



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 920 421 091
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND DILIGENCE AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund
Dato for fastsettelse av årsregnskapet: 11.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 31.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	96 026 099	46 686 841
Sum inntekter		96 026 099	46 686 841
Kostnader			
Varekostnad	6	23 016 981	13 062 089
Lønnskostnad	5,6	26 743 118	21 493 494
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	12 155 424	12 150 891
Annen driftskostnad	5	1 589 015	1 011 885
Sum kostnader		63 504 538	47 718 360
Driftsresultat		32 521 560	-1 031 519
Finansinntekter og finanskostnader			
Annen renteinntekt		3 702	10 892
Annen finansinntekt	3		284 056
Sum finansinntekter		0	0
Annen rentekostnad		13 760 270	13 008 924
Annen finanskostnad	3	3 748 784	840 299
Sum finanskostnader		0	0
Netto finans		-17 505 352	-13 554 276
Ordinært resultat før skattekostnad		15 016 209	-14 585 795
Skattekostnad på ordinært resultat	8	3 316 970	-3 199 637
Ordinært resultat etter skattekostnad		0	0
Årsresultat		11 699 239	-11 386 158
Totalresultat		11 699 239	-11 386 158
Overføringer og disponeringer			
Udekket tap		11 699 239	-11 386 158
Sum overføringer og disponeringer	9	11 699 239	-11 386 158



Resultatregnskap

Beløp i: NOK	Note	2020	2019
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Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	3 995 324	7 312 294
Sum immaterielle eiendeler		3 995 324	7 312 294
Varige driftsmidler			
Maskiner og anlegg	4	409 795 961	420 751 386
Skip, rigger, fly og lignende	4	500 000	1 700 000
Sum varige driftsmidler		410 295 961	422 451 386
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		414 291 285	429 763 680
Omløpsmidler			
Varer			
Varer		393 221	1 347 762
Sum varer		0	0
Fordringer			
Kundefordringer		28 457 270	
Andre fordringer	6	6 802 957	7 306 527
Sum fordringer		35 260 227	7 306 527
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		10 931 702	15 204 845
Sum bankinnskudd, kontanter og lignende		10 931 702	15 204 845
Sum omløpsmidler		46 585 150	23 859 134
SUM EIENDELER		460 876 436	453 622 814



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		17 012 500	17 012 500
Overkurs		153 124 430	153 124 430
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		170 136 930	170 136 930
Opptjent egenkapital			
Annen egenkapital		-14 250 086	-25 949 325
Sum opptjent egenkapital		-14 250 086	-25 949 325
Sum egenkapital	9	155 886 844	144 187 605
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	7	173 634 577	185 569 580
Øvrig langsiktig gjeld	6	118 824 461	117 731 173
Sum annen langsiktig gjeld		292 459 038	303 300 753
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		180 649	133 360
Annen kortsiktig gjeld	6	12 349 905	6 001 095
Sum kortsiktig gjeld		12 530 554	6 134 455
Sum gjeld		304 989 592	309 435 209
SUM EGENKAPITAL OG GJELD		460 876 436	453 622 814



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 747919

Enheten

Organisasjonsnummer: 920 421 091
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND DILIGENCE AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

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Morselskap i konsern: Nei

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund
Dato for fastsettelse av årsregnskapet: 11.06.2021

Revisjon

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

Grunnlag for avgivelse

År 2020: Årsregnskap er elektronisk innlevert.
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020.

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Brønnøysundregistrene, 28.09.2021

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



Organisasjonsnr: 920 421 091
ISLAND DILIGENCE AS

RESULTATREGNSKAP

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Ordinært resultat etter skattekostnad		0	0
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Organisasjonsnr: 920 421 091
ISLAND DILIGENCE AS

BALANSE

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Sum finansielle anleggsmidler		0	0
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Omløpsmidler			
Varer			
Varer		393 221	1 347 762
Sum varer		0	0
Fordringer			
Kundefordringer		28 457 270	
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BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital		17 012 500	17 012 500
Selskapskapital			



Overkurs		153 124 430	153 124 430
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		170 136 930	170 136 930
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Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelseser		0	0
Annen langsiktig gjeld			
Gjeld til			
kredittinstitusjoner	7	173 634 577	185 569 580
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Organisasjonsnr: 920 421 091
ISLAND DILIGENCE AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

Island Diligence was established 12.02.18 with the name Athomstart Invest 251 AS. The company was purchased by Island Offshore Shipping for the purpose that the Company should take delivery of the newbuilding 837 MV Island Diligence in June 2018. The Company changed name to Island Diligence AS and Vard Group AS and Island Diligence Holding L.L.C joined as co-owners of Island Diligence as along with Island Offshore Shipping AS in 2018. Thus, there are no majority owners with decisive influence and the Company is not consolidated within a Holding structure. The Business Manager is Borgstein AS, Stålhaugen 9, 6065 Ulsteinvik, Norway and vessel manager is Island Offshore Management AS, Stålhaugen 12, 6065 Ulsteinvik. The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway. The significant principles are described below. Revenue and expense recognition Revenue and costs related to vessel operations are recorded based upon the number of journey days before and after the end of the accounting year. Commissions are recognized as revenue when earned. Fixed assets and depreciation Ships are recorded at purchase price less accumulated depreciation. The purchase price includes conversions, upgrades and other modifications. Ship value is depreciated linearly based upon expected economic life, but adjusted for individual modifications and estimated residual value after end of economic life. Adjusted for residual value, the vessels are depreciated over 20 years from delivery from the yard. The vessel value is tested on an impairment analysis employing estimates of future cash flow for the vessel. Please refer to notes for details. Shipbuilding contracts Instalments to the yard for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are capitalized. Financing expenses Expenses incurred in connection with new loans are capitalized at the date of drawdown and expensed over the expected term of the loan. Capitalized periodical maintenance (dry docking) The Company has a program for maintenance and classification of machinery, equipment and hulls. Expenses are capitalized and expensed over the period to the next scheduled dry docking. Normal maintenance expenses are expensed as incurred. Classification criteria Assets to be owned or utilized permanently, and receivables falling due later than one year from the end of the accounting year, are classified as fixed assets. Other assets are classified as current assets. Same principles are assumed for liabilities. Valuation of current assets Current assets are recorded net of expected future losses and at the lowest value of cost price and market value. Bunkers and lube oil balances are accrued in the balance sheet based upon consumption and purchase price. Currency Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and current liabilities are recorded at the exchange rate at the balance sheet date. The company has long term charter hire contracts in foreign currency. Contract revenue in foreign currency is hedged by use of forward FX contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred. Taxes Deferred tax/tax asset is calculated



on the basis of all differences between accounting and tax values for assets and liabilities. Deferred tax is estimated with 22% rate based on the temporary differences between tax and accounting values, as well as deferred tax loss carried forward at the end of the accounting year Cash flow statement The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term cash equivalents.

Note

1

Er det usikkerhet om fortsatt drift?: Nei

Note

10

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære	170125.00	100.00	17012500.00

<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Vard Group AS	67000.00	39.40%	
Island Diligence Holding L.L.C	55000.00	32.30%	
Island Offshore Shipping AS	48125.00	28.30%	

<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	170125.00	100.00%	

Note

5

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
		17797966.00

<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
		1206012.00

<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	26743118.00	1057442.00

<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	26743118.00	20061420.00

Note

5

Ytelser til ledende personer

Er det gitt ytelser til ledende person: Nei

Ytelser til daglig leder

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
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Note
5

Ytelser til andre ledende personer

Note
5

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	45000.00	45000.00
<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
	33361.00	39870.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	78361.00	84870.00

Note
5

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00

Note
5

Obligatorisk tjenstepensjon

Er virksomheten pliktig til å ha tjenstepensjonsordning etter lov:
Nei

Oppfyller pensjonsordning lovkravene: Nei



Financial Statements 2020

Island Diligence AS



Annual Report 2020
Island Diligence AS
Org. no 920 421 091

Business activities

Island Diligence AS was established 12.02.18. The Company owns the SCV Island Diligence, which was delivered from Vard Brevik in June 2018. The vessel operates in the North Sea and is managed by Island Offshore Management AS. The Company is operated from Ulsteinvik, Norway.

Statement on results

Since delivery in June 2018, the vessel has operated in the spot market providing Walk-to-Work services to the Offshore Wind market. The vessel had 295 operating days in 2020 compared with 165 days in 2019 and 85 days in 2018. Revenue in 2020 totals NOK 96.0 mill compared with NOK 46.7 mill in 2019 due to the increased utilization and satisfactory day rates. Accordingly, the Company achieved an operating profit of NOK 32.5 mill in 2020 compared with a loss of NOK -1.0 mill in 2019.

Cash flow from operational activities is positive with NOK 6.6 mill. The Company has paid NOK 11.9 mill as installment on secured debt in 2020. Net cash reserve is NOK 10.9 mill as per 31.12.2020.

Net equity is NOK 155.9 mill as at 31.12.20 increased from NOK 144.2 mill as per 31.12.19 by this year's profit of NOK 11.7 mill.

The Company does not have ongoing research and development activities.

Going concern

Following financial support provided by the shareholders in 2019, the Company has serviced debt obligations in accordance with the provision in the current loan agreement. In May 2019 the Company was granted a relief of the instalment payments due in Q2 & Q3 / 2019 and Q1/2020, as well as a continued waiver of the minimum cash and positive working capital requirements.

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

The Board of Directors continues to monitor the financial situation of the Company closely and will assess the need for additional capital contributions. In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2020.

Island Diligence AS
Org. no 920 421 091



Work environment and gender equality

The Company does not have employees. The crew is hired from Island Offshore Management AS. The Board comprises representatives from the largest participants in the partnership.

External environment

The Company's operations do not pollute the external environment beyond what is normal for this type of business. Annual environmental and emission reduction plans are prepared for the vessel and systematic work is carried out to reduce the risk of emission of poisonous gas as well as diesel, chemicals or other oil containing substances.

Financial risk

The Company's liquidity position as at 31.12.2020 is satisfactory following the payment of trade debtors in 2021.

The Company's customers are mainly large industrial companies with a moderate credit risk. Financial instruments are employed to hedge foreign currency exposure.

The Company's liabilities totals NOK 305 mill as of 31.12.2020, of which NOK 98.8 mill are loans from owners.

Future outlook

The vessel has a satisfactory contract backlog for 2021 following award of two term contracts with sustainable terms and duration, however idle periods limit total utilization. The market for W2W services has continued to improve in 2021, however services are still seasonal thus exposing the vessel to idle periods. The Board of Directors is confident that long-term profitability will gradually improve as market activity further improves.

The COVID-19 pandemic is causing operational disruptions to vessel activity and increases the overall risk of activity deferrals and cancellations. This increases risk of negative future financial implications for the Company, and could impact the long-term market outlook and future assessments of recoverable amounts of Island Offshore Group's assets.

Other matters

Beyond the above, the Board of Directors is not aware of any subsequent events that could be significant for the evaluation of the Company's financial position and results. Reference is made to the income statement, balance sheet, notes and cash flow analysis.



Allocation of results

The Board proposes the following transfer of the 2020 result of NOK 11.699.239

Distributed to other equity NOK 11.699.239

Ulsteinvik, 29.04.21

Morten Ulstein
Chairman of the Board

Torgeir Dahlen Folland
Board Member

Fredrik Hessen
Board Member

Damon Christopher Chouest
Board Member

Ross Michael Chouest
Board Member

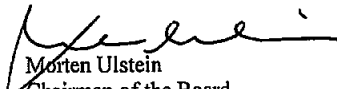


Allocation of results

The Board proposes the following transfer of the 2020 result of NOK 11.699.239

Distributed to other equity NOK 11.699.239

Ulsteinvik, 29.04.21



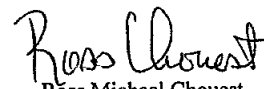
Morten Ulstein
Chairman of the Board

Torgeir Dahlen Folland
Board Member

Fredrik Hessen
Board Member



Damon Christopher Chouest
Board Member



Röss Michael Chouest
Board Member

Island Diligence AS
Org. no 920 421 091



Allocation of results

The Board proposes the following transfer of the 2020 result of NOK 11.699.239

Distributed to other equity NOK 11.699.239

Ulsteinvik, 29.04.21

Morten Ulstein
Chairman of the Board

Torgeir Dahlen Folland
Board Member

Fredrik Hessen
Board Member

Damon Christopher Chouest
Board Member

Ross Michael Chouest
Board Member

Island Diligence AS
Org. no 920 421 091



Income Statement

Island Diligence AS

	Note	2020	2019
Freight income	2	96 026 099	46 686 841
Total operating income		96 026 099	46 686 841
Operating expenses vessel	6	23 016 981	13 062 089
Crew expenses	5,6	26 743 118	21 493 494
Other operating expenses	5	1 589 015	1 011 885
Depreciation	4	12 155 424	12 150 891
Operating expenses		63 504 538	47 718 360
Operating profit		32 521 560	-1 031 519
Other interest income		3 702	10 892
Other financial income	3	0	284 056
Other interest expenses		13 760 270	13 008 924
Other financial expenses	3	3 748 784	840 299
Net financial income and expenses		-17 505 352	-13 554 276
Ordinary result before tax		15 016 209	-14 585 795
Tax	8	3 316 970	-3 199 637
Annual net profit		11 699 239	-11 386 158
Distributed to loss in equity		11 699 239	-11 386 158
Net distributed	9	11 699 239	-11 386 158



Balance sheet

Island Diligence AS

	Note	2020	2019
Assets			
Fixed assets			
Intangible fixed assets			
Deferred tax assets	8	3 995 324	7 312 294
Total intangible fixed assets		3 995 324	7 312 294
Tangible fixed assets			
Ships	4	409 795 961	420 751 386
Capitalized maintenance	4	500 000	1 700 000
Total tangible assets		410 295 961	422 451 386
Total fixed assets		414 291 285	429 763 680
Current assets			
Stock of supplies		393 221	1 347 762
Debtors			
Accounts receivables		28 457 270	0
Other receivables	6	6 802 957	7 306 527
Total debtors		35 260 227	7 306 527
Investments			
Cash and bank deposits		10 931 702	15 204 845
Total current assets		46 585 150	23 859 134
Total assets		460 876 436	453 622 814

**Balance sheet****Island Diligence AS**

	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity	10		
Paid in capital		17 012 500	17 012 500
Share premium reserve		153 124 430	153 124 430
Total paid in equity		170 136 930	170 136 930
Other equity		-14 280 086	-25 949 325
Total retained earnings		-14 280 086	-25 949 325
Total equity	9	155 856 844	144 187 605
Liabilities			
Liabilities to financial institutions	7	173 634 577	185 569 580
Other long term liabilities	6	118 824 461	117 731 173
Total long term liabilities		292 459 038	303 300 753
Current liabilities			
Trade creditors		180 649	133 360
Other short term liabilities	6	12 349 908	6 001 095
Total current liabilities		12 530 554	6 134 455
Total liabilities		304 989 592	309 435 209
Total equity and liabilities		460 876 436	453 622 814

ULSTEINVIK, 31.12.2020 / 29.04.2021
Board of Directors Island Diligence AS

Morten Ulstein Torgeir Dahlen Folland Fredrik Hessen
Chairman of the Board Board Member Board Member

Damon C. Chouest Ross M. Chouest
Board Member Board Member

Island Diligence AS Org.nr. 920421091



Balance sheet

Island Diligence AS

	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity	10		
Paid in capital		17 012 800	17 012 800
Share premium reserve		153 124 430	153 124 430
Total paid in equity		170 136 930	170 136 930
Other equity		-14 250 086	-25 949 326
Total retained earnings		-14 250 086	-25 949 326
Total equity	9	155 886 844	144 187 605
Liabilities			
Liabilities to financial institutions	7	173 634 577	185 569 580
Other long term liabilities	6	118 824 461	117 731 173
Total long term liabilities		292 459 038	303 300 753
Current liabilities			
Trade creditors		180 649	133 360
Other short term liabilities	6	12 349 805	6 001 095
Total current liabilities		12 530 554	6 134 455
Total liabilities		304 989 592	309 435 209
Total equity and liabilities		460 876 436	453 622 814

ULSTEINVIK, 31.12.2020 / 29.04.2021
Board of Directors Island Diligence AS

Morten Ulstein
Chairman of the Board

Torgeir Dahlen Folland
Board Member

Fredrik Hessen
Board Member

Damon C. Chouest
Board Member

Ross M. Chouest
Board Member

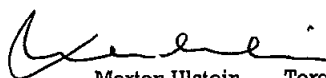


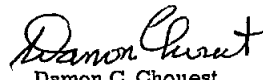

Balance sheet

Island Diligence AS

	Note	2020	2019
Liabilities and equity			
Equity			
Paid in equity			
	10		
Paid in capital		17 012 600	17 012 600
Share premium reserve		183 124 430	183 124 430
Total paid in equity		170 136 930	170 136 930
Other equity		-14 250 086	-28 949 325
Total retained earnings		-14 250 086	-28 949 325
Total equity	9	155 886 844	144 187 605
Liabilities			
Liabilities to financial institutions			
	7	173 834 877	188 669 680
Other long term liabilities			
	6	118 824 481	117 731 173
Total long term liabilities		292 459 038	303 300 753
Current liabilities			
Trade creditors			
		180 648	133 360
Other short term liabilities			
	8	12 349 806	6 001 095
Total current liabilities		12 530 554	6 134 455
Total liabilities		304 889 592	309 435 209
Total equity and liabilities		460 876 436	453 622 814

ULSTEINVIK, 31.12.2020 / 29.04.2021
Board of Directors Island Diligence AS


Morten Ulstein Torgeir Dahlen Folland Fredrik Hessen
Chairman of the Board Board Member Board Member

 
Damon C. Chouest Ross M. Chouest
Board Member Board Member



Cash Flow Statement

Island Diligence AS

	2020	2019
<i>Cash flow from operating activities</i>		
Profit before tax	15 016 209	-14 585 794
+ Depreciation on vessel value	12 155 424	12 150 891
-/+ Change in stocks	954 541	-17 452
-/+ Change in accounts receivable	-28 457 270	48 375
+/- Change in accounts payable	47 289	-776 963
+/- Change in other accruals	6 852 379	-21 102 535
= Net cash flow from operating activities	6 568 572	-24 283 478
<i>Cash flow from investment activities</i>		
- Payment related to purchase of fixed assets	0	-516 103
= Net cash flow from investment activities	0	-516 103
<i>Cash flow from financing activities</i>		
+ Loan issued from owners	1 093 288	43 913 300
- Repayment of long term debt	-11 935 003	-4 166 668
= Net cash flow from financing activities	-10 841 715	39 746 632
= Net change in cash and cash equivalents	-4 273 143	14 947 051
+ Cash reserve 1.1	15 204 845	257 794
= Cash reserve 31.12	10 931 702	15 204 845



Notes to the financial statements 2020

Island Diligence AS

NOTE 1 ACCOUNTING PRINCIPLES

Island Diligence AS was established 12.02.18 with the name Athomstart Invest 251 AS. The company was purchased by Island Offshore Shipping AS for the purpose that the Company should take delivery of the newbuilding 837 M.V. Island Diligence in June 2018. The Company changed name to Island Diligence AS and Vard Group AS and Island Diligence Holdings, L.L.C. joined as co-owners of Island Diligence AS along with Island Offshore Shipping AS in May 2018. Thus, there are no majority owners with decisive influence and the Company is not consolidated within a Holding structure. The Business Manager is Borgstein AS, Stålhaugen 9, 6065 Ulsteinvik, Norway and vessel manager is Island Offshore Management AS, Stålhaugen 12, 6065 Ulsteinvik.

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway.

The significant principles are described below.

Classification criteria

Assets to be owned or utilized permanently and receivables falling due later than one year from the end of the accounting period are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year from the end of the accounting year are classified as long term liabilities. Other debts and liabilities are classified as short term, with the exception of the first installment on secured debt which is serviced by the cash flow from fixed assets.

Valuation of current assets

Receivables are recorded net of expected future losses.

Bunkers and lube oil expenses are accrued as stock in the balance sheet classified at cost based on consumption.

Fixed assets and depreciation

Ships are recorded at purchase price less accumulated depreciation. The purchase price includes conversions, upgrades and other modifications. Ship value is depreciated linearly based upon expected economic life, but adjusted for individual modifications and residual value. Adjusted for residual value, the vessels are depreciated over 20 years from delivery from the yard. The vessel value is tested on an impairment analysis employing estimates of future cash flow for the vessel. Please refer to notes to the financial statements for details.

Shipbuilding contracts

Yard installments for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are also capitalized.

Capitalized periodical maintenance (dry docking)

The Company has a program for maintenance and classification of machinery, equipment and hulls. Expenses are capitalized and expensed over the period to the next scheduled dry docking. Normal maintenance expenses are expensed as incurred.

Financing expenses

Expenses incurred in connection with new loans are capitalized at the date of drawdown and expensed over the term of the loan.

**Notes to the financial statements 2020**

Island Diligence AS

Currency

Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and current liabilities are recorded at the exchange rate at the balance sheet date. The company has long term charter hire contracts in foreign currency. Contract revenue in foreign currency is hedged by use of forward FX contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred.

Revenue and expense recognition

Revenue and costs related to vessel operations are recorded based upon the number of journey days before and after the end of the accounting period. Commissions are recognized as revenue when earned.

Taxes

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

Cash flow statement

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

NOTE 2 THE COMPANY BUSINESS AND GEOGRAPHICAL SPLIT OF REVENUE

The main activity throughout the year has been Walk-to-Work services to the renewables industry.

In NOK	2020	2019
Germany	45 971 321	
the Netherlands	6 444 578	-
Denmark	-	9 825 421
International Waters	43 610 200	36 861 420
Total Revenue	96 026 099	46 686 841

The vessel achieved 80% utilization in 2020. As comparison, the vessel achieved 60% utilization in 2019 and was in lay-up from September 2019 to February 2020.



Notes to the financial statements 2020

Island Diligence AS

NOTE 3 SPECIFICATIONS

	2020	2019
Other financial income comprise of:		
Realized foreign currency gain	-	284 056
Total	-	284 056
Other financial expenses comprise		
	2020	2019
Depreciation on capitalized financial ex	565 000	565 000
Realized foreign currency losses	3 133 785	105 124
Other financial expenses	50 000	170 175
Total	3 748 785	840 299

NOTE 4 FIXED ASSETS

IN NOK	Vessel	Capitalized Maintenance	Total
Acquisition cost 01.01	438 083 467	3 600 000	441 683 467
Additions	-	-	-
Accumulated Depreciation 31.12 -	28 287 506 -	3 100 000 -	31 387 506
Book Value 31.12	409 795 961	500 000	410 295 961
This year's depreciation	10 955 424	1 200 000	12 155 424
Economic life	20 years	3 years	
Depreciation plan	linear	linear	

The estimated market value of Island Diligence obtained from independent ship brokers, is lower than the net book value of the vessel. Due to the present market state for the sale of equivalent vessels, the vessel value is also tested by impairment analysis using estimates of future cash flows and residual values for the vessel to determine the value. The analysis takes into account the current market state with overall reduced utilization and day rates, but incorporates gradual improvement of charter terms through estimated usage time for the vessel.

Key assumptions in the analysis include the Weighted Average Cost of Capital (WACC), which is set to 8%. The economic life of the vessel is assumed to be 30 years after delivery. The impairment analysis does not indicate that the vessel value should be written down.

**Notes to the financial statements 2020**

Island Diligence AS

In order to illustrate the implications of changes in key assumptions, a sensitivity analysis has been undertaken.

A summary of the implications is presented below:

IN NOK MILL

Impairment provision on vessel value	Sensitivity		
	-1%	basis	+1%
Change in WACC			
Island Diligence AS	-	-	-37 339 545

Impairment provision on vessel value	Sensitivity		
	-5%	basis	+5%
Change in utilization			
Island Diligence AS	-54 991 967	-	-

Impairment provision on vessel value	Sensitivity		
	-10%	basis	+10%
Change in day rate			
Island Diligence AS	-90 223 491	-	-

NOTE 5 PAYROLL, EMPLOYEES, AUDIT

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

Auditor

Audit fees has been expensed with NOK 78.361 excluding VAT in the profit and loss accounts as per 31.12.20. Audit fee charged comprise of:

In NOK	2020
Audit fee	45 000
Assessment going concern, impairment etc	30 000
other services	3 361
Total	78 361

**Notes to the financial statements 2020**

Island Diligence AS

NOTE 6 RELATED PARTIES

Items in Balance Sheet:

Transactions with related parties:	2020	2019
Prepaid monthly OPEX to Island Offshore Management AS	6 000 000	6 000 000
Short term loan due to Island Offshore Management AS	-7 802 207	-2 318 407
Long term loan due to owners	-98 424 461	-97 731 173

Items in profit and loss accounts:

Transactions with related parties	2020	2019
Purchase of management services	3 107 036	3 052 784
Hired Crew	26 743 118	21 493 494
Interest expenses	3 328 289	1 689 706

The Company has entered into a management agreement with Island Offshore Management AS to carry out technical and commercial services for the vessel. The services include crewing, purchase, administration, sales, accounting and technical operations. According to the management agreement, the ship owning company will refund all direct costs related to the vessel, to the management company. The annual fee is paid based on arm's length principle. Borgstein AS is the business manager for the Company.

NOTE 7 MORTGAGE AND GUARANTEE LIABILITIES

	2020	2019
Liabilities secured by mortgage	174 999 994	187 499 997
Book value of pledged assets:		
Ships	410 295 961	422 451 386
Cash deposits	10 931 702	15 204 845
Factoring	28 457 270	-
Total	449 684 933	437 656 231

The Company has been granted a long term loan from Sparebank1 SMN which is repayable in May 2023 in its entirety to partly finance the acquisition of the vessel. Annual installments are NOK 16,7 mill, however installments June-19, September-19, December -19 and March -20 in total 16,7 mill was agreed with the bank to be deferred and to be paid in June 2021. In addition, there were waivers of financial covenants until and including 30.06.20. The Company is in compliance with financial covenants from that day and is paying installments on vessel loans to secured lenders as agreed.

**Notes to the financial statements 2020**

Island Diligence AS

NOTE 8 TAXES

Deferred tax is calculated on the basis of temporary differences between accounting and tax values existing at the end of the accounting period. Negative temporary differences and positive temporary differences that are reversible in the same period are offset and recorded net.

Deferred tax / tax asset has been calculated as follows:

	2020	2019
Temporary differences fixed assets	128 807 102	95 720 155
Tax losses carried forward	- 146 967 669	- 128 957 858
Basis for deferred taxes	- 18 160 567	- 33 237 703
Deferred tax asset in Balance Sheet	- 3 995 324	- 7 312 294

Calculation of this year's tax expense:	2020	2019
Profit before taxes	15 016 208	- 14 585 795
Change in temporary differences	- 33 086 947	- 41 037 914
Permanent differences	60 928	41 986
Annual tax basis	- 18 009 811	- 55 581 723
Payable tax rate	22 %	22 %
Changes in deferred taxes	3 316 970	- 3 199 638
Taxes in profit and loss accounts	3 316 970	- 3 199 638

NOTE 9 EQUITY

	Paid in Capital	Share premium reserve	Other equity	Total
Equity as per 01.01	17 012 500	153 124 430	- 25 949 325	144 187 605
This year's change in equity :				-
Profit + / Loss for the year			11 699 239	11 699 239
Equity as per 31.12	17 012 500	153 124 430	- 14 250 086	155 886 844

**Notes to the financial statements 2020**

Island Diligence AS

NOTE 10 OWNERSHIP

The share capital of NOK 17.012.500 consist of 170.125 shares a NOK 100,-.

Owners at 31.12:

Shareholders	Number of shares	Ownershare
Island Offshore Shipping AS	48 125	28,3 %
Vard Group AS	67 000	39,4 %
Island Diligence Holdings, L.L.C.	55 000	32,3 %
Total number of shares	170 125	100 %

NOTE 11 INFORMATION ABOUT FINANCIAL INSTRUMENTS

Currency forward and option contracts are used to hedge contracted revenue in foreign currencies. Outstanding contracts at 31.12.2020 expire in January 2021 depending on the underlying contract cash flow. The estimated net unrealized gain is NOK 560.982 at 31.12.2020 for sale of future GBP hedging.

The Company has a strategy to hedge contracted revenue in foreign currency when contracts are entered for a longer period of time. The financial instrument is linked to a specific revenue cash flow and can be measured in respect of success rate according to strategy. The unrealized gain of total NOK 560.982 is not recorded in the financial statements as per 31.12.20 in accordance with the Norwegian Accounting Act and NGAAP.

NOTE 12 GOING CONCERN

Following financial support provided by the shareholders in 2019, the Company has serviced debt obligations in accordance with the provision in the current loan agreement. In May 2019 the Company was granted a relief of the instalment payments due in Q2 & Q3 / 2019 and Q1/2020, as well as a continued waiver of the minimum cash and positive working capital requirements.

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

The Board of Directors continues to monitor the financial situation of the Company closely and will assess the need for additional capital contributions. In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2020.



Notes to the financial statements 2020

Island Diligence AS

NOTE 13 COVID-19

The COVID-19 pandemic is causing operational disruptions to vessel activity and increases the overall risk of activity deferrals and cancellations. Accordingly, the demand for OSV vessels has also declined across markets and there is increased risk of negative future financial implications for the Company. This could impact the long-term market outlook and future assessments of recoverable amounts of Island Offshore Group's assets.



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Statsautoriserte revisorer
Ernst & Young AS

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www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Diligence AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Diligence AS, which comprise the balance sheet as at 31 December 2020, the income statement and statements 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

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

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of 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 management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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

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

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

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

Report on other legal and regulatory requirements

Opinion on 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 proposal for the 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - Island Diligence AS

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Bergen, 03 May 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Perneo Dokumentnøkkel: Q2B5V-2PGMD-2B4MZ-NJ3ZS-BEGCQ-KWCAV

Independent auditor's report - Island Diligence AS

A member firm of Ernst & Young Global Limited



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Jørn Knutsen

Statsautorisert revisor

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Skatteetaten

Vår dato 30.04.2019	Din/Deres dato 12.03.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Mai-Britt Myklebust	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5631837	Postadresse Postboks 9200 Grønland 0134 OSLO

BORGSTEIN AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 12. mars 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

Island Diligence AS	org.nr. 920 421 091
Island Victory AS	org.nr. 920 718 590
Island Drilling Management AS	org.nr. 992 448 636
Island Drilling Crewing AS	org.nr. 921 499 906

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de ovennevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge 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

Felles for alle selskapene er at indirekte majoritetseiere er en norsk og en utenlandsk familie. Island Diligence AS er eid av tre selskaper der det ene er utenlandsk. Island Victory AS er 100 % eid av det norske selskapet Island Offshore XII Ship AS som er majoritetseid av Island Offshore Shipholding. L.P., et Cayman Island selskap. Island Offshore XII Ship AS har tillatelse til å benytte engelsk språk. Island Drilling Management AS og Island Drilling Crewing AS er søsterselskaper og er 100 % eid av Island Drilling Company AS. Island Drilling Company AS er majoritetseid av det amerikanske selskapet Rig Invest, L.L.C. Island Drilling Company AS har tillatelse til å benytte engelsk språk. Selskapenes forretningspråk er engelsk, som også er arbeidsspråket i styrene. Kundene og leverandørene er i hovedsak internasjonale og norske virksomheter med leveranser til offshore industrien. 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."

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 skjøvt 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 vekt på at indirekte majoritetsiere er to utenlandske familier der den ene er utenlandsk. Morselskapene til tre av selskapene har tillatelse til å benytte engelsk språk. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
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Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Side 2 / 2