



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 987 845 325
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND OFFSHORE XI AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: 09.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 28.06.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Sum kostnader		0	0
Driftsresultat		0	0
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	4	-748 574	-9 733 176
Annen renteinntekt		171 809	265 672
Annen finansinntekt			124
Sum finansinntekter		-576 765	-9 467 380
Annen rentekostnad			83
Annen finanskostnad			126
Sum finanskostnader		0	209
Netto finans		-576 765	-9 467 589
Ordinært resultat før skattekostnad		-576 765	-9 467 589
Skattekostnad på ordinært resultat	5		-747 478
Ordinært resultat etter skattekostnad		-576 765	-8 720 111
Årsresultat	7	-576 765	-8 720 111
Totalresultat		-576 765	-8 720 111
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-576 765	-8 720 111
Sum overføringer og disponeringer		-576 765	-8 720 111



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Lån til foretak i samme konsern	6	11 362 787	11 176 106
Investeringer i tilknyttet selskap	4	36 024 296	36 772 870
Sum finansielle anleggsmidler		47 387 083	47 948 976
Sum anleggsmidler		47 387 083	47 948 976
Omløpsmidler			
Varer			
Sum varer		0	0
Fordringer			
Andre fordringer	6	171 808	186 681
Sum fordringer		171 808	186 681
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		93 405	93 405
Sum bankinnskudd, kontanter og lignende		93 405	93 405
Sum omløpsmidler		265 214	280 087
SUM EIENDELER		47 652 297	48 229 062

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Selskapskapital	8	26 885 876	26 885 876
Overkurs		9 689 605	9 689 605
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		36 575 481	36 575 481
Opptjent egenkapital			
Fond		12 061 772	12 061 772
Annen egenkapital		-989 305	-412 539
Sum opptjent egenkapital		11 072 467	11 649 232
Sum egenkapital	7	47 647 948	48 224 713
Gjeld			
Langsiktig gjeld			
Utsatt skatt	5		
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Annen kortsiktig gjeld		4 349	4 349
Sum kortsiktig gjeld		4 349	4 349
Sum gjeld		4 349	4 349
SUM EGENKAPITAL OG GJELD		47 652 297	48 229 062



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 730124

Enheten

Organisasjonsnummer: 987 845 325
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND OFFSHORE XI AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

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Konsern

Morselskap i konsern: Nei

Regnskapsregler

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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: 09.06.2022

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 2021: Årsregnskap er elektronisk innlevert.
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021.

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, 28.07.2022



Organisasjonsnr: 987 845 325
ISLAND OFFSHORE XI AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Sum kostnader		0	0
Driftsresultat		0	0
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	4	-748 574	-9 733 176
Annen renteinntekt		171 809	265 672
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Totalresultat		-576 765	-8 720 111
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-576 765	-8 720 111
Sum overføringer og disponeringer		-576 765	-8 720 111



Organisasjonsnr: 987 845 325
ISLAND OFFSHORE XI AS

BALANSE

Beløp i: NOK	Note	2021	2020
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BALANSE - EIENDELER

Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0

Varige driftsmidler			
Sum varige driftsmidler		0	0

Finansielle anleggsmidler			
Lån til foretak i samme konsern	6	11 362 787	11 176 106
Investeringer i tilknyttet selskap	4	36 024 296	36 772 870
Sum finansielle anleggsmidler		47 387 083	47 948 976
Sum anleggsmidler		47 387 083	47 948 976

Omløpsmidler			
Varer			
Sum varer		0	0

Fordringer			
Andre fordringer	6	171 808	186 681
Sum fordringer		171 808	186 681

Investeringer			
Sum investeringer		0	0

Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		93 405	93 405
Sum bankinnskudd, kontanter og lignende		93 405	93 405

Sum omløpsmidler		265 214	280 087
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SUM EIENDELER		47 652 297	48 229 062
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital			
Innskutt egenkapital			
Selskapskapital	8	26 885 876	26 885 876
Overkurs		9 689 605	9 689 605
Annen innskutt egenkapital		0	0



Sum innskutt egenkapital		36 575 481	36 575 481
Opptjent egenkapital			
Fond		12 061 772	12 061 772
Annen egenkapital		-989 305	-412 539
Sum opptjent egenkapital		11 072 467	11 649 232
Sum egenkapital	7	47 647 948	48 224 713
Gjeld			
Langsiktig gjeld			
Utsatt skatt	5		
Sum avsetninger for forpliktelseser		0	0
Annen langsiktig gjeld			
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Annen kortsiktig gjeld		4 349	4 349
Sum kortsiktig gjeld		4 349	4 349
Sum gjeld		4 349	4 349
SUM EGENKAPITAL OG GJELD		47 652 297	48 229 062



Organisasjonsnr: 987 845 325
ISLAND OFFSHORE XI AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
2

Regnskapsprinsipper

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles for small businesses (NRS 8) in Norway. 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. Presentation of subsidiaries and associated companies Associated companies are accounted for by the equity method. 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. Taxes The tax expense in the income statement includes both taxes payable and change in deferred tax. Deferred tax is calculated as 22% of the temporary differences between tax and accounting values, and eventual tax losses carried forward at the end of the accounting year. Tax reducing and tax increasing differences are offset if reversible. Any net deferred tax asset is recorded in the balance sheet if expected future profitability makes utilization probable.

Note
2

Er det usikkerhet om fortsatt drift?: Nei

Note

Antall årsverk i regnskapsåret
0.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn



Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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Note

3

Lån og sikkerhetsstillelse til medlemmer

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Opplysninger om:

Medlemmer av:

Mer om lån og sikkerhetsstillelse



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
Postboks 9200 Grønland
0134 Oslo
skatteetaten.no/sendepost

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

Sentralbord
800 80 000
Telefaks
22 17 08 60



2013/779184 Side 3 av 3

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



**Financial Statements
2021**

Island Offshore XI AS



ISLAND OFFSHORE



Income statement

Island Offshore XI AS

	Note	2021	2020
Income on investments in associated companies	4	-748 574	-9 733 176
Interest income		171 809	265 672
Other financial income		0	124
Interest expenses		0	83
Other financial expenses		0	126
Total financial income & expenses		-576 765	-9 467 589
Ordinary result before tax		-576 765	-9 467 589
Tax on ordinary result	5	0	-747 478
Net profit for the year		-576 765	-8 720 111
Allocated as follows			
Transfer to other equity		-576 765	-8 720 111
Total transfers	7	-576 765	-8 720 111



Balance sheet

Island Offshore XI AS

	Note	2021	2020
Assets			
Fixed assets			
Intangible fixed assets			
Financial fixed assets			
Loan to subsidiaries	6	11 362 787	11 176 106
Investments associated companies	4	36 024 296	36 772 870
Total financial fixed assets		47 387 083	47 948 976
Total fixed assets		47 387 083	47 948 976
Current assets			
Other receivables	6	171 808	186 681
Total debtors		171 808	186 681
Cash and bank deposits		93 405	93 405
Total current assets		265 214	280 087
Total assets		47 652 297	48 229 062

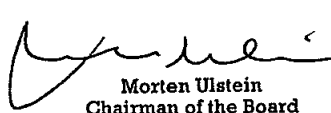


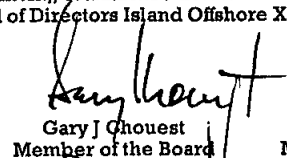
Balance sheet

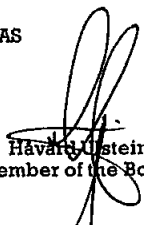
Island Offshore XI AS


	Note	2021	2020
Liabilities and equity			
Equity			
Paid in equity			
Share capital	8	26 888 876	26 888 876
Share premium reserve		9 689 608	9 689 608
Total paid in equity		36 575 481	36 575 481
Retained earnings			
Reserve for valuation variances		12 061 772	12 061 772
Other equity		-989 308	-412 539
Total retained earnings		11 072 467	11 649 232
Total equity	7	47 647 948	48 224 713
Liabilities			
Provision for liabilities			
Deferred tax	5	0	0
Total long term liabilities		0	0
Current liabilities			
Other short term liabilities		4 349	4 349
Total current liabilities		4 349	4 349
Total liabilities		4 349	4 349
Total equity and liabilities		47 652 297	48 229 062


Ulsteinvik,, 31.12.2021 / 28.04.2022
The Board of Directors Island Offshore XI AS


Morten Ulstein
Chairman of the Board


Gary J Ghouest
Member of the Board


Håvard Ulstein
Member of the Board


Arne Loen
Member of the Board


Henning Sundet
Managing Director

Island Offshore XI AS Org.nr. 987845325



Notes to the financial statements 2021

Island Offshore XI AS

NOTE 1 GENERAL

The company is the general partner with 10% ownership in Island Offshore III KS. The participation in the partnership is accounted for by the equity method.

Island Offshore XI AS is included in the consolidated financial statements for Island Offshore Shipholding LP, c/o Island Offshore Shipping AS. P.O. Box 370, N-6067 Ulsteinvik.

NOTE 2 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.

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.

Presentation of subsidiaries and associated companies

Associated companies are accounted for by the equity method.

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.

Taxes

The tax expense in the income statement includes both taxes payable and change in deferred tax. Deferred tax is calculated as 22% of the temporary differences between tax and accounting values, and eventual tax losses carried forward at the end of the accounting year. Tax reducing and tax increasing differences are offset if reversible. Any net deferred tax asset is recorded in the balance sheet if expected future profitability makes utilization probable.

NOTE 3 PAYROLL COST, EMPLOYEES

The company has no employees and the Board of Directors have not received any compensation.

Auditor

Audit fees are covered by the partnership in accordance with the Partnership Agreement.

**Notes to the financial statements 2021**

Island Offshore XI AS

NOTE 4 INVESTMENTS

	<u>Island Offshore III KS</u>
Registered capital	247 000 000
Unpaid capital	-
Ownership	<u>10 %</u>
Share of vessels	59 510 270
Share of current assets	8 196 374
Share of liabilities	-31 943 949
Excess value	<u>261 602</u>
Book value	<u>36 024 296</u>
Share of net result	<u>-748 574</u>
Share of net tax result	<u>-442 474</u>

As the general partner of Island Offshore III KS, the Company is responsible for the partnership's total liabilities of NOK 319.439.492 at 31.12.2021.

At 31.03.2020 one ship owning entity in the Group did not comply with the minimum cash requirement and due to cross default provisions, the Partnership did not comply with covenants as of 31.03.2020. Subsequently, in May 2020 the Group and the Partnership declared an one-sided standstill towards the lenders. Negotiations with secured lenders were not concluded prior to maturity at 31.12.20. The Company has completed several information meetings and negotiations with secured lenders and was successful in December 2021 to agree on a refinancing agreement. The restructuring was effective in January 2022 and included buy back of loan at a discount and issue of additional share equity. Reference to note 7 and 9.

NOTE 5 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.

**Notes to the financial statements 2021**

Island Offshore XI AS

NOTE 6 RELATED PARTIES

	2021	2020
Long term receivables	11 362 787	11 176 106
Accrued interests	171 808	186 681

Long term receivable is towards Island Offshore III KS. Interests receivable are charged at market rates in accordance with transfer pricing rules.

NOTE 7 EQUITY

	Share Capital	Share premium reserve	Reserve for valuation variances	Other Equity	Total
Equity 1.1	26 885 876	9 689 605	12 061 772	-412 540	48 224 713
Net result	-	-	-	-576 765	-576 765
Equity 31.12	26 885 876	9 689 605	12 061 772	-989 305	47 647 948

As part of the agreed restructuring agreement for the Partnership agreed in December 2021 and effective in January 2022, the Partnership issued a capital increase in January 2022 with NOK 41,700,000 from NOK 20,000,000 to NOK 61,700,000 by way of issuing 514,995,000 shares in the company.

In order for the General Partner to be able to subscribe for 10% of the capital increase in the Partnership, the Company's share capital was in January 2022 increased with NOK 4,170,000 from NOK 26,885,876 to NOK 31,055,877 by way of issuing 35,850,344 new shares in the Company.

Existing shareholders participated on the share capital increase with the exception of Island Offshore Shipholding LP. Borgstein Skipsinvest AS and Island Investment LLC subscribed for the relevant amount of shares.



Notes to the financial statements 2021

Island Offshore XI AS

Temporary differences that reverse or may be reversed are offset and presented net.

Specification of temporary differences:

	<u>2021</u>	<u>2020</u>
Temporary difference, share of partnership	30 271 024	30 551 090
Other differences:		
Gains and loss account	-70 790	-88 488
Deferred tax loss carried forward	<u>-36 784 526</u>	<u>-36 496 163</u>
Sum temporary differences	<u>-6 584 292</u>	<u>-6 033 561</u>
Deferred tax	<u>-1 448 543</u>	<u>-1 327 382</u>
Tax rate	<u>22 %</u>	<u>22 %</u>

A specification of the difference between net result before tax and the tax basis is presented below.

	<u>2021</u>	<u>2020</u>
Profit before tax	-576 765	-9 467 589
Share of net tax result from partnership	-442 474	-3 219 522
Reversed share of net accounting result from partnership	748 574	9 733 175
Change in temporary differences	<u>-17 698</u>	<u>-22 122</u>
Annual tax basis	<u>-288 363</u>	<u>-2 976 057</u>
Deferred tax loss carried forward	-36 784 526	-36 496 163

Specification of taxes in Profit and Loss Accounts:

	<u>2021</u>	<u>2020</u>
Taxes payable	-	-
Change in deferred tax	-	<u>-747 478</u>
Annual tax expense	<u>-</u>	<u>-747 478</u>

As it will take some time for the Company to utilize tax loss carried forward to offset future payable tax, it is decided not to record deferred tax asset in the balance sheet of the Company as per 31.12.20.



Notes to the financial statements 2021

Island Offshore XI AS

NOTE 8 SHARE CAPITAL AND OWNERSHIP

As per 31.12.21, the share capital comprises 231.143.392 shares at face value NOK 0,116.

Ownership

Shareholders as per 31.12. :

Shareholder	Shares	Share capital	Ownership
Island Offshore Shipholding, L.P.	146 933 214	17 090 812	63,57 %
Sneingen AS	45 218 496	5 259 674	19,56 %
EMAR Invest AS	4 295 557	499 646	1,86 %
Inger M. Kristensen AS	4 295 558	499 646	1,86 %
DUK Invest AS	4 295 557	499 646	1,86 %
Island Offshore Invest AS	16 715 834	1 944 333	7,23 %
Ingus AS	3 112 540	362 041	1,35 %
Beeline AS	3 112 540	362 041	1,35 %
HUK Invest AS	3 164 096	368 038	1,37 %
Total	231 143 392	26 885 876	100 %

NOTE 9 GOING CONCERN

The General Partner is dependent on the financial results of the Partnership Island Offshore III KS. The Partnership completed several information meetings and negotiations with secured lenders and was successful in December 2021 in agreeing to a refinancing agreement. The current Restructuring Agreement with secured lenders was made effective in January 2022. The senior secured lenders agreed to extend their loans until the end of 2024 at amended terms. The Company has serviced its debt according to amortization plan. In addition, the market is showing signs of improvement and the Partnership has satisfactory backlog for its vessel.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company and the Partnership at 31.12.2021, and the condition that a new restructuring agreement was agreed in December 2021 and made effective in January 2022 with secured lenders.

NOTE 10 COVID-19

The COVID-19 pandemic is causing operational disruptions to vessel activity and increases the overall risk of activity deferrals and cancellations.

The Board of Directors continue to monitor the financial situation of the Company closely.



Statsautoriserte revisorer
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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Offshore XI AS

Opinion

We have audited the financial statements of Island Offshore XI AS (the Company), which comprise the balance sheet as at 31 December 2021, 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 comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 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 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 requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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 management for the financial statements

Management (the board of directors and the general manager) 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 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- 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 the board of directors 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.

Bergen, 5 May 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

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Jørn Knutsen

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