



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 992 611 588
Organisasjonsform: Kommandittselskap
Foretaksnavn: ISLAND PIONEER KS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

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

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

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

Brønnøysundregistrene, 03.10.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Annen driftskostnad	3	48 222	32 472
Sum kostnader	3	48 223	32 472
Driftsresultat		-48 223	-32 472
Finansinntekter og finanskostnader			
Annen finansinntekt	2	219	155
Sum finansinntekter		0	0
Annen finanskostnad	2	44	398
Sum finanskostnader		0	0
Netto finans		175	-242
Ordinært resultat før skattekostnad		-48 048	-32 714
Ordinært resultat etter skattekostnad		0	0
Årsresultat	7	-48 048	-32 714
Totalresultat		-48 048	-32 714
Overføringer og disponeringer			
Utbytte		0	0
Overføringer til/fra annen egenkapital		-48 048	-32 714
Sum overføringer og disponeringer	7	-48 048	-32 714



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Sum varer		0	0
Fordringer			
Andre fordringer	5	126 602 378	127 514 067
Sum fordringer		126 602 378	127 514 067
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		15 947	33 466
Sum bankinnskudd, kontanter og lignende		15 947	33 466
Sum omløpsmidler		126 618 325	127 547 533
SUM EIENDELER		126 618 325	127 547 533

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2019	2018
Innskutt egenkapital			
Selskapskapital	8	100 000 000	100 000 000
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		100 000 000	100 000 000
Opptjent egenkapital			
Annen egenkapital		7 109 968	7 158 015
Sum opptjent egenkapital		7 109 968	7 158 015
Sum egenkapital	7	107 109 968	107 158 015
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		16 016	
Annen kortsiktig gjeld		19 492 341	20 389 518
Sum kortsiktig gjeld	5	19 508 358	20 389 518
Sum gjeld		19 508 358	20 389 518
SUM EGENKAPITAL OG GJELD		126 618 325	127 547 533



**Financial Statements
31.12.19**

Island Pioneer KS



ISLAND OFFSHORE



Income Statement

Island Pioneer KS

	Note	2019	2018
Other operating expenses	3	48 223	32 472
Operating expenses	3	48 223	32 472
Operating profit		-48 223	-32 472
Other financial income	2	219	155
Interest paid to Group Companies		0	0
Other financial expenses	2	44	398
Net financial income and expenses		175	-242
Ordinary result before tax		-48 048	-32 714
Annual net profit	7	-48 048	-32 714
Distributed to other equity		-48 048	-32 714
Net distributed	7	-48 048	-32 714



Balance sheet

Island Pioneer KS

	Note	2019	2018
Assets			
Fixed assets			
Intangible fixed assets			
Tangible fixed assets			
Capitalized maintenance		0	0
Total tangible assets		0	0
Total fixed assets		0	0
Current assets			
Debtors			
Other receivables	5	126 602 378	127 514 067
Total debtors		126 602 378	127 514 067
Investments			
Cash and bank deposits		15 947	33 466
Total current assets		126 618 325	127 547 533
Total assets		126 618 325	127 547 533

Island Pioneer KS Org.nr. 992611588

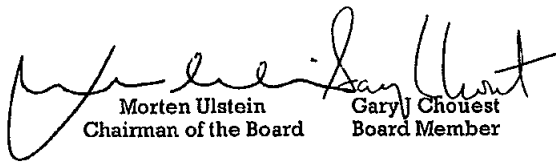


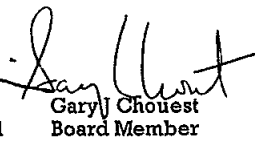
Balance sheet


Island Pioneer KS

	Note	2019	2018
Liabilities and equity			
Equity			
Paid in equity			
Paid in capital	8	100 000 000	100 000 000
Total paid in equity		100 000 000	100 000 000
Other equity		7 109 968	7 158 018
Total retained earnings		7 109 968	7 158 018
Total equity	7	107 109 968	107 158 018
Liabilities			
Current liabilities			
Trade creditors		16 016	0
Other short term liabilities		19 492 341	20 389 518
Total current liabilities	5	19 508 358	20 389 518
Total liabilities		19 508 358	20 389 518
Total equity and liabilities		126 618 326	127 547 536

Ulsteinvik, 31.12.2019 / 28.04.2020
Board of Directors, Island Pioneer KS


Morten Ulstein
Chairman of the Board


Gary J. Choulet
Board Member


Harald Ulstein
Board Member



Notes to the financial statements 2019

Island Pioneer KS

NOTE 1 ACCOUNTING PRINCIPLES

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

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.

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.

Currency

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

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.

NOTE 2 SPECIFICATIONS

	<u>2019</u>	<u>2018</u>
Interest income, bank	219	155
Total other financial income	<u>219</u>	<u>155</u>

	<u>2019</u>	<u>2018</u>
Foreign exchange loss		366
Other financial expenses	44	32
Total other financial expenses	<u>44</u>	<u>398</u>



Notes to the financial statements 2019

Island Pioneer KS

NOTE 3 PAYROLL, EMPLOYEES

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

Auditor

Audit fee has been expensed as follows in 2019 (excluding VAT):

Audit fee	NOK 31 600
Other	<u>NOK 14 526</u>
Total	<u>NOK 46 126</u>

The fee also includes work done for the general partner Island Pioneer AS.

NOTE 4 FIXED ASSETS

Vessel Island Pioneer was sold 15.01.14 to Blue Pioneer Pte. LTD a subsidiary of Ocean Mexicana SA de CV.

NOTE 5 RELATED PARTIES

Transactions with related parties:

	<u>2019</u>	<u>2018</u>
Receivables	126 596 366	127 509 649
Short term liabilities	(19 508 358)	(20 389 518)

Loan agreements with interests terms in accordance with arms-length principle have been established for receivables and liabilities with the Company's ultimate owners Island Offshore Shipholding, L.P., Ocean Mexicana S.A. de C.V. and Pioneer AS. The intercompany loans arose from the time the vessel Island Pioneer was sold to Blue Pioneer Pte. LTD.

From 2018, interest receivable and interest payable has not been charged to the owners considering the dormant situation of the Company with no other assets than the loans. The intention for the loan structure is that future repayment of paid in capital to owners should be sufficient to cover the outstanding amount from the owners.

**Notes to the financial statements 2019**

Island Pioneer KS

NOTE 6 TAXES

Deferred tax/tax asset is calculated based upon the temporary differences between accounting and tax values at the end of the accounting year.

Deferred tax/tax asset has been calculated as follows:

	2019	2018
Gain and Loss Account	84 723 365	105 904 206
Debt in foreign currency		-
Total temporary differences	84 723 365	105 904 206
Deferred tax	18 639 140	23 298 925
Tax rate	22 %	22 %

In accordance with Norwegian GAAP, deferred tax/tax asset is not recorded for participation taxed companies.

Specification of difference between accounting result before tax and tax basis:

	2019	2018
Profit before tax	-48 048	-32 714
Change in temporary differences	21 180 841	26 476 052
<i>Permanent differences:</i>		-
Non-deductible expenses	-	-
Tax basis	21 132 793	26 443 338

NOTE 7 EQUITY

	2019	2018
Tied up capital	70 000 000	70 000 000
Free capital	105 000 000	105 000 000
Total registered capital	175 000 000	175 000 000
Uncalled capital	-75 000 000	-75 000 000
Paid-in capital	100 000 000	100 000 000
Retained earnings 1.1	7 158 017	7 190 730
This year's result	-48 048	-32 714
Retained earnings 31.12	7 109 968	7 158 016
Total equity 31.12	107 109 968	107 158 015

**Notes to the financial statements 2019**

Island Pioneer KS

NOTE 8 OWNERSHIP

Owners at 31.12. :

Participants	Share %	Share of registered capital	Share of paid-in capital
<i>General partner:</i>			
Island Pioneer AS	10,00 %	17 500 000	10 000 000
<i>Participants:</i>			
Island Offshore Shipholding LP	63,00 %	110 250 000	63 000 000
Ocean Mexicana S.A. de C.V.	27,00 %	47 250 000	27 000 000
TOTAL	100,00 %	175 000 000	100 000 000

Ref AA §7-36. Island Pioneer KS is included in the consolidated financial statements for Island Offshore Shipholding LP.

NOTE 9 GOING CONCERN

The Company is dormant and have no assets nor liabilities except the intercompany loans. The Company is dependent on the partner Island Offshore Shipholding L.P. to fund its expenses.

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

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

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

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

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



Notes to the financial statements 2019

Island Pioneer KS

NOTE 10 SUBSEQUENT EVENTS

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

The Board of Directors continue to monitor the financial situation of the Company closely and will assess the need for capital contributions going forward.



Statsautoriserte revisorer
Ernst & Young AS

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

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

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Partnership Meeting of Island Pioneer KS

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 9 and note 10 in the financial statements, which describes that that the Company and Group is dependent on an agreement with its creditors for an acceptable and sustainable restructuring to continue as going concern. These events or conditions, along with other matters as set forth in note 9 and note 10, indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Report on other legal and regulatory requirements

Opinion on registration and documentation

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

Bergen, 30 April 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Independent auditor's report - Island Pioneer KS

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

Jørn Knutsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

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Skattedirektoratet

Saksbehandler
Geir Johannessen

Deres dato
11.10.2013

Vår dato
29.10.2013

Telefon
22 66 11 14

Deres referanse
Tommy Walaunet

Vår referanse
2013/779184

ISLAND OFFSHORE MANAGEMENT AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Det vises til deres brev av 11. oktober 2013, samt telefonsamtale i sakens anledning, der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Island Offshore Management AS	org nr 984 285 310
Island Offshore Crewing AS	org nr 995 955 881
Island Offshore XI AS	org nr 987 845 325
Island Offshore III KS	org nr 982 411 408
Island Offshore VIII AS	org nr 987 156 783
Island Offshore VIII KS	org nr 987 156 805
Island Offshore X AS	org nr 887 254 982
Island Offshore X KS	org nr 987 255 188
Island Offshore LNG AS	org nr 996 393 844
Island Offshore LNG KS	org nr 996 393 739
Island Offshore LNG Invest AS	org nr 996 357 813
Island Offshore LNG Invest KS	org nr 996 357 848
Island Offshore XII AS	org nr 888 271 392
Island Offshore XII Ship AS	org nr 994 289 764
Island Pioneer AS	org nr 992 611 634
Istand Pioneer KS	org nr 992 611 588

For Island Offshore Management AS omfatter søknaden også konsernregnskapet, der Island Offshore Crewing inngår med 100 %.

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

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Postadresse
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Se www.skatteetaten.no
Org.nr: 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60



Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene har klar overvekt av utenlandske eierinteresser og for øvrig en begrenset eierkrets. Selskapenes forretningspråk er engelsk. Videre er det vektlagt at selskapene driver virksomhet i en bransje der aktørene forutsettes å beherske engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

Seniorrådgiver

Rettsavdelingen, foretaksskatt
Skattedirektoratet

Geir Johannessen