Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	924 922 494
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ISLAND DISCOVERER 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:	Nei
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, 25.06.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREKNESKAP			
Inntekter			
Salsinntekter	2	18 119 250	
Sum inntekter		**18 119 250**	**0**
Kostnader			
Varekostnad	6	6 245 078	852 451
Lønnskostnad	6	11 928 606	
Avskriving på varige driftsmiddel og immaterielle eigedelar	5	3 832 482	
Annan driftskostnad	4	680 308	
Sum kostnader		**22 686 474**	**852 451**
Driftsresultat		**-4 567 223**	**-852 451**
Finansinntekter og finanskostnader			
Anna finansinntekt	3	56 323	50
Sum finansinntekter		**0**	**0**
Rentekostnad til føretak i same konsern		161 393	
Annan finanskostnad	3	78 879	
Sum finanskostnader		**0**	**0**
Netto finans		**-183 949**	**50**
Ordinært resultat før skattekostnad		**-4 751 172**	**-852 401**
Skattekostnad på ordinært resultat	7	-1 234 011	
Ordinært resultat etter skattekostnad		**0**	**0**
Årsresultat		**-3 517 161**	**-852 401**
Totalresultat		**-3 517 161**	**-852 401**
Overføringar og disponeringar			
Udekt tap		-3 517 161	-852 401
Sum overføringar og disponeringar	8	**-3 517 161**	**-852 401**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIGEDELAR			
Anleggsmiddel			
Immaterielle eigedelar			
Utsett skattefordel	7	1 234 011	
Sum immaterielle eigedelar		**1 234 011**	**0**
Varige driftsmiddel			
Skip, riggar, fly og liknande	5	210 423 381	1 726 786
Sum varige driftsmiddel		**210 423 381**	**1 726 786**
Finansielle anleggsmiddel			
Sum finansielle anleggsmiddel		**0**	**0**
Sum anleggsmiddel		**211 657 392**	**1 726 786**
Omløpsmiddel			
Varer			
Varer		489 638	
Sum varer		**0**	**0**
Krav			
Kundekrav		2 723 058	
Andre krav	6	5 881 628	507 655
Sum krav		**8 604 686**	**507 655**
Investeringar			
Sum investeringar		**0**	**0**
Bankinnskot, kontantar og liknande			
Bankinnskot, kontantar og liknande		1 632 238	50 050
Sum bankinnskot, kontantar og liknande		**1 632 238**	**50 050**
Sum omløpsmiddel		**10 726 562**	**557 705**
SUM EIGEDELAR		**222 383 953**	**2 284 491**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIGENKAPITAL OG GJELD			
Eigenkapital			
Innskoten eigenkapital			
Selskapskapital	9	400 000	50 000
Overkurs		208 986 570	
Annan innskoten eigenkapital		-5 570	-5 570
Sum innskoten eigenkapital		**209 381 000**	**44 430**
Opptent eigenkapital			
Annan eigenkapital		-4 369 563	-852 401
Sum opptent eigenkapital		**-4 369 563**	**-852 401**
Sum eigenkapital	8	**205 011 437**	**-807 971**
Gjeld			
Langsiktig gjeld			
Sum avsetjingar for plikter		**0**	**0**
Anna langsiktig gjeld			
Sum anna langsiktig gjeld		**0**	**0**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld			312 084
Anna kortsiktig gjeld	6	17 372 516	2 780 378
Sum kortsiktig gjeld		**17 372 516**	**3 092 462**
Sum gjeld		**17 372 516**	**3 092 462**
SUM EIGENKAPITAL OG GJELD		**222 383 953**	**2 284 491**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer:	2022 736148

Enheten

Organisasjonsnummer:	924 922 494
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ISLAND DISCOVERER AS
Forretningsadresse:	Stålhaugen 9 6065 ULSTEINVIK

Regnskapsår

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Konsern

Morselskap i konsern:	Nei

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Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Asbjørn Hasund
Dato for fastsettelse av årsregnskapet:	09.06.2022

Revisjon

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, 30.07.2022

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

Organisasjonsnr: 924 922 494
ISLAND DISCOVERER AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
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Organisasjonsnr: 924 922 494
ISLAND DISCOVERER AS

BALANSE

Beløp i: NOK	Note	2021	2020
BALANSE - EIGEDELAR			
Anleggsmiddel			
Immaterielle eigedelar			
Utsett skattefordel	7	1 234 011	
Sum immaterielle eigedelar		**1 234 011**	**0**
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Skip, riggar, fly og liknande	5	210 423 381	1 726 786
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Sum finansielle anleggsmiddel		**0**	**0**
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Omløpsmiddel			
Varer			
Varer		489 638	
Sum varer		**0**	**0**
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Eigenkapital			
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Sum eigenkapital	**8**	**205 011 437**	**-807 971**
Gjeld			
Langsiktig gjeld			
Sum avsetjingar for plikter		**0**	**0**
Anna langsiktig gjeld			
Sum anna langsiktig gjeld		**0**	**0**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld			312 084
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Sum kortsiktig gjeld		**17 372 516**	**3 092 462**
Sum gjeld		**17 372 516**	**3 092 462**
SUM EIGENKAPITAL OG GJELD		**222 383 953**	**2 284 491**

Organisasjonsnr: 924 922 494
ISLAND DISCOVERER AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note
1

Rekneskapsprinsipp
Island Offshore Discoverer AS (org.no. 924 922 494 - previous name Island Offshore Xii PSV AS) was founded 09.03.20 and own one PSVm the Island Discoverer, wich was delivered 31.05.21 to the company. The company is operated by Island Offshore Mangement AS. Island Dicoverer is is included int the consolidated financial statement for Island Offshore Shipholding L.P., c/o Island Offshore Shipping AS, Stålhaugen 12, 6065 Ulsteinvik, Norway. The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles for small business (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. Same principles are assumed for liabilities. Valuation of current assets Current assets are recorded net of expected future losses and the lowest value of cost price and market value. Bunkers and lube oil balances are accrued in the balance sheet based upon consumption and purchase price. Shipbuilding contracts Instalments to the yard for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are capitalized. 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. 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. In accordance with NGAAP, deferred tax/tax asset is not recorded for participation taxed companies. Receivables Account Receivables and other Receivables are recorded in the balance sheet at face value after deduction of expected loss. Loss on debtors are accounted for on basis of individual assessment of the receivables.

Note
1
Er det usikkerheit om vidare drift?: Nei

Note

Tal på årsverk i rekneskapsåret
0.00

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmiddel	Immaterielle eiged.

Konsernrekneskap

Morselskapet sitt namn

Forretningskontor for morselskapet

Grunn til at dotterselskap ikkje er tatt med i konsolideringa

Samla beløp - tilknytt selskap	Årets	Fjorårets
Samla beløp - føretak i samme konsern	Årets	Fjorårets
Samla beløp - føretak i samme konsern	Årets	Fjorårets
Samla beløp - felles kontrollert verksemd	Årets	Fjorårets

Pantstillingar	Beløp

Behaldning av eigne aksjar	Tal på aksjar	Pålydande	Andel av aksjek.

Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
03.02.2021	22.01.2021	Kjell Knutsen
800 80 000	Din/Deres referanse	Telefon
Skatteetaten.no	AR412070926	51825856
Org.nr	Vår referanse	Postadresse
974761076	2021/5085739	Postboks 9200 Grønland 0134 OSLO

ISLAND DEFENDER AS
Postboks 370
6067 ULSTEINVIK

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk for 922593116 Island Defender AS og 924922494 Island Offshore XII PSV AS

Vi viser til søknad av 22.01.2021 om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller 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 siteres:

> Viser til brev fra skattedirektoratet datert 29.10.2013, brev datert 23.02.2015, brev datert 23.02.2016, brev datert 27.04.17, brev datert 12.03.19 (referanse 2019/5531837) der vi fikk tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for flere av våre selskaper. Bakgrunnen er at selskapene er majoritetseid av en felles utenlandsk aksjonær og der andre vesentlige eiere er familiemedlemmer, eiet direkte eller gjennom selskaper, hhv av en amerikansk og en norsk familie.
>
> Vi ønsker å søke om å få utvide dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk (regnskapsloven § 3-4) til også å omfatte følgende selskap:
>
> Island Defender AS: Org.nr. 922 593 116
> Island Offshore XII PSV AS: Org.nr. 924 922 494
>
> Dette er norske private aksjeselskap.
> Island Defender AS og Island Offshore XII PSV AS er selskaper som er 100% eid av det norske selskapet Island Offshore XII Ship AS som er indirekte er majoritetseid av Island Offshore

Shipholding, L.P. et Cayman Island selskap som er eid 50% av Gary Chouest m/familie og 50% av Morten Ulstein m/familie.

Borgstein AS er forretningsfører for selskapene. Selskapenes forretningsspråk er engelsk, som også er arbeidsspråket i styrene. Kundene og leverandørene er i hovedsak internasjonale og norske virksomheter med leveranser til offshore industrien, mens kreditorene er finansinstitusjoner med internasjonal virksomhet. Engelske regnskaper vil fullt ut dekke det informasjonsbehov som de vesentlige regnskapsbrukerne måtte ha. Selskapene må uansett utarbeide regnskap på engelsk, og vi mener det vil påføre en unødvendig byrde gjennom økte kostnader og tidsbruk og også være nødt til å utarbeide det på norsk.

Skattekontorets vurdering

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

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., 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, kunder og lokalsamfunnet.

Det er etter skattekontorets 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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at både selskapenes forretningsspråk og arbeidsspråket i styrene er engelsk. Videre at kundene og leverandørene i hovedsak er internasjonale og norske virksomheter med leveranser til offshoreindustrien, mens kreditorene er finansinstitusjoner med internasjonal virksomhet. Ifølge søknadene vil engelske regnskaper fullt ut dekke det informasjonsbehov som de vesentlige regnskapsbrukerne måtte ha. Det er også vist til at konsernet allerede har tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for flere av konsernets selskaper.

Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Gro Stangeland
underdirektør
Innsats, storbedrift
Skatteetaten

Kjell Knutsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Side 3 / 3

Island Discoverer AS

Annual report 2021

Board of directors' report

Annual accounts
- Income statement
- Balance sheet
- Cash flow
- Notes

Auditor's report

Annual Report 2021
Island Discoverer AS
Org. no 924 922 494

Business activities

Island Discoverer AS was founded 09.03.20 and owns one PSV, the Island Discoverer, which was delivered to the Company 31.05.21. The vessel has been operating in the North Sea and in Morocco in 2021. The Company is managed by Island Offshore Management AS, and the Company is operated from Ulsteinvik, Norway.

Statement on results

Revenue in 2021 totals NOK 18.1 mill and the vessel achieved in average 77% utilization since the delivery date 31.05.21. Operating profit is a loss of NOK -4.6 mill compared to a loss NOK -0.9 mill in 2020.

The acquisition of the vessel was funded through a directed share issue, in which the vessel was provided as a contribution in kind. Cash flow from operational activities is positive with NOK 4.8 mill resulting in a net cash reserve of NOK 1.6 mill at 31.12.2021.

Net equity is NOK 205.0 mill as at 31.12.21 compared to NOK -0.8 mill at 31.12.2020. Change in equity is due to the contribution in kind and the corresponding increase of share capital and share premium reserve by NOK 209.3 mill offset by this year's loss of NOK -3.5 mill.

The Company does not have ongoing research and development activities.

Going concern

The Company has no long term liabilities. However, due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the sister company Island Offshore XII Ship AS and affiliated company Island Victory AS, in May 2020 declared a one-sided stand-still towards the secured lenders. Negotiations with all secured lenders were not concluded prior to maturity at 31.12.20.

The companies completed several information meetings and negotiations with secured lenders and was in 2021 successful in concluding a refinancing agreement. The senior secured lenders agreed to extend their loans at amended terms. The restructuring agreement includes modified amortization schedules for each vessel, in addition to lifting of certain financial covenants.

The affiliated companies in the Island Offshore XII Group have serviced its debt according to the revised amortization plan and cash sweep measurements. In addition, the market is showing signs of improvement and the Company has satisfactory backlog. 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 at 31.12.2021, and the condition that a new restructuring agreement for the affiliated companies in the Island Offshore XII Group was agreed and made effective with secured lenders in 2021.

External environment

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

Financial risk

The Company's financial position as at 31.12.2021 is satisfactory considering that the Company is debt free. The Company's customers are mainly large oil companies with a moderate credit risk. Financial instruments are employed to hedge foreign currency exposure when required.

The Company's liabilities totals NOK 17.4 mill as of 31.12.2021 of which NOK 14,8 mill is relating to invoices from Manager. In 2022 the company will have access to credit facility of NOK 10 mill in order to settle unpaid operating expenses towards Manager.

The Company's cash balance / liquidity reserve is thus limited – but sufficient for the operation of the vessel.

Future outlook

The vessel will operate in the spot market in 2022 and although markets are expected to improve, utilization and earnings will vary offering limited visibility. The COVID-19 implications as well as global geopolitical uncertainty may impair market recovery. Any future operational disruptions increase

the overall risk of activity deferrals and cancellations thus also the risk of negative future financial implications for the Company.

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

Other matters

The board members are covered by a director and officers liability insurance purchased and maintained by the company. The insurance policy is issued by a reputable insurer with an appropriate rating.

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

Island Discoverer AS
Org. no 924 922 494

Allocation of results

The Board proposes the following transfer of the 2021 net loss of NOK -3 517 161

Transferred to other equity	NOK	-3 517 161

Ulsteinvik, 28.04.22

Morten Ulstein
Chairman of the Board

Håvard Ulstein
Board Member

Giovanni Peditto
Board Member

Dino D. Chouest
Board Member

Fredrik Mordal Hessen
Board Member

Island Discoverer AS
Org. no 924 922 494

Island Discoverer AS

Income statement

	Note	2021	2020
Revenue			
Freight income	2	18 119 250	0
Operating expenses			
Vessel expenses	6	6 245 078	852 451
Crew expenses	6	11 928 606	0
Depreciation of tangible and intangible fixed assets	5	3 832 482	0
Other operating expenses	4	680 307	0
Total operating expenses		22 686 473	852 451
Operating result		-4 567 223	-852 451
Financial income and expenses			
Other financial income	3	56 323	50
Interest paid to group companies		161 393	0
Other financial expenses	3	78 879	0
Net financial items		-183 949	50
Ordinary result before tax		-4 751 172	-852 401
Tax on ordinary result	7	-1 234 011	0
Net profit or loss for the year		**-3 517 161**	**-852 401**
Allocated as follows			
Transferred to other equity	8	-3 517 161	-852 401

Island Discoverer AS

Balance sheet as of December 31

	Note	2021	2020
Fixed assets			
Intangible assets			
Deferred tax asset	7	1 234 011	0
Total intangible assets		1 234 011	0
Tangible assets			
Ships	5	210 423 381	1 726 786
Total tangible assets		210 423 381	1 726 786
Total fixed assets		211 657 392	1 726 786
Current assets			
Inventories		489 638	0
Receivables			
Trade receivables		2 723 058	0
Other receivables	6	5 881 628	507 655
Total accounts receivables		8 604 686	507 655
Cash and cash equivalents		1 632 238	50 050
Total current assets		10 726 562	557 705
Total assets		222 383 954	2 284 491

Island Discoverer AS

Balance sheet as of December 31

	Note	2021	2020
Equity			
Paid-in capital			
Share capital		400 000	50 000
Share premium reserve		208 986 570	0
Other paid-in capital		-5 570	-5 570
Total paid-in capital	9	209 381 000	44 430
Retained earnings			
Other equity		-4 369 562	-852 401
Total retained earnings		-4 369 562	-852 401
Total equity	8	205 011 438	-807 971
Liabilities			
Current liabilities			
Trade creditors	6	0	312 084
Other short-term liabilities	6	17 372 516	2 780 378
Total current liabilities		17 372 516	3 092 462
Total liabilities		17 372 516	3 092 462
Total equity and liabilities		222 383 954	2 284 491

31 December 2021
Ulsteinvik, 28 April 2022

Morten Ulstein
Chairman of the Board

Dino David Chouest
Member of the Board

Håvard Ulstein
Member of the Board

Giovanni Peditto
Member of the Board

Fredrik Mordal Hessen
Member of the Board

Cash Flow Statement

Island Discoverer AS

		2021	2020
	Cash flow from operational activities:		
	Profit before tax	-4 751 172	-852 401
-	Taxes paid	0	0
+	Depreciation	3 832 482	0
-/+	Change in inventory	-489 638	0
-/+	Change in accounts receivable	-2 723 058	0
+/-	Change in accounts payable	-312 084	312 084
+/-	Change in accruals	9 218 165	2 272 723
=	**Cash flow from operational activities**	**4 774 695**	**1 732 406**
	Cash flow from investment activities		
-	Payments purchase of fixed assets	-212 529 077	-1 726 786
=	**Cash flow from investment activities**	**-212 529 077**	**-1 726 786**
	Cash flow from financing activities		
+	Share issue and premium reserve	209 336 570	44 430
=	**Net cash flow from financing activities**	**209 336 570**	**44 430**
=	*Net change in cash and cash equivalents*	1 582 188	50 050
+	*Cash reserve 1.1*	**50 050**	**0**
=	*Cash reserve 31.12*	**1 632 238**	**50 050**

Notes to the financial statements 2021

Island Discoverer AS

NOTE 1 ACCOUNTING PRINCIPLES

Island Discoverer AS (org.no. 924 922 494 – previous name Island Offshore XII PSV AS) was founded 09.03.20 and owns one PSV, the Island Discoverer, which was delivered 31.05.21 to the Company. The company is operated by the Manager Island Offshore Management AS.

Island Discoverer AS is included in the consolidated financial statement for Island Offshore Shipholding, L.P. , c/o Borgstein AS, Stålhaugen 12, 6065 Ulsteinvik, Norway.

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway. Ref Accounting Act §7-36.

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.
Bunkers and lube oil balances are accrued in the balance sheet based upon consumption and purchase price.

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

Shipbuilding contracts
Installments to the yard for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are capitalized.

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

Notes to the financial statements 2021

Island Discoverer AS

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

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.

Contract revenue in foreign currency is hedged by use of forward and option contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred.

Revenue and expense recognition
Revenue and costs related to vessel operations are recorded based upon the number of journey days before and after the end of the accounting year.

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

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

NOTE 2 GEOGRAPHICAL SPLIT OF REVENUE

In NOK mill	2021
Norway	8,2
UK	6,4
Netherlands	2,1
Morocco	1,4
Total Revenue	**18,1**

The vessel was delivered 31.05.21 and achieved average utilization 77% since delivery date. The vessel has been operating in the North Sea and on Morocco sector with cargo transportation.

Notes to the financial statements 2021

Island Discoverer AS

NOTE 3 SPECIFICATIONS

Other financial income comprises:

	2021	2020
Interests on bank deposits	595	50
Realized foreign currency gain	55 728	-
Total other financial income	56 323	50

Other financial expenses comprise:

	2021	2020
Foreign currency exchange loss	77 375	-
Other financial costs	1 504	-
Sum other financial costs	**78 879**	**-**

NOTE 4 PAYROLL, EMPLOYEES

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

Auditor

Expenses for audit fee totals NOK 46.125 in 2021. The fee is exclusive of VAT and can be specified as follows:

Audit	20.000
Advisory, work with Annual Statement, Tax filing	25.000
Other	1.125
Total	**46.125**

Notes to the financial statements 2021

Island Discoverer AS

NOTE 5 FIXED ASSETS

	Newbuilding	Ships	Capitalized maintenance	Total
Acquisition costs 1.1	1 726 786	-	-	1 726 786
Additions	-1 726 786	214 255 863		212 529 077
Accumulated depreciation 31.12	0	-3 132 482	-700 000	-3 832 482
Book Value 31.12	-	211 123 381	- 700 000	210 423 381
This years' depreciation		3 132 482	700 000	3 832 482
Economic life		20 yrs	3 yrs	

The amount of NOK 1.726.786 as acquisition costs 1.1 is related to supervision expenses and owner supplies and will be expensed according to the vessel depreciation plan.

The vessel Island Disoverer AS was acquired 31.05.21 as contribution in kind as part of the Investment and Shareholder agreement between Island Offshore XII AS, Island Offshore XII Ship AS and Vard Group AS. Reference note 8 and 9.

The market value of Island Discoverer obtained by independent brokers, is lower than the net book value of the vessel. Due to the present market situation for the sale and purchase of equivalent vessels, the vessels and the new build values are also subject to impairment test analysis employing estimates of future cash flow for each vessel.

The analysis takes into account the present market conditions with a gradual improvement on charter hire rate and utilization the rest of estimated vessel usage time. Key assumption in the analysis include the Weighted Average Cost of Capital (WACC), which is set to 8%. The usage period of the vessel is assumed to be 30 years after delivery.

The analysis does not indicate any need to write down the book value of the vessels.

In order to illustrate the implications of changes in key assumptions, a sensitivity analysis has been undertaken. A summary of the implications on vessel value is presented below:

IN NOK MILL

Impairment provision on vessel value	Sensitivity		
Change in WACC	-1%	basis	+1%
Island Discoverer AS	-	-	-18

Impairment provision on vessel value	Sensitivity		
Change in utilization	-5%	basis	+5%
Island Discoverer AS	-24	-	-

Impairment provision on vessel value	Sensitivity		
Change in day rate	-10%	basis	+10%
Island Discoverer AS	-49	-	-

Notes to the financial statements 2021

Island Discoverer AS

NOTE 6 RELATED PARTIES

Transactions with related parties:	2021	2020
Other short term receivables	4 000 000	0
Other short term liabilities	14 838 210	2 780 378

Other short term receivables are prepayment of operating vessel expense towards Island Offshore Management AS (Manager). Other short term liabilities are unpaid vessel operating invoices from Island Offshore Management AS. The short term loan is charged with interests at arm's length terms.

Transactions with related parties	2021	2020
Purchase of management services	-1 800 725	-852 451
Crew hire	-11 928 606	0
Intercompany interests expenses	-161 392	0

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

NOTE 7 TAXES

Deferred tax is calculated on the basis of temporary differences between accounting and tax values existing at the end of the accounting period.

Negative temporary differences and positive temporary differences that are reversible in the same period are offset and recorded net.

Notes to the financial statements 2021

Island Discoverer AS

Deferred tax / tax asset has been calculated as follows:

	2021	2020
Fixed Assets	26 163 339	-
Total temporary differences	26 163 339	-
Tax loss carried forward	-31 772 482	-857 971
Basis for deferred tax	**-5 609 143**	**-857 971**
Deferred tax in Balance Sheet	**-1 234 011**	**-188 754**
Tax rate	22 %	22 %

Calculation of this year's tax expense:

	2021	2020
Profit before tax	- 4 751 172	- 852 401
Permanent differences	-	- 5 570
Annual tax basis	- 4 751 172	- 857 971
Change in temporary differencees	- 26 163 339	-
Tax basis	- 30 914 511	- 857 971
Tax percentage	22 %	22 %
Changes deferred tax asset	- 1 234 011	-
Tax expenses Income Statement	**- 1 234 011**	-

Deferred tax asset 1.234.011 is recorded as an asset in the Balance Sheet as per 31.12.21.

NOTE 8 EQUITY

	Share capital	Other paid in capital	Share premium account	Other equity	Total
Equity 1.1	50 000	-5 570	-	-852 401	-807 971
Share issue	350 000		208 986 570	-	209 336 570
This year's result	-		-	-3 517 161	-3 517 161
Equity 31.12	**400 000**	**-5 570**	**208 986 570**	**-4 369 562**	**205 011 438**

The company Island Discoverer AS was sold from Island Offshore XII Ship AS to Vard Group AS in May 2021 in accordance with an investment-, sale- and shareholders agreement. As sole shareholder, Vard Group AS took delivery of the vessel Island Discoverer by way of contribution in kind. As part of the transaction, the Company's share capital was increased from NOK 50,000 to NOK 400,000 by increase of the nominal value of the Company's 50 existing shares by NOK 7,000 per share from NOK 1,000 to NOK 8,000 per shares. In addition NOK 208,986,570 constituted share premium.

At the same time the Company's shares was divided in the ratio 1:8000 so that the Company's 50 existing shares became to 400,000 shares , each with a nominal value of NOK 1,-

Notes to the financial statements 2021

Island Discoverer AS

NOTE 9 OWNERSHIP

The share capital of NOK 400,000 consist of 400 000 shares a NOK 1,-.

Summary of owner interests as per 31.12.20:

Shareholder	Registration No.	No. of shares	in %
Island Offshore XII AS	888 271 392	212 366	53,09 %
Vard Group AS	980 100 820	187 634	46,91 %
Total		400 000	100,00 %

In 2020, Island Offshore XII Ship AS owned 100% of the shares in the Company. However, Island Discoverer AS was sold to Vard Group AS in May 2021 in accordance with an investment-, sale- and shareholders agreement prior to the acquisition of the vessel Island Discoverer. As sole shareholder, Vard Group AS took delivery of the vessel Island Discoverer by way of contribution in kind in Island Discoverer AS. Simultaneously, Vard Group AS sold shares in Island Discoverer AS to Island Offshore XII AS with settlement purchase of shares in Island Offshore XII Ship AS. Thus, Island Discoverer AS is a sister company of Island Offshore XII Ship AS from 31.05.21.

NOTE 10 INFORMATION ABOUT FINANCIAL INSTRUMENTS

The company has a strategy to hedge contracted revenue in foreign currency when contracts are entered for a longer period of time. The financial instrument is linked to a specific revenue cash flow and can be measured in respect of success rate according to strategy. The estimated net unrealized loss or gain is not recorded in the financial statement in accordance with the Norwegian Accounting Act and NGAAP.

There are no forward contracts used to hedge future freight revenue as per 31.12.21.

NOTE 11 GOING CONCERN

The Company has no long term liabilities. However, due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the sister company Island Offshore XII Ship AS and affiliated company Island Victory AS, in May 2020 declared a one-sided stand-still towards the secured lenders. Negotiations with all secured lenders were not concluded prior to maturity at 31.12.20.

The companies completed several information meetings and negotiations with secured lenders and was in 2021 successful in concluding a refinancing agreement. The senior secured lenders agreed to extend their loans at amended terms. The restructuring agreement includes modified amortization schedules for each vessel, in addition to lifting of certain financial covenants.

Notes to the financial statements 2021

Island Discoverer AS

The affiliated companies in the Island Offshore XII Group have serviced its debt according to the revised amortization plan and cash sweep measurements. In addition, the market is showing signs of improvement and the Company has satisfactory backlog. 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 at 31.12.2021, and the condition that a new restructuring agreement for the affiliated companies in the Island Offshore XII Group was agreed and made effective with secured lenders in 2021.

NOTE 12 COVID-19

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

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Discoverer AS

Opinion

We have audited the financial statements of Island Discoverer AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements 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 and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with 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.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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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:

- 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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