and paid a fixed rate. Three of the interest rate swaps with a total nominal value of USD 50 million have start dates in 2019 and 2020.

As per 31 December 2018, the proportion of fixed rate debt represented 52.0% of the interest-bearing debt. The variable proportion of the interest-bearing debt have 3 months rollover/repricing dates.

The following table illustrates the sensitivity in the Group's profit before tax from given fluctuations in interest rates (interest swap included), all other factors held constant.

(USD 1 000)	Increase/reduction in loan interest	Effect on result before tax
2018	+ / - 1 %	+/- 913
2017	+ / - 1 %	+/- 916

During 2018 and 2017, the Group's borrowings at a variable rate were denominated in USD. The impact on the Group's equity is immaterial. See detailed information of borrowings in Note 12 - Debt.

Credit risk

Credit risk occurs in transactions with financial instruments, cash deposited with banks and financial institutions in addition to risks related to customer receivables and other short-term receivables. The Group deals primarily with recognized and creditworthy third parties. There have been very few disputes, if any, with customers regarding payment and fulfilment of contractual terms. Customer receivables are monitored continuously and the Group's risk of loss on receivables is considered low. There is also credit risk related to loans to associated companies. The maximum exposure is limited to the book value of the financial assets including derivatives. The maximum exposure related to customer receivables is deemed to be equal to be the book value of customer receivables; see Note 10 - Other long-term receivables, account receivables and other current assets.

The liquidity reserve of the Group is primarily deposited with major banks like Nordea Bank Apb and DNB Bank ASA.

These banks have following long-term credit ratings:

Nordea Bank Apb	AA-	(Standard & Poor's)
DNB Bank ASA	AA-	(Standard & Poor's)



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Liquidity risk

The Group monitors the risk of shortage of available capital by carefully following up maturity dates for financial investments, financial assets, and projected cash flows from operations. Careful management of liquidity risk involves maintaining a sufficient holding of cash and tradable securities in order to maintain sufficient liquidity to honour running obligations. The management monitors the liquidity reserve through rolling forecasts based on expected cash flows.

The table below provides details of financial liabilities classified according to the repayment structure. The amounts are undiscounted cash flows, and the classification has been done according contractual maturity.

(USD 1 000)					
31 December 2018	2019	2020-2021	2022-2024	2025 and later	Total
Long-term interest bearing debt	20 773	157 384	11 928	0	190 085
Derivatives	(171)	(754)	155	0	(770)
Other short-term debt	4 918	0	0	0	4 918
Total	25 520	156 630	12 083	0	194 233
Interest during the period ¹⁾	10 055	16 642	366	0	27 063

¹⁾ Including interest under interest rate swaps.

Fair value of interest-bearing debt

Some of the Group's bank loans are subject to interest margins that are currently deemed to be below market levels. The difference between book-value and actual value of interest bearing debt is immaterial.

Capital management

The Group's management has an objective to ensure that the Group maintains a certain solidity in order to support the business and maximise shareholder value. The Group manages its capital structure and makes necessary changes on an ongoing basis according to an assessment of the economic factors, under which the business is operated in the short- to medium term.

Management of the capital structure is carried out through adjusting dividends or issuing new shares. There has been no change to the guideline within this area during 2018.

The Group's policy is to maintain an equity ratio of at least 30 per cent. As per 31 December 2018, the book equity ratio was 43.41% (40.37% as per 31 December 2017).

The book equity ratio is calculated as book equity divided by total assets:

(USD 1 000)		
31 December:	2018	2017
Total equity	150 101	147 051
Assets	345 804	364 243
Equity ratio	43,41 %	40,37 %



CCI Group

Note 15 Financial instruments

Measurement of fair value

The fair value of unquoted financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices.

The fair value of foreign exchange contracts is set by using the forward rate on the balance sheet date and is set by calculating the present value of future cash flows. In the case of all the above-mentioned derivatives, the fair value is confirmed by the financial institution that the Company has entered into the agreement with. The Group did not have any foreign exchange contracts 31 December 2018.

The following of the company's financial instruments are not valued at fair value: cash and cash equivalents, customer receivables, other receivables and long-term debt.

The book value of cash and cash equivalents is virtually the same as fair value due to the fact that these instruments have short maturity dates. Receivables are recognised at amortised cost less expected credit losses.

The Group classifies fair value measurements by using a fair value hierarchy that reflects the significance of the input that is used in preparing the measurements. The fair value hierarchy has the following levels:

Level 1: the input is quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2: the input is prices, other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. calculated from prices).

Level 3: the input to the asset or liability is not based on observable market data (non-observable input).

The following table presents the Group's financial assets and liabilities measured at fair value as per 31 December 2018:

(USD 1 000)	Level 1	Level 2	Level 3
2018			
Assets			
Financial assets at fair value over profit or loss			
- Derivatives held for trading purposes	0	953	0
Total assets	0	953	0
Liabilities			
Financial liabilities at fair value over profit or loss			
- Derivatives held for trading purposes	0	183	0
Total liabilities	0	183	0

During the reporting period, there were no changes in the fair value measurement that involved transfers between level 1 and level 2. Financial assets and liabilities in level 2 are entered in the balance sheet at market value.

The following table presents the Group's financial assets and liabilities measured at fair value as per 31 December 2017:

(USD 1 000)	Level 1	Level 2	Level 3
2017			
Assets			
Financial assets at fair value over profit or loss			
- Derivatives held for trading purposes	0	130	0
Total assets	0	130	0
Liabilities			
Financial liabilities at fair value over profit or loss			
- Derivatives held for trading purposes	0	75	0
Total liabilities	0	75	0

(USD 1 000)	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Interest swap agreements ¹⁾	953	183	130	75
Total book values	953	183	130	75

¹⁾ Interest swap agreements

The notional amount of outstanding interest rate swap agreements was USD 148.8 million (2017: USD 158.8 million). Three of the interest swap agreements with a total nominal value of USD 50 million have start dates in 2019 and 2020. As per 31 December 2018 the fixed interest rate for the swaps in effect varied from 1.5% to 2.0% + margin (2017: 1.5% to 2.2%). The floating interest rates are based on 3 months USD Libor.



CCI Group

(USD 1 000)

Currency	Notional amount USD	Start date	Maturity date	Fixed rate
USD	9 399	February 2013	February 2020	1,54 %
USD	9 399	February 2013	February 2020	1,54 %
USD	15 000	March 2013	March 2020	2,04 %
USD	20 000	September 2014	July 2019	1,92 %
USD	20 000	October 2014	July 2019	1,92 %
USD	25 000	January 2017	November 2021	2,02 %
USD	20 000	July 2019	January 2022	2,68 %
USD	20 000	July 2019	January 2022	2,48 %
USD	10 000	March 2020	March 2022	3,13 %

¹⁾ See note 14

Financial instruments by category

As at 31 December 2018	At fair value over profit /loss	At amortized cost	Total
(USD 1 000)			
Assets			
Customer receivables and other receivables (excl. prepayments)	0	335	335
Derivatives	953	0	953
Cash and cash equivalents	0	17 929	17 929
Total Assets	953	18 264	19 216
Liabilities			
Loans	0	187 805	187 805
Derivatives	183	0	183
Due to suppliers and other debt	0	2 856	2 856
Total Liabilities	183	190 661	190 843

As at 31 December 2017	Receivables	At fair value over profit /loss	At amortized cost	Total
(USD 1 000)				
Assets				
Customer receivables and other receivables (excl. prepayments)	425	0	0	425
Derivatives	0	130	0	130
Cash and cash equivalents	23 884	0	0	23 884
Total Assets	24 309	130	0	24 439
Liabilities				
Loans		0	208 327	208 327
Derivatives		75	0	75
Due to suppliers and other debt		0	2 819	2 819
Total Liabilities		75	211 146	211 221

IFRS 9 - Financial assets and liabilities classification outcome chart 01.01.2018

Financial assets	Business model	Classification		Carrying Amount
		IFRS 9	IAS 39	
Derivatives	Held for trading	FVTPL	FVTPL	130
Customer receivables and other receivables	Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows	Amortized cost	Receivables	425
Bank deposits	Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows	Amortized cost	Receivables	23 884

1) Financial assets which fail the contractual cash flow characteristics test are measured at FVTPL.

2) Only debt instruments can pass the contractual cash flow characteristic test.

Financial liabilities	Liability held for trading	Fair value option used	Embedded derivative	Classification		Carrying amount
				IFRS 9	IAS 39	
Loans	No	No	No	Amortized cost	Amortized cost	208 327
Derivatives	Yes	-	29	FVTPL	FVTPL	75
Other payables	No	No	No	Amortized cost	Amortized cost	2 819



CCI Group

Note 16 Remuneration and fees

(USD 1 000)	Salary	Other remuneration	Pension cost	Total
Remuneration to senior management 2018				
Olav Sollie, CEO ¹⁾	272	81	10	363
Other members of senior management ²⁾	632	117	53	802
Total remuneration senior management	904	198	63	1 165
Remuneration to senior management 2017				
Olav Sollie, CEO	271	100	10	381
Other members of senior management ²⁾	597	154	54	805
Total remuneration senior management	868	255	64	1 187

¹⁾ Upon termination of the employment contract, the CEO is entitled to receive his base salary, including agreed benefits, during the 6 months notice period plus a compensation equal to 12 months salary.

²⁾ Chief Financial Officer, Director Chartering and Commercial and Technical Director.

The Board of Directors of the Parent company does not receive any compensation. The chairman of the board is not entitled to any bonus or severance pay. Remuneration and fees are denominated in NOK. In the table above, the average USD/NOK exchange rate is used to convert the figures from NOK to USD.

Note 17 Transactions with related parties

All the companies set out in note 9 are related parties to CCI. Receivables and transactions between consolidated companies are eliminated in the consolidation and not shown in this note.

Transactions with related parties are entered into on an arms-length basis and at market terms. Apart from the transactions specified in this note there are no transactions or outstanding amounts of a material nature with related parties.

Note 18 Operating leases and commitments

Office

The Group administration is situated in rented premises in Drammensveien 167 in Oslo, Norway. For 2018, the rent was USD 0.2 million. The rent is subject to annual adjustments in line with the Norwegian consumer price index.

In April 2017 the Group renewed the contract for office lease in Drammensveien 167 in Oslo until Q1 2023 with an option for another 5 years.

Note 19 Share capital and shareholder information

	2018	2017
Total number of shares 1 January	30	30
Share capital increases	0	0
Total number of shares 31 December	30	30
Total shares	30	30

The share capital consists of:

	Number of shares	Par Value NOK	Share capital registered USD
Ordinary shares	30	10 000	38 931

As per 31 December 2018, the Company had two shareholders. All shares give the same rights in the Company.

List of shareholders with more than 1% interest:	Total shares	Interest
KLAVENESS INVEST AS	15	50,0 %
NAUTILUS H LIMITED	15	50,0 %
Total	30	100,0 %



CCI Group

Note 20 Post balance sheet events

In January 2019 NOCC Kattegat fulfilled its periodical maintenance, dry docking, in Turkey.

In February 2019 Liberty Global Logistics declared an option for 2.5 years extension of the bare boat contract for NOCC Arctic (Liberty Passion) starting from July 2019. The bare boat rate for the new period is slightly above market rates.

In April 2019 NOCC Atlantic renewed the time charter contract with Hyundai Glovis for another year starting from May 2019 after finalizing the vessel's planned periodical maintenance in April/May.

In April 2019 Asian King renewed the time charter contract with Hyundai Glovis for another year starting from June 2019.

In April 2019 the equity was increased for general purposes by USD 3 000 000 (NOK 25 590 000).



Car Carriers Investment AS – Parent Company

Income statement

USD 1 000

	Note	2018	2017
OPERATING INCOME AND EXPENSES			
OPERATING INCOME			
Other operating income			
Total operating income		0	0
OPERATING EXPENSES			
Other operating expenses	2	(85)	(80)
Total operating expenses		(85)	(80)
OPERATING PROFIT/(LOSS)		(85)	(80)
FINANCIAL INCOME AND EXPENSES			
Interest income		2	2
Impairment financial assets		0	(2 594)
Net gain/(loss) on foreign exchange		(23)	33
Interest expenses group		(17)	(7)
NET FINANCIAL ITEMS		(38)	(2 566)
PROFIT/(LOSS) BEFORE TAX		(123)	(2 647)
Taxes	7	0	(31)
PROFIT/(LOSS) AFTER TAX		(123)	(2 678)



Car Carriers Investment AS – Parent Company

Statement of financial position as at 31 December

USD 1 000

	Note	2018	2017
ASSETS			
FIXED ASSETS			
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	5	118 107	118 107
Total financial fixed assets		118 107	118 107
TOTAL FIXED ASSETS			
		118 107	118 107
CURRENT ASSETS			
Other current receivables		1	
Cash and cash equivalents	3	293	540
TOTAL CURRENT ASSETS		295	540
TOTAL ASSETS		118 402	118 648



Car Carriers Investment AS – Parent Company

Statement of financial position as at 31 December

USD 1 000

EQUITY AND LIABILITIES

EQUITY

Paid-in equity:

Share capital	4	39	39
Share premium reserve	4	166 514	166 514
Total paid-in equity		166 553	166 553
Other equity:			
Other equity	4	(48 194)	(48 070)
Total other equity		(48 194)	(48 070)
Total equity		118 359	118 483

LIABILITIES

CURRENT LIABILITIES

Tax payable	7	0	0
Current debt group	6	32	152
Other current liabilities		11	13
Total current liabilities		43	165


TOTAL LIABILITIES

TOTAL LIABILITIES		43	165
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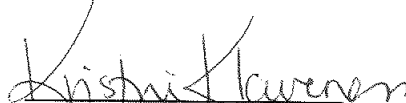
TOTAL EQUITY AND LIABILITIES

TOTAL EQUITY AND LIABILITIES	118 402	118 648
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Oslo, 14 May 2019



Jon Christian Syvertsen


James Michael Stepp (Chairman)


Kristine Klaveness


Andrian Roman Dacy


Tore Bergsjø


Colin James Whittington


Olav Sollie (CEO)



Car Carriers Investment AS – Parent Company

Car Carrier Investments AS - Parent Company

Cash flow statement

USD 1 000	2018	2017
Cash flow from operating activities		
Profit/ (loss) before income taxes	(123)	(2 647)
+ Interest costs	17	7
- Interest income	(2)	(2)
-/+ Currency gain/loss	23	0
+ Impairment financial assets	0	2 594
+ Changes in accounts payable/other current payables	(157)	(108)
= Net cash flow from operating activities	A (242)	(156)
Cash flow from investing activities		
- Purchase of shares in subsidiaries (share issue in subsidiaries)	0	(14 900)
= Net cash flow from investing activities	B 0	(14 900)
Cash flow from financing activities		
-/+ Net paid/received interest	(5)	2
+ Paid in equity / Proceeds from share issue	0	14 900
= Net cash flow from financing activities	C (5)	14 902
Net change in cash and cash equivalents	A+B+C (247)	(154)
+ Cash and cash equivalents at 01.01.	540	694
= Cash and cash equivalents at 31.12.	293	540



Car Carriers Investment AS – Parent Company

Note 1 Accounting Principles

The office of Car Carrier Investments AS is located at Drammensveien 167, Oslo.

PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Car Carrier Investments AS have been prepared in accordance with the Accounting Act 1998 and generally accepted accounting principles in Norway.

The financial statements have been prepared at historical cost, with the exception of financial instruments, which are measured at fair value.

Functional currency and presentation currency

The Company's presentation currency as well as the functional currency is USD. The following exchange rates have been applied NOK/USD:

31 December 2017: 8,2411

31 December 2018: 8,6911

Subsidiaries and associated companies in the Company's financial statements

Except for short term investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are provided through capital increases or when group contributions are made to subsidiaries. Dividends and group contributions exceeding the portion of retained earnings after the date of investment are reflected as a reduction in the cost of the investment. Dividends/group contributions from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved.

Interests in other limited partnerships

Limited partnership interests that relate to various small investments are entered as financial fixed assets in other enterprises.

Income recognition

Income on delivery of services is valued at the fair value of the consideration. Services are posted to income in line with execution of the contract.

Foreign exchange contracts

Foreign exchange contracts are considered to be monetary items and recorded at fair value with changes in market value recorded in the income statement.

Pension liabilities

The Company has no employees and thus not obligated to have a pension scheme.

Classification of assets and liabilities

Current assets and short-term liabilities include items that fall due for payment within one year after the balance sheet date. Other items are classified as fixed assets/long-term obligations.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is entered in the balance sheet at the nominal amount at the time of establishment.

Fixed assets are valued at acquisition cost written down to fair value if the fall in value is expected to be permanent. Long-term liabilities are entered in the balance sheet at the nominal amount at the time of establishment

Short-term investments

Short-term investments (shares and interests valued as current assets) are valued at the lower of average acquisition cost and fair value on the balance sheet date. Dividends received and other distributions from companies are posted to income as other financial income.

Business combinations

The Group uses the acquisition method of accounting to account for business combinations. Acquisition cost is included in the cost price for shares acquired in accordance with generally accepted accounting principles in Norway.

Tax

The tax charges in the income statement consist of tax payable and change in deferred tax.

Deferred income tax is provided for with a tax rate of 22%, using the liability method on all temporary differences between the tax base of financial items, their carrying value for financial reporting purposes, their carrying value for financial reporting purposes as well as any financial tax losses carried forward.

The tax position on all differences between accounting and tax values of assets and liabilities are calculated with a resulting deferred tax or deferred tax asset, with the exception of:

- temporary differences related to investments in subsidiaries, associated companies or jointly controlled businesses when the temporary differences will be reversed and this is not expected to happen in the foreseeable future.

The tax increasing and reducing temporary differences that reverse or can reverse in the same periods are netted.

Deferred tax is measured based on the expected future tax rates where temporary differences have arisen, and are entered at nominal value and classified as long-term liabilities in the statement of financial position.

Following a change in the tax legislation in 2005 the tax losses can be carried forward indefinitely.

Due to uncertainties whether tax losses carried forward may be utilized within reasonable time, the Company has not recognized any of its deferred tax assets in the balance sheet.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments that can be converted immediately and with no significant price risk to a specific cash amount, and have a maturity date shorter than three months from establishment.



Car Carriers Investment AS – Parent Company

Note 2 Other Operating expenses

USD 1 000

	2018	2017
Audit fees	14	15
Management fee	70	64
Other administrative expenses	1	1
Total	85	80

The company had no employees during the period and the company is not obliged to have a pension scheme.

Auditors fee (amount excl VAT):	2018	2017
Audit fee	14	13
Other attestation services	0	2
Other services	0	0
Total	14	15

Note 3 Cash and cash equivalents

USD 1 000

Cash and cash equivalents	2018	2017
Bank deposit	293	540
Total	293	540

Note 4 Equity

USD 1 000

Equity 2018	Share capital	Share premium reserve	Other paid in capital	Capital increase un-registered	Other equity	Total equity
Equity 01.01.	39	166 514	0	0	(48 070)	118 483
Net profit/(loss) 2018	0	0	0	0	(123)	(123)
Equity 31.12.	39	166 514	0	0	(48 194)	118 359

As of 31 December 2018, the share capital consists of 30 shares with par value NOK 10 000. For further shareholder information, please refer to note 19 in Group accounts.

Equity 2017	Share capital	Share premium reserve	Other paid in capital	Capital increase unregistered ²⁾	Other equity	Total equity
Equity 01.01.	28	142 924	0	8 700	(45 392)	106 261
Share capital increase registered in Company Registrar ²⁾	4	8 696	0	(8 700)	0	0
Share capital increase ¹⁾	7	14 893	0	0	0	14 900
Net profit/(loss) 2017	0	0	0	0	(2 678)	(2 678)
Equity 31.12.	39	166 514	0	0	(48 070)	118 483

As of 31 December 2017, the share capital consists of 30 shares with par value NOK 10 000. For further shareholder information, please refer to note 19 in Group accounts.

¹⁾The increase in the share capital was NOK 60 000.

²⁾The increase in the share capital from December 2016 registered in Company Registrar 11 January 2017.

Note 5 Investment in subsidiaries

USD 1 000

Company name	Share	Booked equity 2018	Result 2018	Impairment 2018	Booked value 2018	Booked value 2017
Norwegian Car Carrier AS, Oslo	100%	120 014	1 907	0	118 107	118 107
Total investments in subsidiaries		120 014	1 907	0	118 107	118 107



Car Carrier Investments AS – Parent Company

Note 6 Payables and receivables - Group companies

USD 1 000

	2018	2017
Group payables and receivables		
Current liabilities - Group companies	32	152

Interest on intercompany liabilities and receivables are calculated according to the Group agreement.

Note 7 Tax

USD 1 000

	2018	2017
Profit/(loss) before tax based on taxable income in NOK at NOK/USD exch. rate 31 December.	(117)	248
Non-deductible expenses/(income)	0	0
Basis of year's tax charge	(117)	248
Changes in temporary differences included loss carried forward	117	(120)
Basis for tax payable in the profit and loss account	0	129
+/- Group contribution received/(given)	0	(129)
Taxable income	0	0

Specification of tax charge:

Tax payable on the result for the year	(27)	60
Tax effect on change in deferred loss brought forward	27	(29)
Excess/shortfall provided in previous years	0	0
Total tax payable	0	31
Tax effect on Group contribution	0	(31)
Change in deferred tax	0	0

Loss carried forward 31.12

Basis for deferred tax assets	117	0
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Deferred tax calculated with rate 22% as per 31 December 2018. 23% as per 31 December 2017.	26	0
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The nominal tax rate is changed from 23% to 22% from the fiscal year 2019. The tax rate used to calculate the deferred tax (tax asset) 31 December 2018 is 22%. The company has chosen not to take the deferred tax asset into the balance sheet. Thus the change in the nominal tax rate has no effect for the company. The company has chosen not to take the deferred tax asset into the balance sheet.

Taxable financial result	0	0
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To the General Meeting of Car Carrier Investments AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Car Carrier Investments AS, which comprise:

- The financial statements of the parent company Car Carrier Investments AS (the Company), which comprise the statement of financial position as at 31 December 2018, the income statement and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Car Carrier Investments AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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 and the Group as required by laws and regulations, 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.

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo

T: 02316, org. no.: 987 009 713 VAT, www.pwc.no

State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - Car Carrier Investments AS

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group 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 accepted in Norway, including 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

(2)



Independent Auditor's Report - Car Carrier Investments AS



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 14 May 2019
PricewaterhouseCoopers AS


Bjørn Rydland
State Authorised Public Accountant



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 05.01.2015	Vår dato 15.01.2015
Telefon 22078139	Deres referanse Jonas Gunstad	Vår referanse 2015/15705

NORWEGIAN CAR CARRIERS AS
Postboks 304 Skøyen
0213 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 5. januar 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Car Carrier Investments AS	org. nr. 912 838 706
NOCC Shipowning AS	org. nr. 995 667 460
NOCC Coral AS	org. nr. 998 070 457
Ro-Ro Helena AS	org. nr. 889 902 892
NOCC Atlantic AS	org. nr. 990 932 255
Det indre selskap NOCC Atlantic DIS	fiktivt org. nr. 090 057 332

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte 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

NOCC konsernet er eiet av Car Carrier Investments AS, som eies 50 % av det engelske selskapet Nautilus H Ltd og 50 % av Klaveness Invest AS. Car Carrier Investments AS er det ultimate morselskapet i konsernet. Tidligere var Norwegian Car Carriers AS morselskap, men ble oppkjøpt av Car Carrier Investments AS. Konsernet driver internasjonal shippingvirksomhet med hovedvekt på frakt av biler og annet rullende gods. Selskapene opererer i en bransje med sterk internasjonal karakter hvor engelsk benyttes ved kommunikasjon både internt og eksternt. Norwegian Car Carriers AS er i vedtak (2011/172463) av 1. mars 2011 innvilget tillatelse til å avlegge årsoppgjør på engelsk. Selskapene opererer i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

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Telefaks
22 17 08 60



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."

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 50 % konsernet er eiet av et utenlandsk selskap. Eierkretsen er begrenset. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer