



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 919 368 098  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: COASTAL HOLDING AS  
Forretningsadresse: Storgata 70  
9008 TROMSØ

### Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Torleif Ernstsen  
Dato for fastsettelse av årsregnskapet: 28.06.2019

### 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, 18.08.2020



## Resultatregnskap

Beløp i: NOK	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Annen driftsinntekt		45 903 000	2 438 000
<b>Sum inntekter</b>		<b>45 903 000</b>	<b>2 438 000</b>
<b>Kostnader</b>			
Annen driftskostnad		46 158 000	2 438 000
<b>Sum kostnader</b>		<b>46 158 000</b>	<b>2 438 000</b>
<b>Driftsresultat</b>		<b>-255 000</b>	<b>0</b>
<b>Finansinntekter og finanskostnader</b>			
Finance income	4	10 859 000	998 000
<b>Sum finansinntekter</b>		<b>10 859 000</b>	<b>998 000</b>
Finance expenses	4	63 245 000	2 749 000
<b>Sum finanskostnader</b>		<b>63 245 000</b>	<b>2 749 000</b>
<b>Netto finans</b>		<b>-52 386 000</b>	<b>-1 751 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-52 641 000</b>	<b>-1 751 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-52 641 000</b>	<b>-1 751 000</b>
<b>Årsresultat</b>		<b>-52 641 000</b>	<b>-1 751 000</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-52 641 000</b>	<b>-1 751 000</b>
<b>Totalresultat</b>		<b>-52 641 000</b>	<b>-1 751 000</b>
<b>Overføringer og disponeringer</b>			
Udekket tap		-52 641 000	-1 750 000
<b>Sum overføringer og disponeringer</b>		<b>-52 641 000</b>	<b>-1 750 000</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	6	222 104 000	69 104 000
Lån til foretak i samme konsern	9	119 097 000	101 955 000
<b>Sum finansielle anleggsmidler</b>		<b>341 201 000</b>	<b>171 059 000</b>
<b>Sum anleggsmidler</b>		<b>341 201 000</b>	<b>171 059 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Trade and other current receivables	9	7 013 000	
<b>Sum fordringer</b>		<b>7 013 000</b>	
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	10	59 172 000	221 674 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>59 172 000</b>	<b>221 674 000</b>
<b>Sum omløpsmidler</b>		<b>66 184 000</b>	<b>221 674 000</b>
<b>SUM EIENDELER</b>		<b>407 385 000</b>	<b>392 732 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Ordinary shares	7	30 000	30 000
<b>Sum innskutt egenkapital</b>		<b>30 000</b>	<b>30 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		54 392 000	1 750 000



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>Sum opptjent egenkapital</b>		<b>-54 392 000</b>	<b>-1 750 000</b>
<b>Sum egenkapital</b>		<b>-54 362 000</b>	<b>-1 720 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Borrowings	8	437 725 000	391 881 000
<b>Sum annen langsiktig gjeld</b>		<b>437 725 000</b>	<b>391 881 000</b>
<b>Sum langsiktig gjeld</b>		<b>437 725 000</b>	<b>391 881 000</b>
<b>Kortsiktig gjeld</b>			
Income tax payable, tonnage tax	5	20 000	
Kortsiktig konserngjeld	9	22 911 000	104 000
Other current liabilities		1 091 000	2 467 000
<b>Sum kortsiktig gjeld</b>		<b>24 022 000</b>	<b>2 571 000</b>
<b>Sum gjeld</b>		<b>461 747 000</b>	<b>394 452 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>407 385 000</b>	<b>392 732 000</b>



**Skatteetaten**

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	28.05.2018	11.06.2018
Telefon	Deres referanse	Vår referanse
90076012		2018/708994

HURTIGRUTEN AS  
Postboks 6144 Langnes  
9291 TROMSØ

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Coastal Holding AS, org.nr. 919 368 098**

Vi viser til deres brev av 28. mai 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Coastal Holding AS.

Skattedirektoratet gir på bakgrunn av en konkret vurdering Coastal Holding AS 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**

Fra søknaden gjengis:

*Selskapet ble etablert i 2017 og eies av Silk Topco AS («Topco»). Topco er det samme selskapet som kontrollerer 100% av aksjene i Hurtigruten AS («Hurtigruten»). Topco eies igjen med mer enn 80 prosent gjennom et mellomliggende holdingselskap av det engelske private equity selskapet TDR Capital LLP. De øvrige aksjonærene i Topco er to norske, profesjonelle investorer med en samlet eierandel på ca. 16 %, samt ansatte i Hurtigrutens konsernledelse. Både Topco og Hurtigruten avlegger sine årsberetninger og årsregnskap på engelsk.*

*Selskapets hovedfinansiering er et obligasjonslån på NOK 400 millioner («Obligasjonslånet»). Under Obligasjonslånet har Selskapet krav om periodisk rapportering på engelsk og det vil innebære betydelig merarbeid og kostnader å utarbeide regnskaper på norsk i tillegg til engelsk. Investorene i Obligasjonslånet er også profesjonelle og vant til at rapportering skjer på engelsk. I tillegg er altså eierne i konsernet profesjonelle investorer som selv rapporterer på engelsk.*

En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

**Skattedirektoratets vurdering**

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

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
<a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>		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 vekt på at selskapet er et konsernselskap hvor majoritetsaksjonærens (80%) ultimate morselskap er et utenlandsk selskap. De øvrige norske aksjonærene er profesjonelle aktører. Eierkretsen er begrenset. Forretningsspråket i konsernet er engelsk. Videre er det vektlagt at andre norske selskap i samme konsern har fått innvilget dispensasjon til å avgi sine årsregnskap og årsberetninger på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Jeanette Munkvold Skovholt

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*



## Financial statement 2018 Coastal Holding AS

### Statement of profit and loss

<i>(in NOK 1,000)</i>	<i>Note</i>	<b>2018</b>	2017
<b>Operating revenues</b>	9	<b>45 903</b>	2 438
Operating costs	11	<b>-46 158</b>	-2 438
<b>Operating profit/(loss)</b>		<b>-255</b>	0
Finance income		<b>10 859</b>	998
Finance expenses		<b>-63 245</b>	-2 749
<b>Finance expenses - net</b>	4	<b>-52 386</b>	-1 750
<b>Profit/(loss) before income tax</b>		<b>-52 641</b>	-1 750
Income tax expense	5		0
<b>Profit/(loss) for the year</b>		<b>-52 641</b>	-1 750

### Statement of comprehensive income

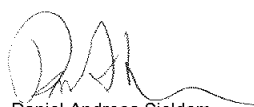
<i>(in NOK 1,000)</i>	<i>Note</i>	<b>2018</b>	2017
<b>Profit/(loss) for the year</b>		<b>-52 641</b>	0
Other comprehensive income:		<b>0</b>	0
<b>Total comprehensive income for the year</b>		<b>-52 641</b>	0
<b>Total comprehensive income for the year attributable to Owners of the parent</b>		<b>-52 641</b>	0
<b>Total comprehensive income for the year</b>		<b>-52 641</b>	0




## Statement of Financial position

<i>(in NOK 1,000)</i>	<i>Note</i>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	6	222 104	69 104
Loans to group companies	9	119 097	101 955
<b>Total non-current assets</b>		<b>341 201</b>	<b>171 059</b>
<b>CURRENT ASSETS</b>			
Trade and other current receivables	9	7 013	
Cash and cash equivalents		30	30
Cash and cash equivalents	10	59 142	221 644
<b>Total current assets</b>		<b>66 184</b>	<b>221 674</b>
<b>Total assets</b>		<b>407 385</b>	<b>392 732</b>
<b>EQUITY</b>			
<b>Equity attribute to owners of the parent</b>			
Ordinary shares	7	30	30
Retained earnings		-54 392	-1 750
<b>Total equity</b>		<b>-54 362</b>	<b>-1 720</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8	437 725	391 881
		<b>437 725</b>	<b>391 881</b>
<b>Current liabilities</b>			
Trade and other liabilities intercompany	9	22 911	104
Other current liabilities		1 111	2 467
<b>Total current liabilities</b>		<b>24 022</b>	<b>2 571</b>
<b>Total liabilities</b>		<b>461 747</b>	<b>394 453</b>
<b>Total equity and liabilities</b>		<b>407 385</b>	<b>392 732</b>

Oslo, 28.06.2019

  
Daniel Andreas Sjeldam  
Chairman

  
Torleif Ernsten  
Director



## Statement of changes in equity

<i>(in NOK 1,000)</i>	<i>Note</i>	Share capital	Retained earnings	Total Equity
<b>Balance at incorporation</b>		30	-	-
Profit/(loss) for the year		-	(1 750)	<b>(1 750)</b>
<b>Other comprehensive income</b>		-	-	-
<b>Total comprehensive income</b>		-	(1 750)	<b>(1 750)</b>
<b>Transactions with owners</b>				
Distribution to owners		-	-	-
<b>Total transactions with owners</b>		-	-	-
<b>Balance at 31 December 2017</b>		30	(1 750)	<b>(1 720)</b>
<b>Balance at 1 January 2018</b>		30	(1 750)	<b>(1 720)</b>
Profit/(loss) for the year		-	(52 641)	<b>(52 641)</b>
<b>Other comprehensive income</b>		-	-	-
<b>Total comprehensive income</b>		-	(52 641)	<b>(52 641)</b>
<b>Transactions with owners</b>				
Contribution of equity		-	-	-
Distribution to owners		-	-	-
		-	-	-
<b>Balance at 31 December 2018</b>		30	(54 392)	<b>(54 362)</b>



## Cash flow statement

<i>(in NOK 1,000)</i>	<i>Note</i>	<b>2018</b>	2017
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		(52 641)	(1 750)
Adjustments for:			
Other provisions			1 001
Amortisation		8 119	
Interest expenses		30 423	
Change in working capital:			
Trade and other receivables		(6 897)	
Trade and other payables		23 877	
<b>Net cash flows from (used in) operating activities</b>		<b>2 881</b>	{749}
<b>Cash flows from investing activities</b>			
Purchase of shares and investments in other companies	6	(153 000)	(69 104)
Loans to subsidiaries		(17 143)	(101 000)
Interest received			998
Change in restricted funds		171 968	(221 644)
<b>Net cash flows from (used in) investing activities</b>		<b>1 825</b>	(390 750)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	8	437 725	391 500
Repayment		(400 000)	
Proceeds from share issues			30
Interest paid		(32 995)	
		<b>4 730</b>	391 530
Net (decrease)/increase in cash and cash equivalents		9 436	30
Cash and cash equivalents at 1 January		30	
<b>Cash and cash equivalents at 31 December</b>		<b>9 467</b>	30
Restricted cash	10	49 675	221 644
<b>Cash and cash equivalents in statement of financial position</b>	10	<b>49 675</b>	221 644



## Note 1 General information

Coastal Holding AS is a holding company. The company is 100% owned by Silk Topco AS which is the ultimate parent company in Silk Topco Group. The purpose of Coastal Holding AS is owning, through direct ownership of Coastal I AS, Coastal II AS and Kirberg Shipping KS, two cruise vessels for the purpose of bareboat charter lease to Hurtigruten AS. The financial statement of Coastal Holding AS does not include consolidated financial statements, as the company has elected to use the exception rule according to Norwegian accounting law § 3-7. Coastal Holding AS is a part of parent company (Silk Topco AS) consolidated financial statements.

Date of incorporation for Coastal Holding AS was 10 July 2017. Therefore The financial statements for 2017 was from 10 July 2017 to 31 December 2017. The financial statements for 2018 is from 1 January 2018 to 31 December 2018.

The financial statements have been prepared after going concern assumption. The company has negative equity by year end. The board will make sure that Coastal Holding AS receives capital within a reasonable time, to ensure adequate equity according to asl. § 3-4.

## Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are described below.

### 2.1 Basic policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC), as endorsed by the European Union. The financial statements have been prepared on a historical cost basis.

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas that involve a high degree of such judgments, or are highly complex, and areas in which assumptions and estimates are of material importance for the consolidated financial statements are described in more detail in Note 3.

The financial statements have been prepared according to uniform accounting policies for similar transactions and events under similar conditions.

### 2.2 Summary of significant accounting policies

#### *A) Revenue recognition*

The revenue is primarily from rental income. Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Based on the contracts for the two ships relevant for the 2018 financial statements, both leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Revenue from the sale of goods and services is recognised at fair value, net of VAT, returns, discounts, and rejects.



Sales are recognised when revenue can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the company.

#### *B) Translation of foreign currencies*

##### *(i) Functional and presentation currency*

The financial statement is measured in the currency used in the economic area in which the entity primarily operates (the functional currency). The financial statement is presented in Norwegian kroner (NOK).

##### *(ii) Transactions and statement of financial position items*

Foreign currency transactions are translated into the functional currency using the transaction rate. Realised and unrealised foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of exchange rates of monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are recognised in the statement of profit and loss. If the currency position is considered a cash flow hedge, gains and losses are recognised as other comprehensive income until the hedged transaction is completed, after which the currency position is transferred to the result on ordinary activities. Foreign exchange gains and losses on loans, cash and cash equivalents are presented (net) in the statement of profit and loss as finance income or expenses.

#### *C) Financial assets*

##### *(i) Classification*

The company classifies financial assets in the following categories: Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification depends on the object of the asset. Management determines the classification of financial assets on initial recognition.

##### *(ii) Recognition and measurement*

Regular purchases and sales of investments are recognised on the transaction date, which is the date the Group commits to purchase or sell the asset. All financial assets that are not recognised at fair value through profit or loss are initially recognised at fair value plus transaction costs. Loans and receivables are carried in successive periods at amortised cost, using the effective interest method.

#### *D) Offsetting of financial assets and liabilities*

Financial assets and liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### *E) Impairment of financial assets*

At the end of each reporting period, for all financial assets measured at amortised cost except customer receivables, the company assesses whether the credit risk on the financial instruments has increased significantly since initial recognition, by using available reasonable and supportable forward-looking information. If and when contractual payments are more than 30 days past due, the credit risk is always considered to have increased significantly. For financial instruments where the credit risk is considered to have increased significantly, an amount equal to the lifetime expected credit losses is recognised for loss allowance. For financial instruments where the credit risk has not increased since initial recognition, an amount equal to 12-months expected credit losses is recognised for loss allowance. The change in recognised impairment losses since the last reporting period is recognised in profit or loss.

Impairment testing of trade receivables is described in section G) below.

#### *G) Trade receivables*

Trade receivables are amounts due from customers for merchandise or services sold on credit in the ordinary course of business. If settlement is expected in one year or less (or in the normal operating cycle



of the business if longer), they are classified as current assets. If not, they are classified as non-current assets.

Trade receivables are measured at amortised cost, which normally is equal to the original invoice amount, as the interest element using the effective interest method normally is insignificant and therefore disregarded. For customer receivables, an amount equal to the lifetime expected credit losses is recognised for loss allowance.

#### *H) Restricted cash*

Restricted cash comprise bank deposits the company cannot freely have available. The restricted cash is held in escrow account with the purpose to refurbish vessels at a later date. Cash and cash equivalents comprise bank deposits and other short-term liquid investments with original maturities of three months or less.

#### *I) Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

Trade payables are valued at fair value on first-time recognition in the statement of financial position. Subsequently, trade payables are measured at amortised cost using the effective interest method. The interest element is disregarded if it is immaterial.

#### *J) Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, borrowings are recognised at amortised cost using the effective interest method. The difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings as part of the effective interest.

Borrowings are classified as current liabilities unless there is an unconditional right to defer payment of the liability for at least 12 months after the reporting date. Repayments due within one year are therefore classified as current liabilities.

#### *K) Borrowing costs*

Borrowing costs directly attributable to the acquisition of operating assets are recognised in the statement of financial position until the asset is ready for its intended use. Other borrowing costs are expensed on an ongoing basis.

#### *L) Current and deferred income taxes*

Coastal Holding AS entry into the Norwegian tax tonnage regime in 2018. Tonnage tax is calculated based on the ship's tonnage and not income and is therefore classified as an operating expense.

Income tax expense comprises income taxes payable and deferred income tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

In such case, the tax is also recognised in other comprehensive income or directly in equity.

Current tax is calculated in accordance with the tax laws and regulations enacted or substantively enacted at the statement of financial position date in the countries in which the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax laws are subject to interpretation. Based on management's assessment, a provision is made for expected tax payments when necessary.



Deferred tax is calculated on all temporary differences between the tax written down and consolidated financial values of assets and liabilities. Deferred income tax is determined using tax rates and tax laws which have been enacted or substantially enacted by the statement of financial position date and which are expected to apply when the deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the tax-reducing temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities are recognised net to the extent that there is a desire and ability to settle the taxes within the same tax regime.

#### *M) Provisions*

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination benefits. Provisions are not recognised for future operating losses; however, provisions for unprofitable contracts are recognised.

#### 2.3 Changes in accounting policies and disclosures

In the current year, the company has applied the following new accounting standards that were effective for accounting periods beginning on or after 1 January 2018 and which are relevant for Hurtigruten Group:

IFRS 9 Financial Instruments has replaced IAS 39 Financial Instruments: Recognition and Measurements. The standard has introduced new requirements for the classification, measurement and accounting treatment of financial assets and liabilities, as well as hedge accounting. In accordance with IFRS 9, financial assets are divided into three categories: fair value through other comprehensive income, fair value through profit or loss and amortised cost. The measurement category is established based on the method used for the first-time recognition of the asset. Classification is contingent on the entity's business model for management of its financial instruments and the nature of the cash flows for the individual instrument.

Impairments attributable to credit risk are now recognised based on expected losses rather than the previous model where losses must already have been incurred.

The standard essentially continues the requirements of IAS 39 for financial liabilities. The greatest change applies to cases where the fair value option has been utilised for a financial liability, but this is not relevant for the Group as this option has not been used.

IFRS 9 has simplified the requirements for hedge accounting by tying hedging efficiency more closely to management's risk management and providing greater scope for assessment. The requirements for hedging documentation are continued but the notes disclosure requirements are increased somewhat.

Implementation of IFRS 9 has not affected the financial statements of the Group materially. Work processes have been slightly changed and there are some enhanced notes regarding hedge accounting.



IFRS 15, Revenues from Contracts with Customers has established a new five-step model that applies to revenue arising from contracts with customers. Furthermore, the standard requires the customer contract to be split into individual performance obligations where these are multiple. A performance obligation can be a product or a service, and as recognition of these can be different, they should be separated. Revenue is recognised when a customer achieves control over a product or service, and thus has the opportunity to determine the use of, and can receive the benefits deriving from, the product or the service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated interpretations.

Implementation of IFRS 15 has not affected the financial statements of the Group materially, however the notes disclosures regarding revenue have been altered, reflecting the new and increased requirements of the new standard.

Standards, amendments and interpretations to existing standards that have not entered into force and which the company has not early adopted:

IFRS 16 Leases, establishes significant new accounting policies for lessees. IFRS 16 eliminates the current distinction between operating and finance leases as is required by IAS 17 Leases, and instead introduces a single lessee accounting model. When applying the new model, a lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, and recognise depreciation of lease assets separately from interest on lease liabilities in the income statement. Depreciation and interest expenses will replace the rental expenses. For the company this implies that current operating leases that satisfy the criteria will be recognised with assets and liabilities. Effective date is 1 January 2019.

IFRS 16 requires adoption either on a retrospective basis or on the modified retrospective basis. With modified retrospective basis the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2019 and comparatives will not be restated. The company will adopt IFRS 16 on 1 January 2019. Lease liabilities have been measured as the present value of the remaining lease payments, discounted using either the borrowing rate implicit in the lease, or by using the incremental borrowing rate at the date of initial application. For all leases, the right-of-use asset has been measured as if the standard had been applied since the commencement date. The difference between the value of the lease liabilities and the right-of-use assets will be recorded an adjustment to the opening balance of retained earnings.

## Note 3 Financial risk management

The following discussion concerning financial risk management relates to the policies adopted and applicable to the financial year 2018. Coastal Holding uses financial instruments such as bond loans. In addition, the company utilises financial instruments such as trade receivables, trade payables, etc., that are directly related to day-to-day operations. The company has also utilised certain financial derivatives for hedging purposes.

### 3.1 Financial risk factors

The company activities expose it to a variety of financial risks: market risk (including currency, fair-value interest rate and variable interest rate risk), credit risk and liquidity risk. The company overarching risk management goal is to increase predictability for the company operations and to minimise the impact of fluctuations in macro conditions on the company results and financial position.



Coastal Holding has defined overarching principles for risk management which encompass guidelines for specific areas such as currency, interest rate, credit risk and the use of financial derivatives. The Board of Directors approves the Group's risk management strategy and reviews it annually.

*(a) Market risk*

*(i) Currency risk*

Coastal Holding is exposed to foreign currency risk as both the revenue stream from the bareboat charter lease agreements and financing arrangements are denominated in EUR. The company has no operating expenses. The Company's functional currency is NOK.

*(b) Credit risk*

Coastal Holding is not materially concerned with credit risk. The counterparty to the bareboat charter lease agreements is Hurtigruten AS, a sister company within the Silk Topco Group.



#### Note 4 Finance income and expenses

<i>(in NOK 1,000)</i>	2018	2017
Intragroup interest income	8 020	955
Interest income bank deposits	135	44
Foreign exchange gains	2 704	-
<b>Finance income</b>	<b>10 859</b>	<b>998</b>
Intragragroup interest expenses	-1 319	-
Interest expenses borrowings	-29 241	-2 367
Borrowing fees	-10 768	-382
Foreign exchange losses	-22 131	-
Other financial expenses	213	-
	<b>-63 246</b>	<b>-2 749</b>
<b>Finance expenses – net</b>	<b>-52 387</b>	<b>-1 750</b>



## Note 5 Income tax

The income tax expense for the year can be broken down as follows

<i>(in NOK 1,000)</i>	2018	2017
Income tax payable, tonnage tax	20	-
Tax from Group Contribution	-	-
Change in deferred income tax asset	-	-
<b>Total income tax expense</b>	<b>20</b>	<b>-</b>

The tax on the Group's profit or loss before tax deviates from the amount that would have applied if the Group's weighted average tax rate had been used. The difference can be explained as follows:

<i>(in NOK 1,000)</i>	2018	2017
<b>Profit/(loss) before tax from operations</b>	<b>-52 641</b>	<b>-1 750</b>
Tax rate		24 %
Calculated tax expense at nominal tax rate		420
Change in the income tax expense as a result of:		
– unrecognised deferred income tax assets		-420
<b>Income tax expense</b>		<b>0</b>
Weighted average tax rate		0 %
Payable Tax, tonnage tax	20	-

The year's tax expense relates in its entirety to tax calculated on gross tonnage for the share in Kirberg Shipping KS



**Note 6 Investments in subsidiaries**

(NOK 1,000)	Registered office	Ownership/voting share	Book value	Equity	Profit/loss
Coastal I AS	Tromsø, Norway	100,0 %	69 052	74 554	4 830
Coastal II AS	Tromsø, Norway	100,0 %	52	-1 121	-1 151
Kirberg Shipping KS	Tromsø, Norway	90,0 %	153 000	98 730	36 882
<b>Total</b>			<b>222 104</b>	<b>172 163</b>	<b>40 562</b>



### Note 7 Share Capital

(NOK 1,000)	Number of shares	Nominal value	Book value
Share capital	300	0,1	30

All shares carry the same rights in the company.

Shareholders	Shares	Shareholding
Silk TopCo AS	300	100 %
Total no. of shares	300	100 %



## Note 8 Borrowings

### Nominal value at 31 December 2018

(in NOK 1,000)

	Nominal value	Unamortized	Book value
Bond			
Intercompany Loan	437 725	-	437 725
<b>Total</b>	<b>437 725</b>	<b>-</b>	<b>437 725</b>

### Nominal value at 31 December 2017

(in NOK 1,000)

	Nominal value	Unamortized	Book value
Bond	400 000	-8 119	391 881
<b>Total</b>	<b>400 000</b>	<b>-8 119</b>	<b>391 881</b>

### Movement in borrowings

(in NOK 1,000)

	2018	2017
<b>Total borrowings 1 January</b>	<b>391 881</b>	<b>-</b>
<b>Cash flows</b>		
New financing	437 725	400 000
Repayments <sup>1</sup>	-400 000	-
Borrowing costs		-8 500
<b>Non-cash flow</b>		
Amortisation	8 119	382
Other		
<b>Total borrowings 31 December</b>	<b>437 725</b>	<b>391 881</b>

### Maturity Profile

(in NOK 1,000)

	2018	2017
Less than one year	-	-
Between 1 and 2 years	-	-
Between 3 and 5 years	-	400 000
More than 5 years	437 725	-
<b>Total</b>	<b>437 725</b>	<b>400 000</b>

<sup>1</sup> The bond had a 3-year tenor but was repaid in December 2018, the bond is replaced with a intercompany loan.

**Note 9 Related parties**

<i>(in NOK 1,000)</i>	<b>2018</b>	<b>2017</b>
<b>Sale of services to Group companies</b>		
Hurtigruten AS	45 903	2 438
<b>Sale of services to Group companies</b>	<b>45 903</b>	<b>2 438</b>
<b>Purchase of services from Group companies</b>		
Coastal I AS	(24 255)	(2 438)
Kirberg Shipping KS	(21 648)	-
Hurtigruten AS	(15)	-
Hurtigruten Pluss AS	(43)	-
<b>Purchase of services from Group companies</b>	<b>(45 961)</b>	<b>(2 438)</b>
<b>Interest income from Group companies</b>		
Coastal I AS	6 922	955
Coastal II AS	1 097	-
<b>Total interest income from Group companies</b>	<b>8 020</b>	<b>955</b>
<b>Interest expenses to Group companies</b>		
Silk Bidco AS	(1 319)	-
<b>Total interest expenses to Group companies</b>	<b>(1 319)</b>	<b>-</b>
<b>Intragroup balances</b>		
<i>(in NOK 1,000)</i>	<b>2018</b>	<b>2017</b>
<b>Loans to Group companies</b>		
Coastal I AS	101 000	101 955
Coastal II AS	18 097	-
<b>Loans to Group companies</b>	<b>119 097</b>	<b>101 955</b>
<b>Loans from Group companies</b>		
Silk Bidco AS	(437 725)	-
<b>Loans from Group companies</b>	<b>(437 725)</b>	<b>-</b>
<b>Trade payables and other current payables to Group companies</b>		
Silk Topco AS	-	104
Coastal I AS	17 193	-
Kirberg Shipping KS	5 719	-
<b>Total trade payables and other current payables to Group companies</b>	<b>22 911</b>	<b>104</b>
<b>Receivables from Group companies</b>		
Hurtigruten AS	5 863	-
Coastal I AS	1 004	-
<b>Total receivables from Group companies</b>	<b>6 867</b>	<b>-</b>



## Note 10 Cash and cash equivalents

<i>(in NOK 1,000)</i>	<b>2018</b>	2017
Bank deposits	9 467	30
<b>Cash and cash equivalents</b>	<b>9 467</b>	30
Restricted bank deposits <sup>1</sup>	49 675	221 644
<b>Total restricted cash</b>	<b>49 675</b>	221 644

1) *Restricted funds relate to bond funds in escrow account with DnB, awaiting refurbishment of MS Richard With and MS Nordlys*



## Note 11 Remuneration

### Audit remuneration

(in NOK 1,000)

	2018	2017
Auditor's fees – statutory auditing	83	-
Other certification services	-	-
Auditor's fees – other assistance	-	-
<b>Total other operating costs</b>	<b>83</b>	<b>-</b>

The company had no employees in 2018



To the General Meeting of Coastal Holding AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

#### *Opinion*

We have audited the financial statements of Coastal Holding AS, which comprise the statement of financial position at 31 December 2018, statement of profit and loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and 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 International Financial Reporting Standards as adopted by 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 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.

#### *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 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 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

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 - Coastal Holding AS

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>

### *Report on Other Legal and Regulatory Requirements*

#### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to 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, 28 June 2019  
**PricewaterhouseCoopers AS**

Siig Lund  
State Authorised Public Accountant